celebrating 20 YEARS

Healthcare.
We Care.

aspen
HOLDINGS

2018 Integrated Report

About **Aspen**

This year we celebrate our 20th anniversary as a JSE-listed company. Established from humble beginnings in Durban, South Africa, and with a 160 year heritage, we have grown into a leading specialty and branded multinational pharmaceutical company. Our extensive basket of products treat a broad spectrum of acute and chronic conditions experienced through all stages of life.

Our core categories that receive our highest focus include Regional Brands, Anaesthetics, Thrombosis, High Potency & Cytotoxics and Nutritionals.

Our manufacturing facilities are scalable to demand and cover a wide variety of product types including injectables, oral solid dose, liquids, semi-solids, steriles, biologicals, active pharmaceutical ingredients and nutritionals. These facilities hold international approvals from some of the most stringent global regulatory agencies.

1997
Began trading

1998
Listed on the JSE

1999
Acquired South African Druggists

2003
Launched Aspen Stavudine; the first generic anti-retroviral ("ARV") developed and manufactured in 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

Foundation Phase
1997 to 2007

25 manufactu
facilities o

81% waste recycled

2008
Entered Latin American market

Acquired intellectual property ("IP") rights to our GlaxoSmithKline Plc ("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 GSK Aspen Healthcare for Africa Collaboration ("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 active pharmaceutical ingredient ("API") business and products from Merck Sharpe & Dohme ("MSD"); an Anticoagulant portfolio and a specialised Sterile production site from GSK

Concluded transactions with Nestlé for infant milks in Australia, South Africa and Latin America

Global Expansion Phase
2008 to 2014

over
10 000
employees in 52 countries

uring
n 17 sites

Aspen through the years

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1997 1998 1999 2001 2003 2005 2008 2009 2011 2013 2014 2015 2016 2017

more than
24 billion
tablets **manufactured annually**

470 000
Mandela Day beneficiaries over eight years

Specialty Focus Phase

2015 to 2017

2015
Synergy realisation plans established following 2013 and 2014 acquisitions

2016
Restructured the business to align with therapeutic focus areas

Acquired the AstraZeneca and GSK anaesthetics portfolios

Exercised option to acquire Fraxiparine and Arixtra from GSK for commercialisation in China

2017
Acquired remaining rights to IP and manufacturing know-how related to AstraZeneca's anaesthetics portfolio

more than 150 countries have access to our products

440 SED and **educational** initiatives

Future

Commercial focus on Emerging markets

Increase in complex manufacturing capacities

Leverage of geographic footprint

Portfolio management through development, acquisition and disposal

Highlights categorised by financial year

celebrating 20 years

Our approach to reporting

Content and scope of the report

This is our eighth 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 key performance indicators ("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 Companies Act"), 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 and Company Annual Financial Statements for the year ended 30 June 2018 ("Annual Financial Statements") as approved by the Board of Aspen.

Due to the impact of relative movements in the exchange rate, the Group has 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 136. The Summarised Group Annual Financial Statements are not the Group's statutory accounts – the detailed audited 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 the inside back cover.

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 at rverster@aspenpharma.com.

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 Audit & Risk Committee ("A&R Co") and Social & Ethics Committee ("S&E Co") for the 2018 financial year;
- the Sustainability Data Supplement; and
- the Annual Financial Statements

(collectively the "supplementary documents").

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 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 121 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 governance;
- ethics governance;
- 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 as reflected on page 27 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.

CONTENTS

Who we are

Strategic objectives

An analysis of these strategic objectives and KPIs is set out on pages 30 to 37 of this Integrated Report including 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

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 intellectual, manufactured, human, social & relationship, natural and financial capital.

The business model on pages 28 and 29 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

Financial information

Performance highlights

OUR **SIX** CAPITALS

Intellectual capital

- **Acquired** the remaining rights to the intellectual property and manufacturing know-how of the anaesthetics portfolio from AstraZeneca
- **Serialisation** projects on track to meet new regulatory requirements designed to combat counterfeit medicines reaching patients
- **45** products launched in 20 countries

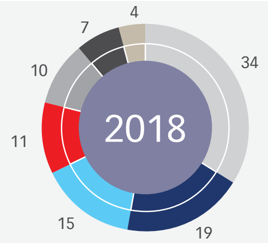
Manufactured capital

- **R2 145 million** invested in capital replacement and expansion projects
- **Officially opened** the high containment suite at our Port Elizabeth site
- **Significantly reduced** safety, health and environmental risks at the Moleneind site

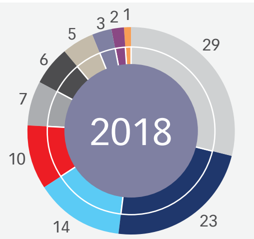
Human capital

- **Implemented** first year of new Human Resources strategy
- **R66 million** invested in training our employees
- **Zero** occupational fatalities
- **49,5%** women in the workforce

Group revenue by business segment
(%)



Group revenue by customer geography
(%)



Revenue increased by 3% to **R42 596 million**

Strong organic growth from Commercial Pharmaceuticals of 8% on a CER basis with the Thrombosis and Anaesthetics portfolios being the main contributors. Commercial Pharmaceuticals revenue in Emerging markets* and Developed markets* grew 12% and 2% respectively on a CER basis for the period. Declines in Manufacturing and Nutritionals revenue offset the strong Commercial Pharmaceuticals growth. Group revenue increased by 5% on a CER basis.

** Developed and Emerging markets as defined by MSCI ACWI Index and Frontier Markets Index.*

Normalised headline earnings per share increased by 10% to **1 605 cents**

Normalised headline earnings per share ("NHEPS") (up 10% on a CER basis) comprises headline earnings per share adjusted for specific non-trading items and is a measure which provides clear comparability of the financial performance of our ongoing underlying business.

Growth in normalised EBITDA* of 5% coupled with lower net financing costs augmented the growth in normalised headline earnings.

** Normalised EBITDA comprises operating profit before depreciation and amortisation adjusted for specific non-trading items defined in accounting policies of the Group's Annual Financial Statements.*

Normalised EBITDA increased by 5% to **R12 031 million**

Normalised EBITDA, comprising operating profit before depreciation and amortisation adjusted for specific non-trading items, grew 5% (up 5% on CER basis) assisted by underlying positive organic growth in Commercial Pharmaceuticals and the margin benefit arising from the acquisition of the residual rights to the AstraZeneca anaesthetics portfolio.

Distribution to shareholders per share increased by 10% to **315 cents**

Declared after taking into account earnings and cash flow performance, debt service commitments, the expected completion of the divestment of the Global Nutritionals Business, future proposed investments and funding options.

Social and relationship capital

- Eighth consecutive year of participating in the International Mandela Day Initiative, with Aspen assisting **nearly 470 000 beneficiaries** through 456 projects in 39 countries over this period
- **Significantly improved** score in the FTSE/JSE Responsible Investment Index to 4
- Maintained our **level 4** Broad-based Black Economic Empowerment ("BBBEE") rating in South Africa

Natural capital

- **"B – Management"** performance rating for 2017 Carbon Disclosure Project ("CDP") and Water CDP
- **3,2%** of waste generated sent to landfill, a reduction from 4,5% in 2017
- Resource conservation and optimisation projects contributed to a **5,0%** reduction in water used

Financial capital

- **Successful** refinancing of the Group's debt portfolio
- **Strong** operating cash flow per share conversion rate of 105%
- **R5 886 million** (31%) of wealth created reinvested in the Group

COMMERCIAL PHARMACEUTICALS

Regional Brands
(refer to page 80)

Anaesthetics
(refer page 82)

Thrombosis
(refer page 84)

High Potency & Cytotoxics
(refer page 86)

REGIONAL BRANDS

revenue **R14 336 million**

5% increase*

KEY BRANDS
- Circadin
- Foxair
- Mybulen
- Tribuss
- Zyloric

ANAESTHETICS

revenue **R8 332 million**

21% increase*

KEY BRANDS
- Diprivan
- EMLA
- Naropin
- Ultiva
- Xylocaine

THROMBOSIS

revenue **R6 430 million**

12% increase*

KEY BRANDS
- Arixtra
- Fraxiparine
- Fraxodi
- Mono-embolex
- Orgaran

HIGH POTENCY & CYTOTOXICS

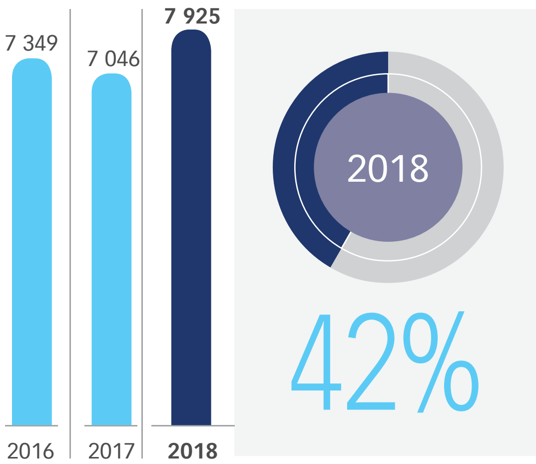
revenue **R4 172 million**

9% decrease*

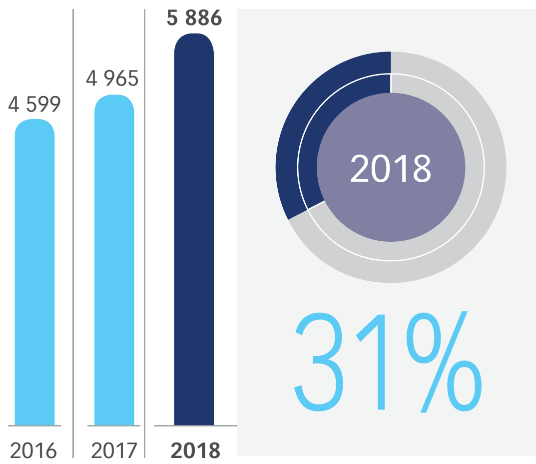
KEY BRANDS
- Alkeran
- Eltroxin
- Imuran
- Ovestin
- Purinethol

** on a CER basis*

The value we create



Employees (R'million)

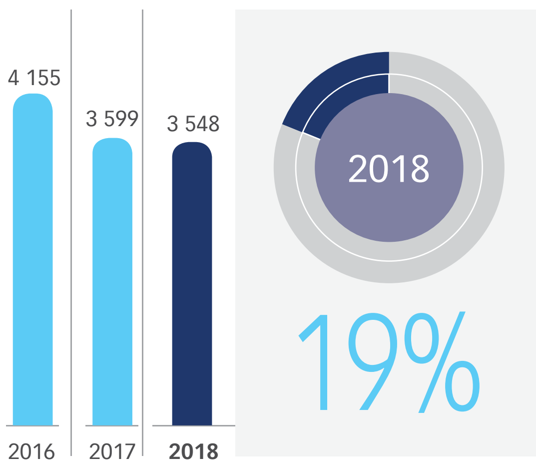


Reinvested (R'million)

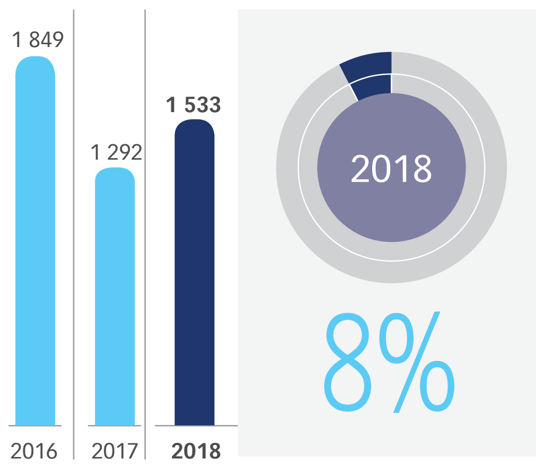
R18 549 million wealth created

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

Providers of capital (R'million)



Governments (R'million)



celebrating 20 years

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 Global Footprint & Infrastructure

- Broader opportunities
- Established platform to further enhance therapeutically focused areas
- Weighting towards emerging markets

2 Unique Business Model

- Focus on technically complex products in specialist areas
- Record of performance with post-patent molecules
- World class production concentrated in steriles and other complex manufacture

3 Strong Operating Cash Flows

- Financial flexibility to take advantage of profitable opportunities
- Strong correlation of earnings to cash flow

4 Responsible Corporate Citizen

- Established foundation of strong corporate governance
- Active participant in the United Nations Global Compact ("UN Global Compact") initiative
- A constituent of the FTSE/JSE Responsible Investment Index

Grow **sustainable** stakeholder value

- Providing employment to more than 10 000 employees worldwide
- Delivered NHEPS compound annual growth rate ("CAGR") growth of 35% since listing
- Supported more than 220 Socio-Economic Development ("SED") projects during the year
- Enhanced access to quality affordable medicines to patients
- Significant investment in regions in which we operate

celebrating 20 years

Chairman's statement

28%
CAGR
return to
shareholders
since listing

Kuseni Dlamini
Chairman

Amid an uncertain global environment and challenging industry dynamics, I am pleased to report another year of positive performance, underpinned by our commitment to ethical conduct, as we pursue our strategy to supply high quality, affordable medicines in a commercially sustainable way.

As we mark 20 years since the listing of Aspen, it is worthwhile to note the remarkable transformation that the Group has undertaken, growing from a company providing branded and generic products primarily to South Africa to a multinational pharmaceutical corporation focused on the supply of niche and specialty medicines globally.

Supported by regionally focused product portfolios, the Group has a diversified offering with a presence in both stable developed markets, as well as in emerging countries that offer significant growth potential. Continued investment in the Group's complex manufacturing capability and the extensive expertise in supply chain management provide opportunities to achieve operational

efficiencies and cost reductions. This strategic direction has uniquely positioned the Group to achieve sustainable growth through a focus on improving our underlying organic growth and pursuing value enhancing acquisitive opportunities, amid growing healthcare industry pressures.

Throughout this transformational journey, and despite a number of significant challenges faced along the way, the Group has performed consistently, with this year being no different. The Group achieved revenue growth of 5% on a CER basis and increased normalised EBITDA by 5% on a CER basis. NHEPS grew 10% to 1 604.9 cents per share, a compound annual growth rate of 35% since listing. This consistency demonstrates the vision and strong leadership provided by Stephen and Gus, supported by committed and capable teams.

The Group's activities for the 2018 financial year were mainly centred around bedding down the Anaesthetics portfolio acquired in the prior financial year. The acquisition of the residual rights and manufacturing know-how of the AstraZeneca portfolio was a strategic move to optimise the value of this portfolio. The end goal is to consolidate the manufacture of a large portion of the Anaesthetics into Aspen-owned facilities, achieving efficiencies from economies of scale, margin benefit and security of supply. In furtherance of this, the Board has approved capital expenditure in excess of R4 billion in order to create the necessary specialist manufacturing capacity at the Port Elizabeth, Notre Dame de Bondeville and Bad Oldesloe sites.

As announced in September this year, the Group has decided to divest of its entire Nutritionals business to the Lactalis Group after having completed a strategic review of this business. The Board believes that this transaction presents considerable value to the Group and will allow Aspen to focus on its core pharmaceutical business. Importantly, the transaction will also provide exciting future opportunities for the employees transferring from Aspen to Lactalis.

The Group successfully completed the refinancing of its existing term debt facilities and maintained a strong cash conversion rate. While within tolerance levels, the Group's gearing ratio is an area of focus and proactive steps are being taken to create more capacity.

Taking into account the performance of the Group, the Board approved a dividend of 315 cents per ordinary share to our shareholders, which was paid on 8 October 2018. This is an increase of 10% on the prior year's dividend.

A commitment to responsible corporate citizenship

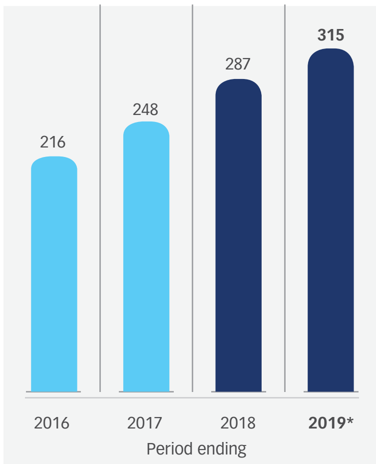
Aspen is committed to sound environmental, social and governance ("ESG") practices and continues to be a signatory of the UN Global Compact. We identify material issues that could impact our ability to create stakeholder value and integrate these into our business strategy and related key performance indicators. The Board monitors performance through its review of these KPIs on a quarterly basis. Aspen is a proud constituent of the FTSE/JSE Responsible Investment Index and has consistently improved its assessed score each year since its establishment in 2015.

Integrity is one of Aspen's five key values and, together with our Code of Conduct this comprises our non-negotiable foundation. The S&E Co continues to be vigilant in their oversight of the Group's ethics and whistleblower programmes. Our sustainable business strategy 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.

We reaffirm our commitment to legislative and regulatory compliance in all the jurisdictions where we operate, including fair and open competition. Aspen is committed to fully cooperate with the United Kingdom's Competition and Markets Authority and the European Commission in their respective pricing enquiries and the Board is closely monitoring progress in this regard.

The health and safety of our employees and the protection of the environment in which we operate is of utmost importance. It is pleasing to note that we have largely resolved the high safety, health and environment ("SHE") risk that existed at our Moleneind site at Oss and have achieved pleasing overall improvements in SHE compliance, as evidenced by the safety, health and environmental ("SHE") audits which have been undertaken throughout the Group in this reporting period. For the fifth consecutive year, there have been no occupational fatalities within the Group. Sadly, an employee passed away from non-work-related causes while on duty at our East London site and we express our sincere condolences to her loved ones for their loss.

Distribution to shareholders
(cents)



** Paid on 8 October 2018*

While Aspen is a global company, our roots are South African. We are firmly committed to transformation in this country and the S&E Co closely monitors progress to this end. We spent R4 010 million on empowering suppliers and contributed R55 million to enterprise development and enterprise supplier development programmes this year. Through a deliberate strategy to address our performance in each of the elements of the BBBEE scorecard, we have been successful in maintaining our Level 4 BBBEE rating this year.

Embracing digital disruption

We remain cognisant of the changing digital landscape, including the current risks and opportunities this holds for pharmaceutical companies. As the fourth industrial revolution dawns, bringing with it the disruption of established business models, we have dedicated resources and initiated projects that will improve Aspen's response to digitisation, how it communicates and how it positions itself in a growing online commercial environment.

Chairman's statement continued

Our strength lies in our diversity

Diversity and inclusion at all levels within Aspen are essential to our continued sustainability. In 2018, the Board approved the introduction of two new KPIs to measure our progress in achieving our goals of diversity: the level of representation of females in the top 100 positions in the Group and the level of representation of black employees in the top 50 positions in South Africa. These indicators, at 27% and 22% respectively, reveal that while overall the Group's levels of representation are positive, there is more work to be done in achieving diversity in leadership roles.

Enhancing governance

The Board strongly supports adherence to the highest standards of corporate governance and is committed to corporate conduct that is based on transparency, integrity and accountability. As a Board, we focus on setting an integrated sustainable strategy that will build long-term stakeholder value through taking advantage of opportunities while managing risks appropriately. Leveraging the diverse skill sets, experiences and perspectives of the members, the Board 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 my fellow Board members for their important contribution.

John Buchanan retired from the Board effective 31 July 2018. John has contributed greatly and provided invaluable guidance to this Board over his 16 years of dedicated service, both as a director and as the chairman of the A&R Co. We acknowledge the significant role he played in the Aspen story and wish him all the best in his retirement. Maureen Manyama did not make herself available for reappointment in December 2017. We thank Maureen for her contribution during her tenure and we wish her well in her business career.

I take this opportunity to also welcome Linda de Beer to the Board as a non-executive director and member of the A&R and Remuneration & Nomination ("R&N Co") Committees effective 31 July 2018. Linda brings a wealth of experience and knowledge to the Board and we look forward to her insight and contribution to the Board's deliberations.

Conclusion

Access to healthcare is one of the biggest global challenges we face as a modern society. Aspen has an important role to play in meeting this global priority through the production and supply of high quality, affordable medicines and products. On behalf of the Board, I would like to express appreciation to our employees, our business partners and our many other stakeholders who, through collaboration, make such a meaningful contribution to society and the patients who use our products each day.

I remain confident that the Group is well positioned and resourced to continue its strategic direction; delivering sustainable value to all of its stakeholders.

Kuseni Dlamini
Chairman

celebrating 20 years

Group Chief Executive's report

35%

CAGR

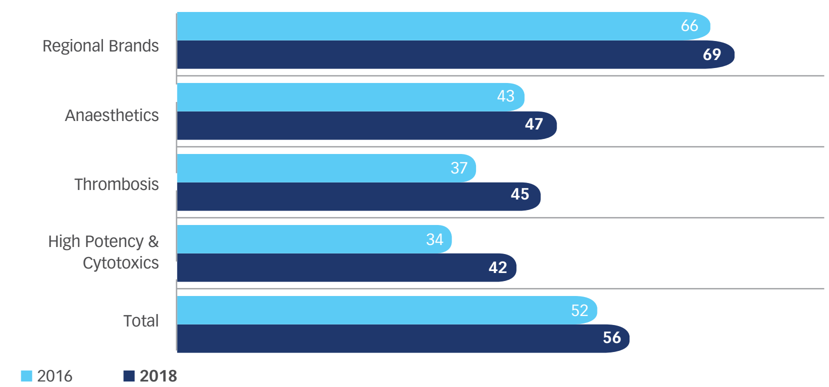
in **NHEPS**

since listing

As we mark 20 years since our listing on the JSE, we celebrate our position as a global pharmaceutical company that makes a meaningful contribution to the many patients and consumers using our products each day. During the period under review we have integrated the acquired anaesthetics portfolios, strengthened our position in Emerging markets, focused on organic growth and performed a strategic review of our Nutritionals business. These actions continue the evolution of our strategy based on developing our portfolio of globally relevant IP, creating value and sustainability through our complex manufacturing capabilities and enabling access through our global footprint.

Stephen Saad
Group Chief Executive

Emerging market revenue contribution per therapeutic category
(%)



Overall performance

The Group delivered solid performance in 2018, this in spite of a year characterised by continued pressure on pricing in developed markets, supply challenges in our Anaesthetics portfolio and volatility in many emerging market economies. The overall growth in normalised EBITDA and the continued focus on working capital has lifted operating cash flow per share to 1 537,3 cents, representing a cash flow conversion rate of 105%. Sustaining our 20-year track record of unbroken growth, the Group increased NHEPS by 9.7% to 1 604.9 cents per share.

We achieved base organic sales growth in our flagship Commercial Pharmaceuticals segment of 4,5%. A meaningful contribution to organic growth from China in our first full year of trade there underlined the potential of this territory. Revenues from our Nutritionals business declined as we confronted structural challenges in this sector in both Australasia and Spanish Latam. Group manufacturing revenues were lower, influenced by a major customer losing a tender. Synergy initiatives have, however, helped counter the impacts from these declines, aiding our performance through the delivery of projects aimed at enhancing cost containment in our value chain and leveraging acquired intellectual property.

Focused activities in the evolution of Aspen

In the year under review, we continued to take positive steps in delivering on our strategic evolution to position Aspen as a multinational company with an emerging market bias and a focus on specialty therapy areas and established domestic brands, supported by our capabilities in complex biochemical and pharmaceutical manufacturing.

Consolidation of our Anaesthetics portfolio

In 2017, we acquired extensive anaesthetics portfolios from AstraZeneca and GSK, positioning us as the global leader in anaesthetics (outside of the United States). In 2018, our Anaesthetics portfolio is our largest Therapeutic Focus portfolio, contributing R8 332 million (19,6%) to our total revenue. In consolidating our position as a leading provider of anaesthetics products, we have focused our efforts on stabilising this business, following the integration of multiple products in multiple territories from AstraZeneca and GSK into the Aspen business. This has been supported by significant investment in establishing our commercial structures to bolster the marketing of this portfolio, overall performance has been positive, with indications of accelerating growth in emerging markets, particularly in China and Brazil. Unfortunately, supply disruptions from the AstraZeneca production network have restricted us in realising the full potential of this portfolio during the 2018 financial year. A number of initiatives have been undertaken to ensure that all possible future supply disruptions are identified early and managed appropriately where they cannot be prevented.

A critical element of our strategy to extract accretive value from the acquisition of this portfolio was achieved through our acquisition of the residual rights and intellectual know-how of the AstraZeneca portfolio with effect from 1 November 2017. We have substantially completed the transfer of the contractual relationships with third-party contract manufacturers from AstraZeneca to ourselves, resulting in increased control over the supply chain and an improvement in margin. The opportunity for further value enhancement lies in the consolidation of the manufacture of a large portion of this portfolio into our own production sites. We anticipate not only margin benefit, but increased competitiveness and security of supply in this therapeutic class. This will be achieved once we finalise the extensive capital projects to increase our sterile capability and capacity at our Port Elizabeth, Notre Dame de Bondeville and Bad Oldesloe sites over the next three to five years.

Emerging markets drive growth

Emerging markets offer opportunities for volume growth as socio-economic factors, including population growth and developing healthcare systems drive expanding access to quality, affordable healthcare in these countries.

> We have achieved higher relative growth rates across our Commercial Pharmaceutical segment in emerging countries, which now contribute 56% of revenue, up from 52% two years ago.

An important contributor to this growth is the positive performance of our Anaesthetics and Thrombosis portfolios in China, where we have made considerable investments in establishing our operating platform to support our growth objectives in this country. We have also achieved encouraging growth trends in these portfolios in Latam and Developing Europe & Commonwealth of Independent States ("CIS"). Positive performances in Sub-Saharan Africa ("SSA") and Latam have been achieved through the maintenance of a focused Regional Brand portfolio, comprising products with leading brand positioning, underpinned by strong local promotion.

A focus on organic growth

It is clear that we need to achieve base organic growth to drive sustainable long-term growth, building on our established product portfolios and improving the trajectory of products acquired. In spite of price erosion and increased competition in certain territories, we have achieved overall organic growth of approximately 4,5% from our base business. Maintaining and improving our underlying organic growth is a key area of focus going forward as we continually review our commercial strategies, align our product portfolio to our core strategy and explore opportunities to extract further value from our IP and product pipeline.

Opportunities in the United States
We view the United States as presenting targeted growth opportunities for our niche women's health products. We are progressing the conjugated estrogen products with the intention to launch them in the 2020 financial year. The reactivation of Orgaran and a preservative free version of hydroxyprogesterone caproate ("HPC") are further opportunities to be realised. Focus now has turned from assessing if we have products to bring to market to determining the best commercial pathway.

Strategic review of Nutritionals
Early during the calendar year 2018, we initiated the strategic review of the Nutritionals business to evaluate options to enhance the value of the unique assets and IP we own in this sector. While we considered many options, we concluded that the outright divestment of this business to the Lactalis Group presented the most value to all Aspen stakeholders. As a significant player in the global dairy market, we believe the Lactalis Group is better placed to capitalise on the opportunities we have created within the Nutritionals business. The transaction presents a positive outcome for the people employed in the affected business units and the shareholders of both Aspen and Lactalis. The disposal of this business will allow us to concentrate our efforts on our core pharmaceutical business, while the net proceeds from the divestment will be utilised to reduce our gearing, also creating greater headroom and capacity.

Unlocking strategic value through our complex and differentiated manufacturing
A cornerstone of our business model is to support our differentiated and complex product portfolio, through manufacture at our own sites. We have invested heavily in our manufacturing sites to evolve to more specialised and differentiated manufacturing capability in both APIs and finished dose forms ("FDFs") currently demonstrated by the extensive expansion of our manufacturing capacity and capabilities at the Port Elizabeth, Notre Dame de Bondeville and Bad Oldesloe sites already mentioned. In this year, we opened the high containment facility at our Port Elizabeth site where we will manufacture our niche high potency and hormonal products, reducing reliance on third-party contract manufacturers and ensuring security of future supply. We have also completed our strategy to address the highest SHE risks at our Moleneind site at Oss with the successful transfer of higher risk chemical processes to more modern facilities. We continue to focus on decreasing conversion costs in our manufacturing facilities, through increased volumes and operational efficiencies.

Maintaining strong financial discipline

> Financial discipline and vigilance have characterised the way in which we have done business over the past 20 years, resulting in the protection of margins and the achievement of strong operational cash flows.

We have made significant investments in IT systems and projects to enhance the data available within the Group to inform strategic decisions, while furthering IT governance and security. IT enhancement projects are ongoing over the next few years in various business units around the Group as we upgrade systems to the latest technologies and seek to further integrate our information systems. A number of targeted actions are being undertaken to further deleverage our balance sheet and to create capacity for further value enhancing opportunities. The proceeds from the disposal of the Nutritionals business will be deployed for this purpose. Further divestments will be considered where portfolios are identified which are no longer aligned to the Group's specific areas of focus.

A great team
The skills, talents and energy of our diverse team of more than 10 000 people is an important driver of our performance. Incorporating the key areas for improvement following the global employee engagement survey undertaken in 2017, we have begun to implement our renewed human resources strategy aimed at establishing Aspen as an employer of choice. We are unrelenting in our efforts to create a value-based culture, where our employees deliver their best work, united in the vision to provide high quality, affordable medicines and nutritional products to patients and consumers worldwide. I am sincerely grateful to every Aspen employee, past and present, for his or her contribution to the ongoing success of Aspen.

Building trust
We are committed to our duty to act as a responsible corporate citizen and endeavour to build trust-based relationships with all of our key stakeholders. This is foundational to our behaviour and embedded in the way in which we conduct our business. We continue to cooperate fully with the European competition authorities in respect of their pricing enquiries. Furthermore, we have acted decisively in dealing positively with the significant environmental, health and safety challenges that we inherited. I wish to reiterate our firm commitment to acting with unflinching integrity at all times and to practise sound governance, underpinned by open and transparent communication.

Looking ahead
We have made considerable progress in building a strong base to support our focus on achieving organic growth in Commercial Pharmaceuticals, with emerging markets being the key growth driver. Anaesthetics performance will still be impacted as the supply constraints continue into the 2019 financial year. We are targeting positive organic revenue growth in our Commercial Pharmaceuticals segment for the 2019 financial year.

We are intent on delivering positive commercial outcomes, exercising disciplined cost management and maintaining strong operational cash flows.

As we look forward to the next 20 years, I take this opportunity to express my thanks to Gus, the rest of the executive management team and every Aspen employee for their hard work and dedication to the Group. I also thank each of the non-executive directors who have served on the Board during this time as their valuable contributions have played an integral part in building Aspen into the organisation it is today.

Stephen Saad
Group Chief Executive

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	Operations	Corporate
• Employees • Trade unions • Bargaining councils • Academia and educational institutions • Communities • Patients • Healthcare professionals ("HCPs")	• Pharmaceutical regulatory authorities • Healthcare industry • Suppliers • Government and local authorities • Customers • Business and alliance partners • Service providers	• Shareholders • Investors, healthcare analysts and media • Advisers and 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	Stakeholders engaged
Strategic review of global nutritionals business	We undertook a strategic review of our global nutritionals business. This entailed engagement with a number of interested parties. Ultimately, an agreement to divest of our global nutritionals business to the Lactalis Group, a leading multinational dairy corporation based in Laval, France, for a consideration of EUR739,8 million was concluded after the 2018 financial year-end.	Business and alliance partners, employees, suppliers, advisors and consultants
Acquisition of residual rights to AstraZeneca anaesthetics portfolio	We had negotiated and concluded an agreement with AstraZeneca in terms whereof we acquired the residual rights to AstraZeneca's global anaesthetic portfolio (excluding certain territories, most notably the USA). We had already acquired the commercialisation rights to this portfolio in September 2016.	Business and alliance partners, advisors and consultants
Anaesthetics supply disruptions	We addressed concerns and engaged with customers and patients in respect of disruptions in supply from the AZ production network resulting in certain anaesthetic products not being available in a number of territories. We also worked pro-actively with AZ to manage constrained supply and to monitor steps to remediate the situation.	Patients, HCPs, Pharmaceutical regulatory authorities, business and alliance partners, customers
Debt restructuring	Extensive engagements were undertaken with the Group's funders in order to successfully close multi-currency syndicated facilities equivalent to approximately EUR3,4 billion.	Funders and corporate bankers, advisers and consultants
Managed closure of Moleneind manufacturing facility at Oss	The age and design of the Moleneind facility that was acquired from MSD in 2013 presented certain SHE risks. After engaging a number of stakeholders, including the relevant works council and environmental authorities, we have transferred certain of the highest risk chemical operations from this site to the new multipurpose solvent recovery unit at the De Geer site and are in the process of closing the Moleneind facility.	Government and local authorities, employees, works council
Opening of high containment facility in Port Elizabeth	Aspen's R1 billion Port Elizabeth-based high containment facility was opened in May 2018 and initial production in this facility is planned for Alkeran, Leukeran, Purinethol, Imuran and Benztropine.	Government and local authorities, healthcare industry, media
Engagements with pharmaceutical regulatory authorities on product registrations, manufacturing registrations, manufacturing site inspections and site inspections and accreditation	We engaged with pharmaceutical regulators from many countries with the objective of ensuring efficient and timely product registrations, ongoing accreditation of our manufacturing facilities and to facilitate site inspections by these regulators on a regular basis.	Pharmaceutical regulatory authorities
Pricing enquiries	Aspen continues to cooperate and engage both the European Commission, which is investigating certain pricing aspects related to Aspen's portfolio of oncology products in Europe, and the United Kingdom's Competition and Markets Authority, which is investigating the pricing of an Aspen product in that country. The pricing enquiry in Italy in respect of Aspen's portfolio of oncology products sold in that country was settled after an agreement was reached with the Italian Medicines Agency ("AIFA").	Government and local authorities, advisers and consultants
Aspen's tax commitments	Discussions, correspondence and meetings with tax authorities, partially necessitated by the global increase in scrutiny on taxation.	Government and local authorities, advisers and consultants
Investors and investment analysts	The executive directors and the Investor Relations Manager undertook many interviews with the members of the investment community. Aspen hosted an Investor Day at the Durban corporate office at which investors and analysts were addressed by members of the Aspen executive team. In addition, the executive directors went on an investor roadshow to the US and UK to engage with current and prospective institutional investors in these countries.	Shareholders, Investors and healthcare analysts

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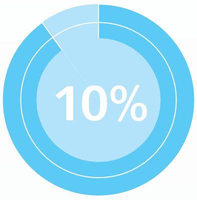
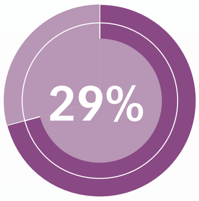
Our global presence*



Contribution to revenue

Latin America

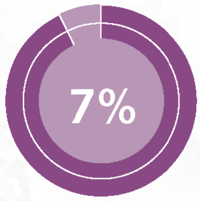
R4,2 billion



Contribution to revenue

Developed Europe

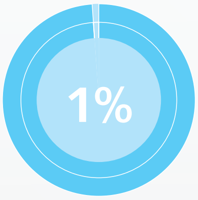
R12,3 billion



Contribution to revenue

Developing Europe & CIS

R2,8 billion



Contribution to revenue

USA & Canada

R0,6 billion

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
- Support centre
- New product development sites

70 established business operations

Aspen has a strong presence in both emerging and developed countries with 70* established business operations in 56 countries. The Group supplies medicines and products to more than 150 countries.

** Specific location details are available online.* 

5%

Contribution to revenue

Japan

R1,9 billion

3%

Contribution to revenue

Other Asia

R1,4 billion

6%

Contribution to revenue

China

R2,5 billion

2%

Contribution to revenue

MENA

R0,9 billion

23%

Contribution to revenue

Sub-Saharan Africa

R10,0 billion

14%

Contribution to revenue

Australasia

R6,0 billion

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Our manufacturing capabilities

Primary sites

PORT ELIZABETH,
SOUTH AFRICA

UNIT 1 FACILITY
Capability: High-volume solids manufacturing and packing for domestic and export markets.
Maximum output:
6 billion tablets.

UNIT 2 FACILITY
Capability: Small to medium-volume solids manufacturing for domestic and export markets.
Maximum output:
4 billion tablets.

UNIT 3 FACILITY
Capability: End state packing for domestic market.
Maximum output: 140 million packed units of tablets and capsules.

UNIT 4 FACILITY
Capability: Hormonal and high-potency solids manufacturing and packaging for the domestic and export markets.
Maximum output:
3,2 billion tablets (hormonal);
395 million tablets (potency).

STERILE FACILITY SVP 1:
MULTI-PRODUCT SUITES A AND B
Capability: Eye drops, ampoules, liquid and lyophilised vials for domestic and export markets.
Maximum output:
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.

1997 to 2004 **4 total sites**

2005 to 2009 **9 total sites**

API facilities

SIOUX CITY, USA

API FACILITY
Capability: Specialist biochemical API – heparin intermediates.
Maximum output:
Biologicals – capacity is measured on demand – dependent on product mix.

CAPE TOWN,
SOUTH AFRICA

FCC API FACILITY
Capability: Specialised API and high potency manufacturing for domestic and export markets.
Maximum output:
46 000kg.

NOTRE DAME DE BONDEVILLE, FRANCE

NADROPARIN
Capability: Specialised biochemical API – conversion of heparin to nadroparin.
Maximum output:
200 batches of nadroparin.

CERTOPARIN
Capability: Specialised biochemical API – conversion of heparin to certoparin.
Maximum output:
45 batches of certoparin.

FONDAPARINUX FACILITY
Capability: Specialised chemical API – purification by chromatography of fondaparinux.
Maximum output:
34 batches of fondaparinux sodium.

All references to maximum output are per annum

PORT ELIZABETH, SOUTH AFRICA

STERILE FACILITY SVP 2:
HIGH-POTENCY SUITE
Capability: Prefilled syringes for domestic and export markets.
Maximum output:
Phase 1: 110 million prefilled syringes.

BAD OLDESLOE, GERMANY

MULTI-DOSE FORM SUITE
Capability: Solid dose forms, oral and topical liquids, semi-solids and blow-fill seal, manufacturing and packing for domestic and export markets.
Maximum output: 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.

NOTRE DAME DE BONDEVILLE, FRANCE

STERILE PREFILLED SYRINGE MANUFACTURING SITE
Capability: Aseptic prefilled and terminally sterilised syringe manufacturing and packing for domestic and export markets.
Maximum output:
85 million syringes (Etna line);
130 million syringes (Stromboli line);
180 million syringes (Vesuve line).

17

2010 to 2017 total sites

Details of the additional 10 regional sites, accreditation, abbreviations and acronyms are available online

25 manufacturing facilities

OSS, THE NETHERLANDS

DE GEER SITE
Capability: Specialised hormonal and chemical APIs.
Maximum output:
150KvH.

MOLENEIND SITE
Capability: Specialised biochemical, hormonal and chemical APIs.
Maximum output:
Dependent on product mix.

BOXTEL SITE
Capability: Specialised biochemical API – gonadotrophin intermediates.
Maximum output:
Measured on demand.

The Aspen way

Healthcare. We Care – for 20 years.

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 implemented 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.

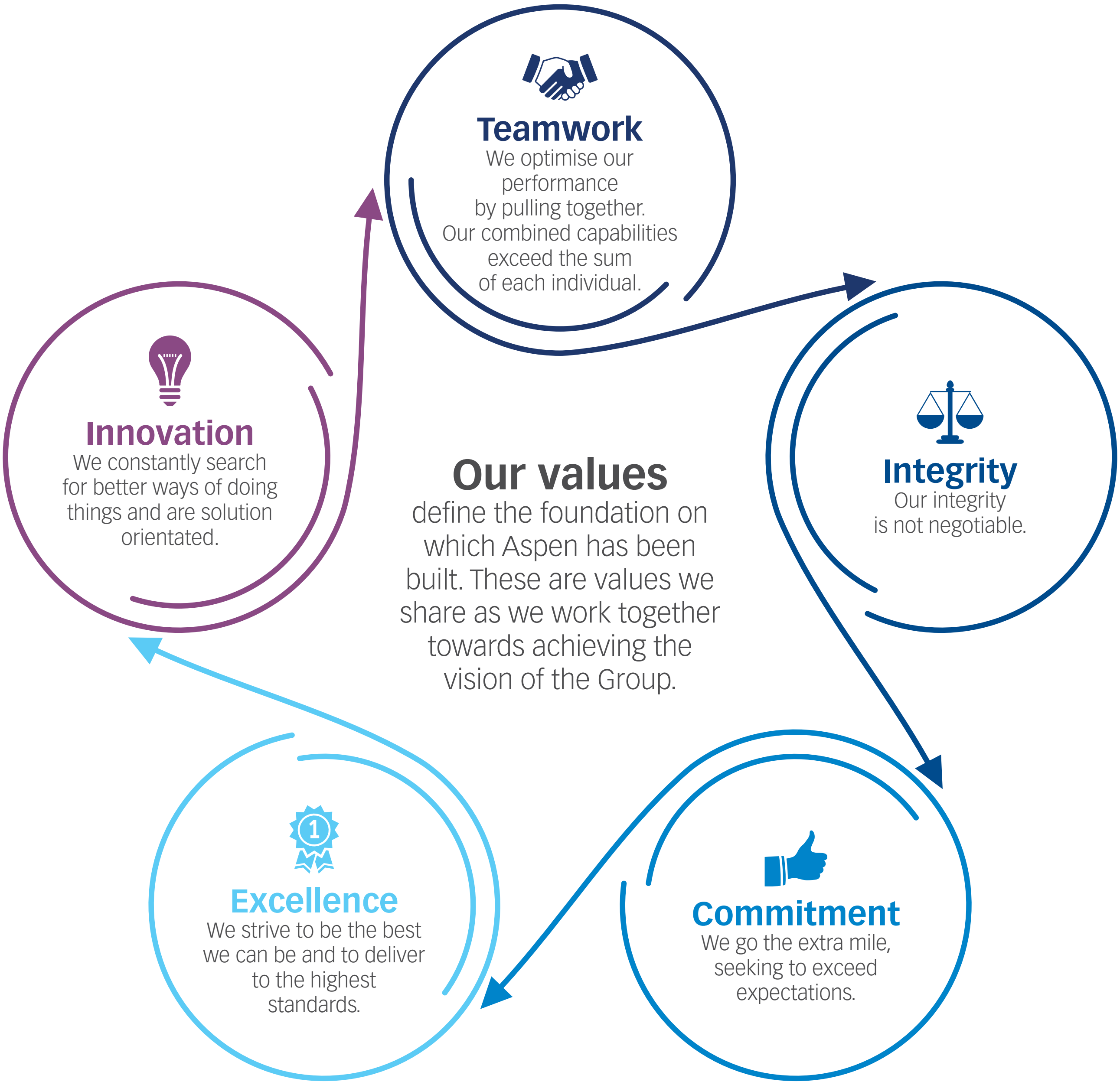
All stakeholders are encouraged to report unethical conduct and other transgressions of our Code of Conduct and policies that they may become aware of and an independently monitored whistle-blowing hotline is available for this purpose. This hotline may be contacted at aspenpharma@tip-offs.com or on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


Teamwork
We optimise our performance by pulling together. Our combined capabilities exceed the sum of each individual.
Integrity
Our integrity is not negotiable.
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.
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 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 through an innovative and agile strategic approach coupled with effective risk management.

6,4%

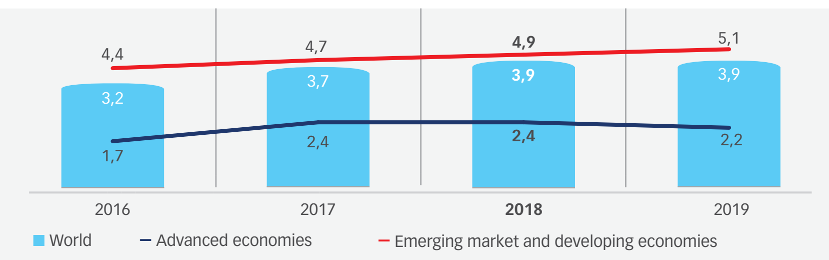
Forecast annual **compound growth rate** in global prescription drug sales to 2024

Source: Evaluate, June 2018

Global cyclical economic upswing but with increasing risk

The global cyclical upswing is projected to continue with the 3,8% global growth achieved in 2017 being the fastest since 2011 and is expected to continue to increase to 3,9% in both 2018 and 2019. There are, however, increasing downside risks to this positive outlook, driven in part by political and economic tensions arising from the stance of the United States on trade tariffs and possible retaliatory measures, continued Brexit uncertainty, recovering oil prices and the increased risk of emerging economic contagion in the wake of the crises recently experienced in Argentina and Turkey. In South Africa, the positive outlook following the leadership change in December 2017 has been dampened by the weaker-than-expected economic performance delivered in the first half of 2018.

World economic outlook growth projections
(growth rate %)



Source: IMF World Economic Outlook Update, July 2018

Volatility in exchange rates

Aspen's financial reporting is in South African Rand and fluctuations in this currency have a resultant impact on the Group's reported financial results. For the 2018 financial year, the Rand/EUR exchange rate averaged R15,326/EUR (2017: R14,840/EUR) and the Rand/USD exchange rate averaged R12,856/USD (2017: R13,612/USD). The Rand experienced notable volatility over the financial reporting period to 30 June 2018, with the overall trend of a significant depreciation in the first five months reversing from December 2017 following the positive reaction to the South African leadership change. Following weaker-than-anticipated macroeconomic data, the Rand depreciated in the last quarter, unwinding the sharp appreciation that had occurred.

Demographic shifts influencing global healthcare needs

Key demographic trends are changing the world we live in:

- The world's population of 7,6 billion as of mid-2017 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;
- Global ageing is expected to accelerate in the coming decades as a result of significant gains in life expectancy in recent years together with declining fertility rates; and
- Increasing urbanisation and improved economic activity results in better informed patients, more active in sustaining their health with increasing expectations for access to medicines and surgical procedures.

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

> The number of people aged over 65 has increased to more than 656 million, or 12% of the total population

> In 2016, an estimated 41 million deaths occurred due to non-communicable diseases ("NCDs"), accounting for 71% of the overall total of the world's 57 million deaths (World Health Organisation) ("WHO"))

Scientific and technological developments changing the competitor landscape

> Biologics and biosimilars are expected to account for 25% of the pharma market by 2020

Innovation in medical sciences and technology continues to advance, largely focusing on disease areas afflicting developed countries. New drug development is, however, expensive and takes considerable time with the high rate of new product launch failures presenting a significant risk to those 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 in new disease areas, with increased approvals for novel biologic molecules. Global investment in biotechnology has shown a notable increase, particularly in emerging economies as well as a focus on catering for an ageing population in more developed countries (IMS Global Biotech). Biosimilars, which are biological medicines that are highly similar to another already approved biological medicine, are also expected to have a significant impact. While there are challenges to successfully launching biosimilars, the IQVIA Institute is predicting that 77% of the current biotech spending will be subject to some form of competition by 2027.

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.

Growing pressure on pricing of medicines

The increasing demand for healthcare, partly driven by demographic and socio-economic factors, continues to place significant strain on public healthcare systems. The debate on access to affordable healthcare, pricing and reimbursement has gained 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 increasingly rigorous measures to address this pressure through various controls on pricing and reimbursement. Healthcare companies are increasingly being asked to demonstrate the clinical and economic value of their products in new ways. Achieving the appropriate balance between providing a sustainable return on investment for pharmaceutical companies while ensuring that treatments remain affordable to patients that need them is an increasing challenge for healthcare systems globally. The need for this balance emphasises the importance of the role of older medicines which have proven therapeutic outcomes and offer more affordable treatment of many disease types.

In the United States, the pharmacy benefit management ("PBM") industry is going through rapid consolidation following a number of significant mergers and acquisitions. The top three PBMs control over 70% of the US prescription market, shifting pricing power from the pharmaceutical companies to the PBMs. Significant price cuts have already been experienced and further threats from the vertical consolidation of pharmacies, distributors, PBMs and insurance companies are on the horizon.

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Our external operating context continued

Availability of supply

Pharmaceutical shortages of more mature products, some of which are off-patent, essential and irreplaceable can result from a variety of factors. This could include the availability of a key raw material and APIs, 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.

Significant investment required to meet increasing regulatory requirements

The pharmaceutical industry is highly regulated with increasingly stringent product quality, safety and efficacy requirements. This increases the investment required to maintain a compliant IP portfolio and to introduce new technology and systems to support monitoring and reporting requirements. The complex and changing regulatory environment can create uncertainty in respect of requirements to support approval processes and the timing of product registrations, launches and transfers. While some regulators have implemented programmes to encourage innovation and the acceleration of the introduction of new medicines, there continues to be many challenges in achieving the increasing and divergent requirements by different regulators.

Serialisation requirements involve complex changes to manufacturing as well as to distribution systems and processes

In an attempt to protect patients from counterfeit medicines, legislation requiring the ability to trace each individual product, via a unique serial number from manufacture through to the end user, is being implemented by various regulators. The serial number gives information such as the origin of the product, the production batch and the expiry date. Regulators have different serialisation requirements and have different deadlines for implementation. This adds to the complexity and cost of the production of medicines.

All licensed drug products in the European Union ("EU") require serialisation from February 2019

Climate change impacts business sustainability and human health

Rising sea levels, droughts, severe weather and other climate change risks threaten manufacturing capacity as well as supply and distribution chains and create uncertainty regarding the continued availability of resources required to sustain current operating models. Climate change affects the social and environmental determinants of health, such as clean air, safe drinking water, sufficient food and secure shelter.

There is an increasing expectation that companies proactively respond to these environmental risks and adapt their strategies to address sustainability issues in the broader societal context.

Increasing expectations for companies to create stakeholder value

There are increasing expectations from diverse stakeholders for companies to demonstrate the long-term value they create for all of their stakeholders and that they behave with integrity and transparency. In the wake of a number of governance failures, most recently the collapse of Steinhoff in South Africa, there is increasing scrutiny of corporates and uncertainty relating to the sustainability of their business models. Instances of questionable practices in the pharmaceutical industry relating to sales and marketing as well as predatory pricing practices have damaged the reputation of the industry which is now faced with the challenge of restoring stakeholder trust.

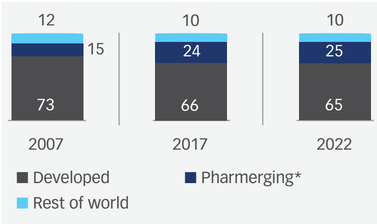
Positive pharmaceutical industry outlook

Worldwide prescription drug sales to reach USD1,2 trillion in 2024

Despite some of the uncertainties, pressures and influences, the broader outlook for the pharmaceutical industry remains positive with the industry expected to experience continued sales growth, evaluate's World Preview 2018, Outlook to 2024 (June 2018) shows that prescription drug sales are forecast to grow at an annual compound rate of 6,4% from 2018 to 2024 reaching USD1,24 trillion worldwide. The anticipated launch of novel therapies addressing key unmet needs, as well as increasing access to medicines globally will be the major growth drivers. Tempering growth is the increased payer scrutiny as well as sales losses due to genericisation and biosimilar competition.

Pharmerging* (as defined by the IQVIA Institute) markets will be driven by volume changes and the use of generics and are expected to grow by 6% to 9% reaching USD345 billion to USD375 billion by 2022. 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.

Global medicine spending by region
(%)



** Pharmerging markets are those with per capital income below USD30 000 and a five-year aggregate pharmaceutical growth over USD1 billion.*

Source: 2018 and Beyond: Outlook and Turning Points, IQVIA Institute, March 2018

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 response to the external environment

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 specialty products underpinned by 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 Regional Brands and Nutritionals basket of products, which includes over the counter ("OTC") and generic products, achieves diversification in our product portfolio.

We have a distribution network to over 150 countries with a strong presence in both developed and emerging markets, thereby reducing our risks to market risks in any one country. Through these efforts, 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. We are on track to meet the serialisation requirements. Increased manufacturing volumes, a focus on manufacturing efficiencies and opportunities for vertical integration provide for enhanced synergies that unlock value creation in a restrictive price environment.

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

Our minimal exposure to the United States has allowed us to avoid the sharp margin contraction experienced by many of our peers in this country.

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 and sustainability objectives underpin our strategy, as we understand that strong corporate governance, high ethical standards and a stakeholder inclusive approach are essential to our successfully navigating the complex, dynamic and uncertain global environment in which we operate.

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.

Our vision

1

Our vision unites us in our purpose

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

Our values

2

Our shared values are the foundation as we work together toward achieving our vision

- Teamwork
- Innovation
- Commitment
- Excellence
- Integrity

Our strategic objectives

3

Our strategic objectives provide the framework for our plan of action to achieve our short, medium and long-term goals

Our sustainability objectives

4

Our sustainability objectives provide the framework for us to respond to the environmental, social and governance issues and risks that are most relevant for our stakeholders and to Aspen.

Our material issues

Our material issues are grouped into our sustainability objectives, which are aligned to our strategy. 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. We review these issues and risks each year with reference to:

- identifying and assessing the needs of our stakeholders through constructive engagement with them (page 14);
- our external operating context (page 22);
- key business risks impacting our sustainability (pages 30 to 37);
- the value exchange and/or opportunity costs of applying our available capitals and our responsible management of these (refer pages 42 to 79); and
- our responsibility to provide relevant and transparent 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 FTSE/JSE Responsible Investment Index, the Carbon and Water Security Disclosure Projects and the UN Global Compact.

Implementation of our strategy

We implement our strategy by applying the resources we have available in execution of our business model to drive growth and create sustainable value (pages 28 and 29).

We have identified key performance indicators designed to provide a defined measure of performance against our strategic and related sustainability objectives. We track our performance by reporting against these KPIs to the Board on a quarterly basis. In this way, the performance of executive directors, executives and senior management is aligned to our sustainable business strategy.

- Reporting on our performance against our strategic objectives is included in "Our strategic business performance" (pages 30 to 37).
- Reporting on the sustainability objectives and our performance against the KPIs is integrated into our reporting on the capitals in the section "Creating value through our capitals" (pages 42 to 79).

Our strategic objectives	Our sustainability objectives	Our capitals	Key Performance Indicator ("KPI")
To enhance access to high quality, affordable medicines *(page 30)*	Sustaining life and health through high quality, affordable medicines	Intellectual	• IMS† value of total product pipeline for the next five years • Number of product recalls
To achieve strategic advantage through our integrated supply chain *(page 32)*	Sustaining a cost-competitive manufacturing base	Manufactured	• Return on total assets • Normalised EBITDA margin
To provide a safe, challenging and rewarding environment for our employees *(page 32)*	Creating an environment in which our employees can thrive	Human	• Average staff turnover • Average training spend per employee
	Providing a safe working environment		• Disabling incident frequency ratio ("DIFR") • Lost work day frequency ratio ("LWDFR")
To practise good corporate citizenship *(page 34)*	Promoting equality	Social & relationship	• BBBEE accreditation in South Africa* • Percentage of female employees • Percentage of females in top 100 positions in the Group • Percentage of black employees in South Africa* • Percentage of black employees in top 50 positions in South Africa*
	Conducting our business in a responsible manner		• Number of significant incidents of legislative infringements • FTSE/JSE Responsible Investment Index score
	Preserving the environment	Natural	• Carbon emissions# • Waste recycled#
	Managing the efficient utilisation of scarce resources		• Water used# • Electricity used#
To create sustainable economic value for all of our stakeholders *(page 36)*	Adding economic value to stakeholders	Financial	• Growth in revenue • Growth in NHEPS • Growth in normalised EBITDA • Return on ordinary shareholders' equity
	Maintenance of financial health		• Operating cash flow per share • Leverage ratio

*# Measured for manufacturing sites only (does not include New Zealand New Milk ("NZNM")   * South African businesses only*
† IMS Health (Pty) Limited, a leading provider of healthcare and pharmaceutical market intelligence ("IMS")

Assurance on our KPIs

We obtain assurance on these reported KPIs through a combined assurance approach:

ERM   *PwC*   *Internal Audit*   *Empowerdex*   *Group Compliance Officer Review*

Further discussion on combined assurance is included on page 2.

Additional sustainability related data is available on the Sustainability Data Supplement online.

Our business model

We use our six capitals and our unique value drivers to provide high quality, affordable medicines and products and create value for our stakeholders in a responsible and sustainable way

We develop our strategic objectives to provide the framework for our plan of action to achieve our short, medium and long-term goals

- 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 of our stakeholders

We rely on our unique value drivers within our six capitals to effectively implement our strategy and business activities

Intellectual *(page 42)*
- Trusted Aspen brand
- Targeted product portfolio
- Business acquisition and integration expertise
- Strong presence in emerging markets

Manufactured *(page 48)*
- Vertical integration advantages
- Globally competitive, scalable and widely accredited manufacturing facilities

Human *(page 54)*
- High performance and innovative culture

Social & relationship *(page 62)*
- Strong stakeholder relationships and corporate reputation

Natural *(page 68)*
- Focus on environmental protection

Financial *(page 74)*
- Access to capital
- Cash generation abilities

We create value through our globally integrated value chain

Product pipeline development

Patient/ consumer needs

Product development, acquisition and registration

Investment in a product portfolio of niche, specialty medicines and strong domestic brands that presents opportunities for sustainable revenue growth achieved through:
- Targeted acquisitions that present value enhancement opportunities
- Internal development of products that leverage our intellectual and manufacturing advantage
- Line extensions of existing IP into new geographies

Manufacturing and supply chain operations

Procurement
API manufacturing
FDF manufacturing
Distribution

Efficiencies achieved through end-to-end global supply chain management performed by a highly experienced team

Capitalise on our own significant manufacturing capability of both APIs and FDFs as well as our external supply network focusing on:
- Reliable supply of high quality products
- Optimisation of operational costs
- Maximisation of vertical integration synergies

Commercialisation

Marketing and sales

Healthcare professional engagement and support

Patient/consumer use

Generation of organic revenue and profit growth through focused promotion of our products by our extensive sales representation in more than 50 countries

Capital is reinvested in developing a pipeline to provide the platform for future revenue growth, improved operational synergies and to create capacity for new value-adding opportunities while also providing a return to our shareholders in the form of a dividend

Our values

Teamwork

Innovation

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

Achieving outcomes that **create long-term value for our stakeholders**

REGIONAL BRANDS
Circadin
Foxair
Mybulen
Tribuss
Zyloric

ANAESTHETICS
Diprivan
EMLA
Naropin
Ultiva
Xylocaine

THROMBOSIS
Arixtra
Fraxiparine
Fraxodi
Mono-embolex
Organ

HIGH POTENCY & CYTOTOXICS
Alkeran
Eltroxin
Imuran
Ovestin
Purinethol

NUTRITIONALS
Alula
Infacare
S-26
SMA

Intellectual	• Improved health and quality of life for the patients and consumers that use our products	Patients in more than **150 countries** treated with Aspen products
Manufactured	• Economic stimulation in the regions in which we operate	**R24 466 million** spent on suppliers and service providers and R2 145 million invested in capital projects
Human	• Employment opportunities and skills development provided to our more than 10 000 employees	**42% of wealth created**, amounting to R7 925 million distributed to employees employed in more than 50 countries
Social & Relationship	• Uplifting the lives in the communities in which Aspen works around the world	Supported more than **220 SED** project and initiatives in communities across the globe
Natural	• Initiatives to reduce the impact of our operations on the natural environment	**26** energy, water and waste disposal efficiency projects initiated
Financial	• Generation of wealth to fund future growth and expansion	**R5 886 million** reinvested in the Group
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 **34%** in revenue, normalised EBITDA and NHEPS since listing

Commitment • Excellence • Integrity

Our strategic business performance

A high level overview of our performance over the past year, the key opportunities, risks and challenges and the outlook is set out below. Further information on the application of our capitals, our sustainability

Strategic objective	KPI	Performance highlights 2018
To enhance access to high quality, affordable medicines	IMS value of total product pipeline for the next five years **USD3,4 billion** (2017: USD3,2 billion) Number of product recalls **17** (2017: 7)	• Provided affordable critical medicines, with proven efficacy and safety, to patients in more than 150 countries. • Implemented a more targeted approach to product development and licensing initiatives creating a product pipeline that is strategically aligned with the Group's future growth plans. • Launched a total of 45 products in 20 countries, broadening access to high quality, affordable medicines and products. • Further developed structures in China and Japan to support expanding access to the global product portfolio. • Concluded an exclusive licence agreement with Teva to launch two products (Enjuvia and Cenestin) in the United States which will leverage our synthetic conjugated estrogen API business and enhance our women's health product basket. • Launched the new global infant milk formula brand, Alula, and initiated a strategy to access the Nutritionals sector in China. • Managed disruptions experienced in the anaesthetics supply chain to minimise the impact of the unavailability of products. • Increased the technical and compliance training of the sales and marketing teams, facilitated by the Aspen Learning Academy, to better serve customer requirements across all territories. • Progressed with the integration of the new sales representatives in China into Aspen with reinforcement of our way of doing business. • Maintained a strong quality culture achieving positive results from inspections undertaken by regulators and audits conducted by customers. • No product recalls represented a high patient risk requiring the implementation of a full market recall procedure. Specific focus on understanding the root causes underlying the increase in the number of product batch recalls.

objectives and performance against our KPIs is included in the "Creating value through our capitals" section on pages 42 to 79.

Key opportunities, risks and challenges

- Increasing complexity of regulatory requirements and product regulations, requiring additional resources to maintain and upgrade our intellectual property.
- Changing market and regulatory environments coupled with the complexity and greater costs associated with the development of differentiated products affecting the realisation of expected returns on new product developments.
- Timing of new product launches is dependent on the speed of processing of the necessary registrations by the regulatory authorities in each country.
- Inherent risk of batch rejection, product recall and/or disruption to supply as a result of the highly technical, complex and regulated nature of the manufacture and supply of pharmaceutical products.
- Ensuring that geographically dispersed sales representatives are aligned with our business ethos.

Short to medium-term outlook

- Opportunities to extend the existing Anaesthetics portfolio into new geographies, notably China, and to further leverage the strategic fit with the Thrombosis portfolio.
- Pipeline opportunities in high potency niche products (estrogens, conjugated estrogens, low dosage Estradiols and HPC) for the United States and geographic expansion of Orgaran, in the Thrombosis portfolio.
- 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.
- The evaluation of opportunities in new territories which may justify the expansion of the Group's promotional footprint will be performed.
- Sales structures are assessed on an ongoing basis to ensure that we are delivering the appropriate services to meet the demands of healthcare providers.

Our strategic business performance continued

Strategic objective	KPI	Performance highlights 2018
To achieve strategic advantage through our integrated supply chain	Normalised EBITDA margin **28,2%** (2017: 27,7%) Return on total assets **10,3%** (2017: 11,5%)	• Acquired the remaining rights to the intellectual property and manufacturing know-how of the AstraZeneca Anaesthetics portfolio and completed the transition of the contractual relationship with third-party contract manufacturers from AstraZeneca to Aspen, increasing our control over the supply chain. • Initiated capital projects in excess of R4 billion in value at the Port Elizabeth, Notre Dame de Bondeville and Bad Oldesloe sites in order to create increased capacity and capability for the transition of the manufacture from AstraZeneca sites over the next five years. • Officially opened the high containment suite at our Port Elizabeth site that will produce niche high potency and hormonal products. • Reintroduced the production of conjugated and esterified estrogens at Oss, offering opportunities aligned with our strategy for the women's health product portfolio. • Progressed further product realignment projects increasing the production volumes in our own facilities, resulting in enhanced synergies. • Achieved further manufacturing efficiencies through continuous improvement projects and procurement initiatives. • Further strengthened our technical capability for complex pharmaceutical manufacturing, leveraging our Biochem and Steriles Centres of Excellence to achieve high technical standards across our facilities. • Made further significant investments to increase the integration of regulatory, manufacturing and IT processes and systems, achieving increased efficiency and the ability to manage risks across the complex supply chain more effectively.
To provide a safe, challenging and rewarding environment for our employees	Average staff turnover **12,3%** (2017: 14,0%) Average training spend per employee **R6 742** (2017: R4 987) Disabling injury frequency ratio ("DIFR") **0,82** (2017: 0,91) Lost work day frequency ratio ("LWDFR") **0,78** (2017: 0,84)	• Launched a new global human resources strategy, which focuses on talent, skills development, succession planning and the retention of key skills, and endorsed a Group-wide talent management framework. • Completed implementation of the global integrated human resources management system supporting effective human resource management processes across the Group. • Established the Technical Training Academy at the Port Elizabeth site and a Commercial Academy in our South African commercial businesses. • Strengthened the commercial leadership team and initiated further leadership re-alignment changes in certain business units. • Initiated further efforts aimed at the targeted restructuring of the workforce in selected operations to achieve operational efficiency. • Implemented a new three-year Employment Equity plan and established various forums to support diversity and inclusion initiatives. • Improved the female representation in our Middle Management and Junior Management Development Programmes and re-launched a Finance Graduate Programme for our talent pipeline. • Recognised the exceptional performance of selected employees across the Group through the Aspen employee recognition awards. • Maintained positive employee relations with zero disruptions to our operations globally. • Completed the multi-year plan to reduce the most significant safety, health and environment ("SHE") risks at the Moleneind site in Oss, transferring the highest risk processes to alternate facilities. • Maintained our historically high safety standards with zero incidents of occupational fatalities.

Key opportunities, risks and challenges	Short to medium-term outlook
• The manufacturing of pharmaceutical products is highly regulated and complex. Manufacturing facilities are subject to regular inspections by various regulatory authorities in order to maintain accreditation. Manufacturing facilities which do not comply with all 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, alternative production facilities owned by Aspen 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 may require technical upgrades before the transfer process can be completed.	• The consolidation of anaesthetics manufacturing into Aspen sites will further increase our control over the supply chain enhancing security of supply and thereby allowing better access to these essential medicines. • The successful execution of our plans to increase production volumes by means of new product introductions and the realignment of production currently being outsourced to third-party manufacturers will increase production efficiency and result in improved cost of goods. • 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
• The ability to attract, retain and develop the diverse talent and specialist technical skills required to support the rapid growth and increasing complexity of the Group remains a focus area. • 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 area for the Group, with standardised SHE processes embedded across all of our operations.	• The launch of the new global human resources strategy, together with the new talent management framework, is intended to improve leadership and overall talent bench strength in the short to medium term. • The drive to improve gender (female) representation at key management levels remains a focus in the medium term. • Continued investment in growing our own talent through initiatives such as the Middle Management and Junior Management Development Programmes creates opportunities for our people to reach their potential while creating a talent pipeline to support our future growth objectives. • A bridging programme to fast track experienced employees who lack formal qualifications is being launched. • The consistent application of the Group SHE standards and the phased approach to ISO certification will receive ongoing attention.

Our strategic business performance continued

Strategic objective

To practise good corporate citizenship

KPI

Scope 1 emissions
44 305 tCO_2e
(2017: 48 435tCO_2e)

Scope 2 emissions
148 912 tCO_2e
(2017: 160 237tCO_2e)

Electricity used
663 557 Gigajoules
(2017: 692 449 Gigajoules)

Water used
1 475 Megalitres
(2017: 1 667** Megalitres)

Waste recycled
80 973 tonnes
(2017: 76 577 tonnes)

Percentage of female employees
49,5%
(2017: 49,4%)

Percentage of females in top 100 positions in the Group*
27,0%

Percentage of black employees in South Africa
81,5%
(2017: 81,0%)

Percentage of black employees in top 50 positions in South Africa*
22,0%

BBBEE level
4
(2017: 4)

Significant legislative infringements
0
(2017: 1)

FTSE/JSE Responsible Investment score
4,0
(2017: 3,4)

** New KPI therefore no comparative available*
*** Restated from prior year*

Performance highlights 2018

- Continued participation in the UN Global Compact, the Carbon Disclosure Project and Water Disclosure Project.
- Further strengthened the Group Ethics Programme through targeted interventions to embed our values and Code of Conduct implemented through a Regional Ethics Officer structure across our business operations.
- Improved our ESG rating on the FTSE/JSE Responsible Investment Index.
- Completed an extensive project to ensure our tax reporting meets the increasing regulatory requirements required under the Base Erosion and Profit Shifting project that has been endorsed by the Organisation for Economic Cooperation and Development ("OECD") which has been implemented by tax authorities in most countries in which we operate.
- Increased the focus on achieving gender diversity across employment levels.
- Continued to focus on targeted transformation initiatives in the South African business and the achievement of BBBEE objectives.
- Supported more than 220 SED projects contributing to the well-being of the communities in which we do business.
- Advanced loans amounting to R55 million as part of our enterprise development and enterprise supplier development programmes.
- Effected an estimated 52% saving in our water consumption over 2016 levels at the FCC site in Cape Town in response to the "Day Zero" crisis and implemented further mitigations to protect the site from potential disruptions to water supply.
- Provided full cooperation to the European Commission and the United Kingdom's Competition and Markets Authority regarding their respective investigations into certain pricing aspects.

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.
- A continued focus of the Group is to maintain a consistent ethical culture across our geographically and culturally diverse operations and offices.

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 in the countries in which we do business will be continued.
- 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.
- Continued implementation of resource saving initiatives and projects to reduce our exposure to water scarcity risks.

Our strategic business performance continued

Strategic objective	KPI	Performance highlights 2018
To create sustainable economic value for all our stakeholders	Growth in revenue **3,4%** (2017: 15,9%) Growth in NHEPS **9,7%** (2017: 15,8%) Growth in normalised EBITDA **5,4%** (2017: 13,0%) Return in ordinary shareholders' equity **12,2%** (2017: 12,2%) Operating cash flow per share **1 537,3** cents (2017: 1 421,4 cents) Leverage ratio **3,78** (2017: 3,25)	• Created R18 892 million in value, with R7 925 million being paid to employees, the generation of R1 533 million in revenue for governments, R24 466 million in payments to providers of goods and services and R17 million to support various SED initiatives. • Growth in revenue of 3,4% (4,7% at CER) to R42 596 million through a combination of organic growth in the base business and further acquisitive growth contributed by the Anaesthetics portfolio and Thrombosis sales in China. • Growth in NHEPS from 1 463,2 cents per share to 1 604,9 cents per share, achieved primarily through revenue growth at increased margins and reduced financing costs. • Focused working capital management has contributed to an improvement in operating cash flow, notwithstanding required strategic stock builds to manage risks within the supply chain. • Further delivery of an estimated R500 million in synergies through the value creation initiative projects. • Successfully concluded the "amend and extend" restructuring exercise in respect of the Group's debt portfolio with its primary lenders. • Initiated a strategic review of the Nutritionals business which was concluded with the announcement on 13 September 2018.

Key opportunities, risks and challenges

- Increased and sustained emphasis on managing rising healthcare costs and intensive examination of the pricing of pharmaceuticals by governments, health insurers and consumers in most countries.
- Instances of extensive price cuts and changes in price referencing mechanisms implemented by certain regulators.
- Evolving pharmaceutical regulations and application of increasingly stringent quality standards has led to raised costs of compliance across all territories. The high cost of doing business in this complex regulatory environment places pressure on achieving satisfactory 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 further 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.
- We are targeting organic revenue growth of between 1% and 4% in the Commercial Pharmaceuticals business for the 2019 financial year.
- Product launches from our focused product pipeline which includes some unique opportunities in the United States, a country where Aspen has not yet established a sales force.
- Our favourable relationships with many multinational pharmaceutical companies positions us well to engage with them regarding potential opportunities. We will also remain alert to acquisition opportunities which present strategic value.
- The conclusion of the agreement (conditions precedent) to dispose of the Group’s Nutritionals business announced on 13 September 2018 will allow for the Asia Pacific, Latin America and Sub-Saharan Africa business units to dedicate their time and attention to their core pharmaceutical portfolios. The transaction is expected to be completed before April 2019. The net proceeds will be utilised to reduce our gearing, creating greater headroom and capacity.

Financial review

R7,0 billion
operating
cash flow

Gus Attridge
Deputy Group Chief Executive

The Group's performance was underpinned by strong operating cash flows with a conversion rate of operating profits to cash of 105% being achieved as a result of a sustained focus on managing our investment in working capital.

Performance overview
Revenue was up 3% to R42 596 million and NHEPS was 10% higher at 1 604,9 cents in the year ended 30 June 2018. On a CER basis, revenue increased 5% and NHEPS grew 10%.

Significant factors influencing performance for the year were as follows:

- Underlying positive growth in Commercial Pharmaceuticals;
- Strong growth in China in the first full year of operation in that country;
- The inclusion for the full year of the Anaesthetics portfolios acquired during the course of the prior year and the margin benefit of the residual rights to the AstraZeneca anaesthetics acquired with effect from 1 November 2017;

- A decline in manufacturing revenue and profitability; and
- Additional operating expenditure related to the development of structures in China and Japan.

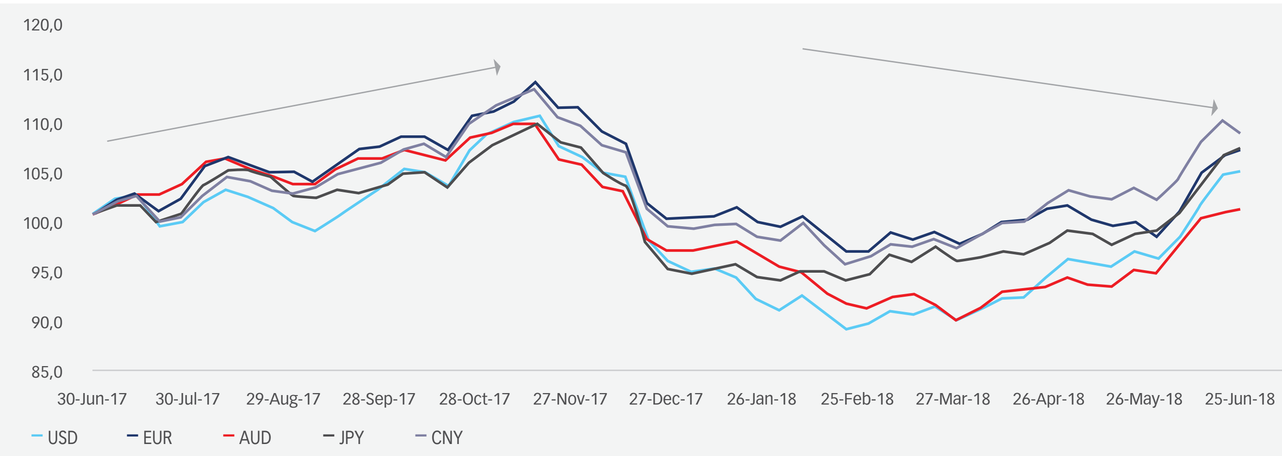
The synergy programme yielded benefits of approximately R500 million during the year. This helped offset the impact of Anaesthetics supply challenges and price cuts in Developed markets.

Relative movements in exchange rates had a minor impact on financial performance as 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 CER, being a restatement of 2017 performance at 2018 average exchange rates.

	Reported 30 June 2018 R'million	Reported 30 June 2017 R' million	Change %	CER 30 June 2017 R'million	CER Change %
Revenue	**42 596**	41 213	3	40 690	5
Normalised EBITDA	**12 031**	11 416	5	11 427	5
NHEPS (cents)	**1 604,9**	1 463,2	10	1 462,5	10

Lower earnings in the second half of the year than in the first half were primarily influenced by the unfavourable impact of the strengthened ZAR. On a CER basis, revenue in the second half of the financial year was in line with that of the first half. However, the stronger ZAR in the second half resulted in ZAR reported second half revenue being lower by R1 254 million. This is well illustrated in the graph below.

Relative ZAR movements June 2017 – June 2018 (base to 100)



Volatility in relative foreign exchange rates is a factor which can influence ZAR reported performance. The weakening of the ZAR, as has been the trend in the period since the financial year-end, is likely to give rise to improved ZAR reported results given that South African earnings amount to less than 20% of those of the Group.

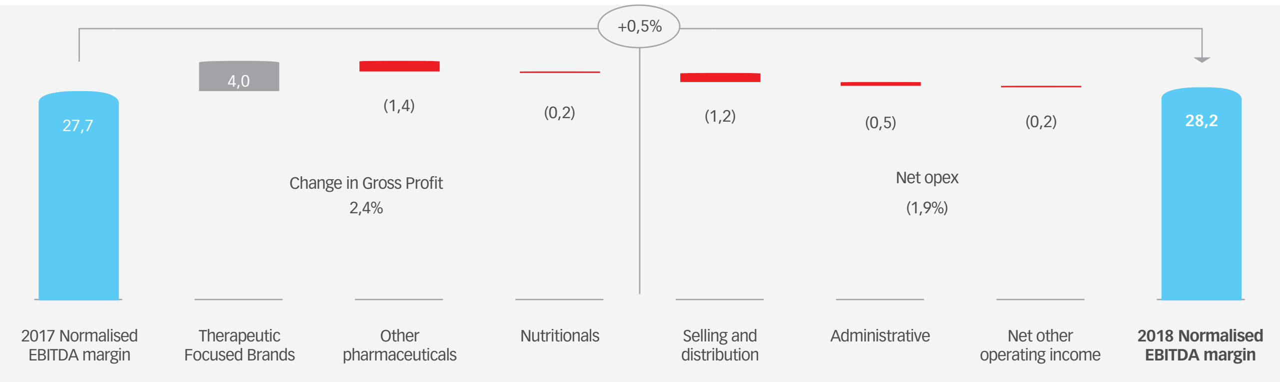
Margin improvement

The gross profit percentage improved 2,4% to 50,7%. This was a consequence of the gross profit gained from the acquisition of the residual rights to the AstraZeneca anaesthetics and improvements in cost of goods of the Thrombosis portfolio. Increases in net operating

Financial review continued

expenses, largely attributable to investment in increased structure in China and Japan, diluted the improved gross profit margin resulting in an increase in normalised EBITDA margin percentage of 0,5% to 28,2%.

Contribution to change in normalised EBITDA margin
(%)



20 years of earnings growth

Normalised net funding costs declined 12% to R1 861 million, influenced by foreign exchange related gains. The normalised effective tax rate remains stable at 17,2% (2017: 17,1%). Normalised headline earnings of R7 325 million was 10% higher, a twentieth successive year of growth.

Normalised headline earnings, which adjusts for specific non-trade items set out in our accounting policies, is the primary measure management uses to assess Aspen's underlying financial performance. The vast majority of international pharmaceutical companies adopt a similar measure in reporting adjusted earnings per share. 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 measurements levels:

Earnings per share measures

	June 2018 Cents	June 2017 Cents	Change %
Basic earning per share (EPS)	**1 316,6**	1 123,4	17
Net impairments	**151,5**	136,7	
Loss on sale of assets	**0,7**	39,4	
Headline earning per share (HEPS)	**1 468,8**	1 299,5	13
Capital raising fees	**44,4**	23,4	
Restructuring costs	**27,5**	66,7	
Transactions costs	**35,0**	45,3	
Redundancy costs	**4,1**	12,7	
Product litigation costs	**64,1**	45,6	
Foreign exchange on acquisitions	**(39,0)**	(30,0)	
Normalised HEPS	**1 604,9**	1 463,2	10

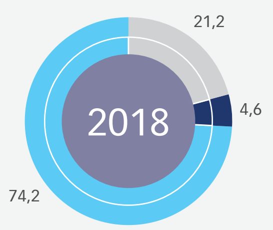
Strong operating cash flow maintained

We maintained our strong operating cash flow generation. Cash generated from operating activities of R7 017 million represented operating cash flow per share of 1 537,3 cents and a 105% conversion of earnings to cash.

Despite the strong operating cash flows, borrowings net of cash increased by R9 649 million to R46 780 million. The effect of the weaker ZAR on foreign denominated borrowings accounted for R2 288 million of this increase. In total, R6 083 million was spent on capital expenditure related to intangible assets, primarily being the acquisition of the residual rights to AstraZeneca anaesthetics, and a further R4 599 million was spent in settling deferred purchase consideration relating to prior year business acquisitions. Capital expenditure on property, plant and equipment was R2 145 million.

In May 2018, Aspen announced the successful closing of a multi-currency syndicated facilities agreement with 28 lenders, equivalent to approximately EUR3,4 billion, which refinanced Aspen's existing term debt facilities. A significant oversubscription allowed the facilities to be upsized.

Net borrowings: R46 780 million
(%)



Analysis of R46 780 million net borrowings

Maturity profile	Gross borrowings R'million	Cash R'million	Net borrowings R'million
< 3 months	9 846	(11 170)	(1 324)
> 3 months < 6 months	1 238		1 238
> 6 months < 1 year	200		200
2 years	16 044		16 044
4 years	30 803		30 803
Capital raising fees and finance leases	(181)		(181)
Total	57 950	(11 170)	46 780

Future capital expenditure

Deferred purchase consideration of R5 557 million (at 30 June 2018 exchange rates) is payable in the 2019 financial year of which by far the greatest portion is payable in November 2018. Thereafter, a further R377 million remains to be paid in the 2020 and 2021 financial years.

Aspen has undertaken extensive capital expenditure programmes at its Port Elizabeth, Notre Dame de Bondeville and Bad Oldesloe sites in order to facilitate the in-house manufacture of the majority of the Anaesthetics portfolio. Capital expenditure on property, plant and equipment is expected to amount to approximately R2 800 million in the 2019 financial year with a further amount of approximately R2 800 million authorised for investment thereafter.

Nutritionals disposal will reduce gearing

The Group's leverage ratio for the year ended 30 June 2018, measured in terms of the syndicated facilities agreement, stood at 3,78 against a threshold of 4,00. On 13 September 2018 we announced that an agreement had been reached with the Lactalis Group for the disposal of the Nutritionals business for a consideration of EUR739,8 million. We anticipate that net proceeds from the disposal, expected to be completed no later than the end of March 2019, will be of the order of EUR644 million. The net proceeds will be used to reduce Aspen's gearing, creating greater headroom and capacity.

Increased dividend

Having taken into account the earnings and cash flow performance for the year ended 30 June 2018, existing debt service commitments, the expected completion of the disposal of the Nutritionals business, future proposed investments and funding options, the Board was pleased to declare a gross dividend of 315 cents (2017: 287 cents) per ordinary share to shareholders. The dividend was paid on 8 October 2018.

Accomplished finance team

The Finance team has worked with great diligence over the past few years in enhancing the quality and depth of financial reporting available to the Group. This is an ongoing project. Congratulations are extended to Sean Capazorio, our Group Finance Officer, for his recognition this year as winner in the category "Finance Transformation Award" at the South African CFO Awards 2018.

Gus Attridge
Deputy Group Chief Executive

Intellectual capital

Our intellectual capital supports our commitment to increasing the number of lives that benefit from our focused therapeutic basket of high quality, affordable medicines and products

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

KEY INITIATIVES

- 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 and 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

2 400

sales representatives in more than 50 countries

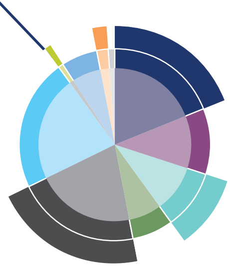
Extensive product and disease profile training ensures that our employees are equipped to promote product portfolios confidently among HCPs while also having a thorough understanding of patient needs.

→ OUTCOMES

- 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

Regional sales force representation

19% Sub-Saharan Africa
12% Developed Europe
10% Europe & CIS
7% Australasia
21% Latin America
22% China
1% Japan
6% Other Asia
2% MENA
1% USA & Canada



Intellectual capital

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

Access to affordable healthcare is a global priority. The medicines we manufacture and distribute positively enhances the quality of life of patients globally. We continue to focus on developing a product portfolio that leverages our intellectual and manufacturing advantage, including investment in effective older specialty medicines that provide viable treatment options to expensive new innovative drugs. Through our extensive global presence, we extend the availability of our medicines and products to new patient populations.

Product portfolio

Our medicines and products fall into four focused therapeutic categories, supplemented by a diverse Regional Brands portfolio:

Regional Brands (page 80)	Our diverse regional portfolios provide patients and consumers with a broad range of treatments across a number of therapeutic categories in both branded and generic medicines, and in the prescription and OTC segments. This portfolio includes some of Aspen's most well-known brands, with strong presence in Australasia and Sub-Saharan Africa.
Anaesthetics (page 82)	Across the globe, patients require anaesthetics during major surgery, local surgical procedures, and for more minor pain control situations. Our portfolio includes products that are indicated for the induction and maintenance of general anaesthesia, opioids used during induction, maintenance and recovery and neuro-muscular blocking agents used to facilitate intubation and to relax the muscles for surgical procedures. Our regional and local anaesthetic products, include injectables and topical agents such as ointments, gels, sprays, creams and patches.
Thrombosis (page 84)	Thrombosis occurs as a result of the body's hemostatic pathway being activated inappropriately, leading to the formation of blood clots. This condition is considered as life threatening as it may lead to a stroke, myocardial infarction, ischemia and others if not appropriately treated. Our basket of thrombosis products fits into the anticoagulant category, 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, Xa inhibitors and heparin derivatives.
High Potency & Cytotoxics (page 86)	Our products in this therapeutic category are characterised by medicines 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 often used 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, immunosuppressants, oncological products, female hormonal replacement therapies, anabolic steroids and glucocorticoids and estrogens.
Nutritionals (page 88)	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. Our 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.

Continued development of ARV treatment options

In early 2000, South Africa was coming to terms with the significant social, public health and economic impact that the catastrophic HIV pandemic was presenting. At the time up to 350 000 South Africans, mainly young adults, who would be the future backbone of our economy, were perishing each year from this unchecked pandemic. Most, if not all, ARVs, were inaccessible, due to dollar denominated prices and patent protected products. Inspired by a collaborative effort with former President Nelson Mandela through the Engcobo Clinic, Aspen was able to negotiate licences for these ARVs, eventually together with multinational partners introducing generic ARVs to the South African public ARV programme at a fraction of the original cost. Subsequently we pioneered the first African produced generic ARV. We were an African company finding an African solution for a largely African problem. The South African public ARV programme was accelerated and millions of lives were saved. We continue our pioneering leadership in the HIV market, most recently being the first company to introduce Dolutegravir and other Dolutegravir-based combinations (Trivicay® and Trelavue®). Given the prospective future importance of Dolutegravir-based ARV formulations, we will continue to introduce additional Dolutegravir combinations in order to widen treatment options for both HCPs and patients.

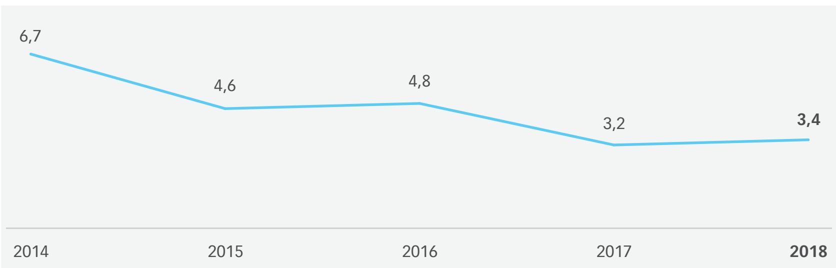
Product pipeline

Intellectual property, in the form of developed, licensed and acquired product molecule dossiers, is the key driver for organic growth in the pharmaceutical industry. Our product pipeline largely represents opportunities related to acquired product dossiers, planned product line extensions to leverage existing brands within and across territories and targeted branded product acquisitions. Also included are selected products that are developed under the direction of highly skilled scientists employed by Aspen at our internal facilities as well as 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. The pipeline is continually monitored for technical feasibility and alignment with the Group's commercial objectives in key territories.

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.

During the year, we launched 45 products in 20 countries. This has included the significant launch contribution from two relatively new Aspen territories being the United States (Busulfan IV) and Japan (nine products launched across different therapeutic categories). The robust South African pipeline continues to deliver important launches, one of which was Relvar (Vilanterol/Fluticacasone), a new product included in the asthma portfolio. The Latin American region and Australia have also leveraged brand equity with new product entries during 2018.

KPI: IMS value of total product pipeline for the next five years
(USD'billion)



The total in-market sales value of the molecules that are included in the Group's product pipeline as at 30 June 2018 and that are expected to be launched in the next five years, amounted to USD3,4 billion. This value is determined using the published IMS value as at 31 December 2017 for the molecule in the country concerned and where no IMS data is available, no value is included. The value realised through the pipeline is influenced by many variables, including market competition, prevailing pricing regulations, technical validations, product registration timelines and in the case of generic products, the level of discount compared to that of the originator molecule presently sold in the market.

There has been ongoing refinement of the pipeline to ensure that molecules with confirmed commercial feasibility are included, with a stronger focus on fewer products that offer improved potential value. The United States market continues to provide an area of focus for the Group representing the territory with the highest pipeline value (USD2,0 billion). Some of the key opportunities included in our pipeline are:

- The launch of estrogens in the United States is a significant component of our pipeline. Esterified estrogens were successfully launched in the first quarter of the 2019 financial year. In respect of the synthetic conjugated estrogens, trial batches are underway with planned stability submission batch manufacture thereafter and an anticipated launch in 2020 financial year.
- The reactivation date of the New Drug Application ("NDA") for Orgaran in the United States is effective in the final quarter of the 2018 calendar year. The protocol for the heparin-induced thrombocytopenia ("HIT") studies have been submitted and the trials will start shortly with the objective of adding HIT as an indicator to Orgaran in the United States. The extension of the Orgaran brand into new European markets is expected in the near future.

Intellectual capital continued

- With certain regulatory issues having been resolved, opportunities to relaunch Nimbex with an extended shelf life and to launch EMLA in China continue to be pursued.
- While the addition of an indication to the existing dossier for HPC in the United States was denied by the US FDA, an abbreviated new drug application ("ANDA") on the preservative free has progressed to a priority review, with an estimated launch date in the first quarter of calendar year 2019.

Responsible promotion of products

We are committed to ensuring that we promote our products responsibly across all our commercial operations. During the year, we introduced our Group Code of Marketing Practice. This Code is aimed at ensuring that any promotional activities and interactions with 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 has been undertaken across our operations and will form part of ongoing training programmes. 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.

The Aspen Learning Academy was established in 2013 to support and provide world class training to our commercial teams. The training provided to our qualified medical representatives is aimed at ensuring that they have specialist product knowledge to support and guide those HCPs they interact with. We conduct product awareness training for employees and for customers, as appropriate.

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 and Service Provider Code of Conduct and are required to uphold prescribed ethical and human rights standards across the supply chain.

Patient safety

The Aspen Group Pharmacovigilance team, headquartered in Ireland and supported by the local business units globally, is responsible for monitoring and managing the safety of all Aspen products. Pharmacovigilance covers the activities relating to the detection, assessment, understanding and prevention of adverse effects or any other drug-related problems, and is core to our patient responsibility.

As part of our product life-cycle management process, we continuously assess the risk/benefit relationship of our products. In collaboration with health regulatory authorities, we endeavour to provide all HCPs and patients with comprehensive up-to-date safety information, which allows for the safe use of our products. In line with best practice, we source product safety information from multiple global sources and ensure the consolidation and review of this data. We use this information to enhance our product safety information, which is made available through the required channels. All clinical trials conducted and/or supported by Aspen are conducted in full compliance with relevant legislation and are subject to close monitoring for compliance.

The S&E Co provides oversight on consumer relationships as it relates to pharmaceutical and nutritional product quality and adverse drug reaction incidents reported globally.

Product safety and quality

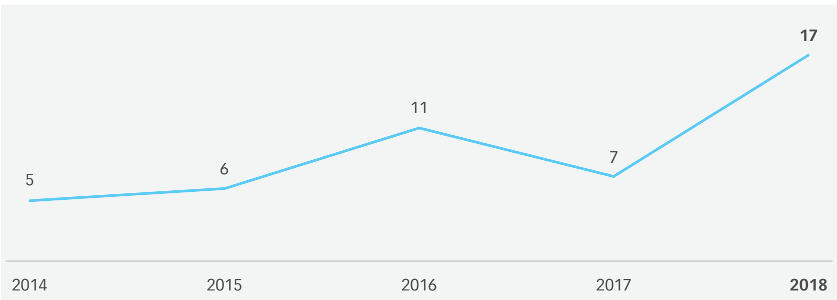
Since patient safety is of primary importance, we have a zero-defect approach to managing product quality. We recognise that we are accountable for the responsible manufacture and supply of products in accordance with applicable pharmaceutical regulations, legislation and guidelines. This underpins the 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 Aspen Quality Assurance Department as well as various regulatory agencies conduct audits of potential and existing suppliers to support the high quality objectives and compliance to GMP across the supply chain. All inspection findings are closely managed through to close out, with critical findings receiving executive management oversight. 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.

In line with global trends to combat counterfeit medicinal products, we are committed to compliance with all medicine serialisation requirements implemented globally. These measures require a comprehensive system to track and trace medicines through the entire supply chain to the end user, the patient. We have ensured that serialisation capability is being implemented in all internal and external sites and we are on schedule to meet the EU serialisation regulations which come into effect in February 2019.

Aspen undertakes a comprehensive product life-cycle management programme. This programme ensures that products are updated to meet latest requirements and ensures that they are stable throughout their shelf-life.

KPI: Number of product recalls
(number)



There were 17 product recalls initiated during the year. Of these, 10 related to the Anaesthetics portfolio which is in line with the increase in anaesthetic products sold during the year. There is, however, an increased focus and oversight in respect of incidences related to the acquired Anaesthetics portfolio.

None of the product recalls represented a high patient risk requiring the implementation of a full market recall procedure.

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

Manufactured capital

The continued investment in our API facilities and FDF manufacturing capabilities aimed at delivering flexible and scalable manufacturing and enhanced 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

INPUTS

- Strategic FDF and API manufacturing operations worldwide
- External supply contract manufacturing network
- Global distribution network
- Public infrastructure in the countries and territories in which we operate

KEY INITIATIVES

- Continuous improvement initiatives to sustain a cost competitive manufacturing base
- Monitoring manufacturing quality standards, compliance with GMP and other applicable regulatory requirements
- Investment in manufacturing capability, technology and capacity
- Development and maintenance of external supply contract 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

R2 145 million

expenditure incurred for the year on the replacement and expansion of PPE

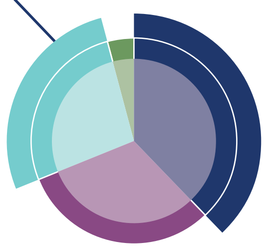
Aspen Notre Dame de Bondeville's first production of Mono-embolex in an enhanced prefilled syringe with an automatic device that prevents needle injuries to patients once the product is injected.

→ OUTCOMES

- Globally competitive, scalable, flexible and widely accredited manufacturing facilities that provide a sustainable competitive advantage
- Manufacturing capabilities and suppliers 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

Carrying value PPE

38%	Capital work-in-progress
31%	Land and buildings
27%	Plant and equipment
4%	Other tangible assets



Manufactured capital

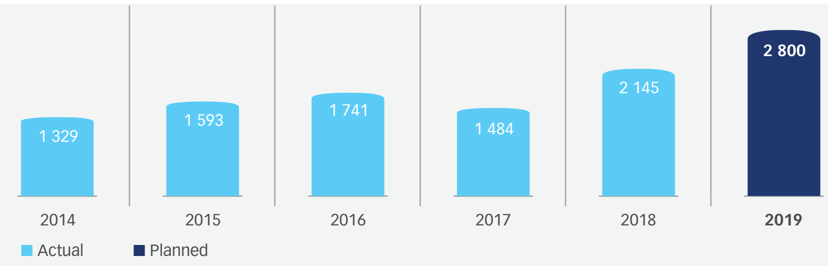
Sustaining a cost-competitive manufacturing base

Leveraging the Group's diverse and specialist production capabilities

Our strategic objective of supplying high quality, affordable medicines and products is underpinned by our own manufacturing capabilities and the vertical integration of certain aspects of our supply chain. Our 25 manufacturing facilities present a range of production capabilities and capacities aligned with our current and future commercial objectives. These include injectables, oral solid and semi-solid dose, liquids, steriles, biologicals, APIs and nutritionals manufacturing. An overview of the Group's strategic manufacturing capabilities is set out on pages 18 and 19.

During the last year, our strategic manufacturing projects continued to focus on the alignment of our facilities with our manufacturing and commercial strategies, enhancing technology and our quality and compliance standards, policies and procedures. Ongoing investment in the upgrading of our world-class manufacturing facilities as well as implementation of state of the art electronic systems ensures our ability to supply quality products, ensures ongoing compliance to GMP and creates 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 R2 145 million (2017: R1 484 million) with a further R2 800 million planned for 2019.

PPE capex
(R'million)



Following the anaesthetic transactions with AstraZeneca and GSK, we have integrated the manufacturing sites responsible for the supply of these products into our supply chain network, which provides us with a strategic opportunity to pursue manufacturing synergies. Significant capital projects are planned for the Port Elizabeth, Notre Dame de Bondeville and Bad Oldesloe sites in order to transfer the manufacture from AstraZeneca, GSK and some external supply contract manufacturing sites over the next five years.

Oral solid dose manufacturing

We remain focused on increasing the complex manufacturing capability at the Port Elizabeth site. 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.

Capacity expansion and continuous improvement projects in respect of these sites are progressing according to plan, with key projects highlighted as follows:

Port Elizabeth, South Africa

- Completed the qualification activities and validation batches for the production of Imuran. Commercial production commenced in the first quarter of 2019;
- Commissioned new bottle and blister lines as well as a compression machine and introduced these into commercial production;
- Initiated projects to implement a Manufacturing Execution System and a Laboratory Information System which will enable additional operational efficiencies to be achieved;
- Increased focus on initiatives to enhance competence at all levels across the site to ensure sustainable performance in the long term. To this end the Port Elizabeth Training Academy has been launched; and
- Introduced serialisation capability across the facilities to ensure compliance with the various serialisation requirements globally.

Bad Oldesloe, Germany

- Enhanced efficiency in packaging lines through increased automation of manual processes which has included the installation of an automated round bottle labeller;
- Installed a new roller compactor with improved controls and higher flexibility of the final blend container size;
- Introduced serialisation and anti-tampering capability across the packaging lines to ensure compliance with EU regulations; and
- Consolidated products onto a reduced number of packaging lines achieving efficiencies and reduced maintenance costs.

Sterile manufacturing

Our facilities at the Port Elizabeth and Notre Dame de Bondeville sites provide us with extensive sterile manufacturing capability. Integration and capacity expansion plans in respect of these sites have progressed well in the past year:

Port Elizabeth, South Africa

- Successfully transferred the manufacture of Fraxiparine and Mono-embolex vials to this site;
- Commenced activities to introduce the Anaesthetics portfolio, a significant step in the evolution of this site. The infrastructure build phase is nearing completion and equipment is in the process of being installed. The introduction of these new products will see the export volume move from 20% to more than 50% with more than 700 additional stock keeping units ("SKUs") being added to the existing portfolio.

Notre Dame de Bondeville, France

- Initiated the construction of the new suite to manufacture anaesthetic dosage forms comprising polybag and poly ampoules;
- Obtained approval and commenced the planning for further capacity expansion comprising the establishment of another high speed prefilled syringe filling line; and
- Developed and implemented a new safety device for Arixtra and Mono-embolex. The new safety device ensures better removal of the needle shield, enhances manufacturing efficiency by 2%, results in the use of less plastic and achieves cost reduction.

API manufacturing

Our API network comprises six owned sites, three located in the Netherlands (two in Oss and one in Boxtel), one in the United States (Sioux City), one in France (Notre Dame de Bondeville) and one in South Africa (Cape Town). In addition, we have two API manufacturing blocks situated at Laurus Labs in India. These 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. Initiatives to enhance our capacity and improve sustainability at the API sites have continued to receive focus as follows:

Oss, the Netherlands

- Completed the building and commissioning of a new multipurpose solvent recovery unit at the De Geer site and reduced the chemical activities at the Moleneind site, significantly lowering the associated safety and environmental risks;
- Successfully reintroduced the production of conjugated and esterified estrogen APIs; and
- Commenced the manufacture of fondaparinux crude and supplied the first batches to the Notre Dame de Bondeville site for purification.

Notre Dame de Bonderville, France

- Completed the certoparin facility and commenced the production of validation batches that will be used for commercial batches after the required regulatory approval is obtained.

FCC Cape Town, South Africa

- Initiated various projects to reduce water consumption across the site and secure alternate sources of water to enable retention of normal operations during times of highly constrained municipal water supply. More details are provided on page 72.

Manufactured capital continued

External supply manufacturing network

Our manufacturing network also comprises supply from numerous contract manufacturing organisations situated globally. A number of the products manufactured in the external network have been earmarked for transfer to our own manufacturing sites over the next five years. This move will ensure ongoing supply sustainability. We have an internal team of supply chain and quality experts who ensure that all the requisite controls are in place to facilitate supply, on time and in full, and in compliance with our required quality standards.

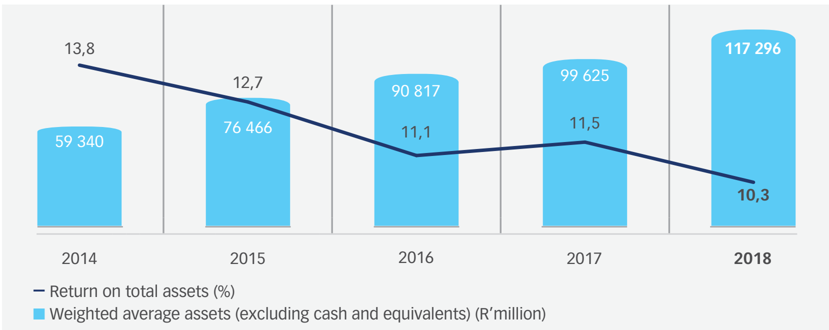
Nutritionals manufacturing

We have three infant nutritional manufacturing sites globally, located in Johannesburg, South Africa; Vallejo, Mexico and Auckland, New Zealand. 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 New Milk Holdings. 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 installed for supply to the Chinese market.

Ongoing investment in assets

Our ongoing investment in acquired intangible assets and new manufacturing capacity, mostly related to the future insourcing of selected anaesthetics manufacturing, has contributed to a significant increase in total asset value. Since the contribution to earnings arising from these multi-year projects will only be fully realised when the assets become fully productive, we expect an improvement in the return on total assets in the medium term.

KPI: Return on total assets

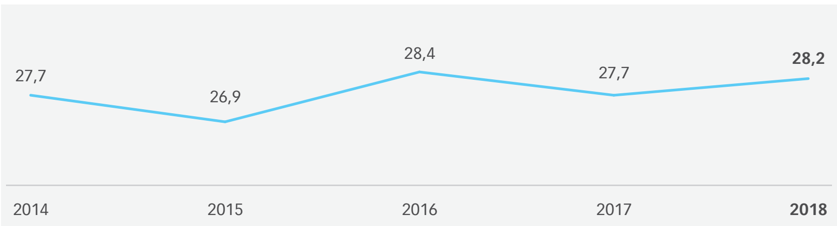


Cost containment and increased efficiencies

We have a strong focus on continuous improvement initiatives and savings plans to enhance production efficiencies and optimise economies of scale across the Group. Comprehensive, detailed, multi-year savings plans, covering all aspects of the operations, are progressing to plan and the improvements to the Oss and Notre Dame de Bondeville sites are poised to deliver significant future cost savings to the Group. The progress made in achieving these plans is monitored on a regular 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 normalised EBITDA margins.

KPI: Normalised EBITDA margin
(%)



The Group normalised EBITDA margin has improved slightly, mainly as a result of the margin benefit of the residual rights to the AstraZeneca anaesthetics acquired with effect from 1 November 2017 and improvements in the cost of goods of the Thrombosis portfolio.

Additional information available online:

- Aspen Sustainability Data Supplement
- Aspen Code of Conduct

Human capital

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

INPUTS

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

KEY INITIATIVES

- Continued investment in capability building for current and future skills needs
- Talent management and succession planning to ensure continuity in respect of critical skills
- Focus on achieving diversity in the workforce
- Constructive engagement with employees and representative labour organisations
- Fostering our commitment to integrity and values-driven leadership
- Focus on employee health, safety and well-being
- Appropriate and proven remuneration, incentive and performance management practices

35%

increase in average training spend per employee totalling R66 million

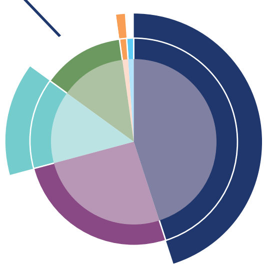
Port Elizabeth's solids manufacturing team is driving delivery improvement through four performance excellence behaviours in order to attain world class status.

OUTCOMES

- Skilled, capable and diverse teams 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

Total employees by region (10 676 employees)

- 45% SSA
- 26% Europe & CIS
- 14% Asia Pacific
- 13% Latin America
- 1% MENA
- 1% USA & Canada



Human capital

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, assess, develop and retain appropriately qualified and experienced individuals who present the right mix of technical and behavioural competencies for our targeted business requirements. We are also building sustainable structures that are agile and will allow us to compete and succeed consistently.

A key initiative for the Group Human Resources department for this year was the implementation of the first year of the three-year human resources strategy approved toward the end of 2017. The human resources strategy, underpinned by seven strategic themes, aims to create an environment where fit-for-purpose human capital solutions have a global focus with localised relevancy. It has at its core the objective of fully integrated talent management, enhancing the employee experience by providing interesting, challenging and meaningful work, creating career growth opportunities, offering competitive and differentiated remuneration and ensuring an overall positive work environment.

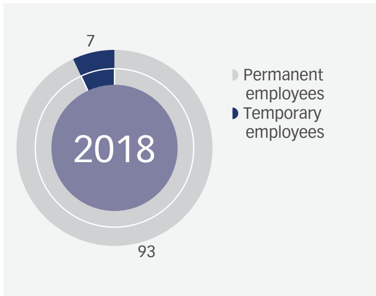
Human resources strategy

We pride ourselves in having committed and engaged employees. Following the global engagement survey conducted in 2017, we developed and implemented target action plans to address the key issues raised by our employees, which included career progression as well as training and development. Business units have now incorporated these actions into their annual delivery plan.

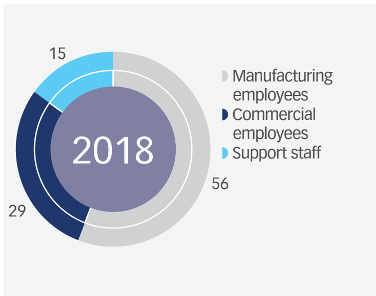
Performance management processes are being enhanced across the Group to provide a more structured process to address employee developmental needs and to encourage dynamic career conversations. Good progress has been made to integrate employees who have been transferred to Aspen as a result of the anaesthetics acquisitions.

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. While aligning to the Group human resources strategy, policies and procedures, our decentralised human resources structures customise their policies to ensure local relevance and compliance with applicable labour legislation. Apart from implementing global frameworks, we successfully launched the global human resources system in 46 countries to date covering over 9 000 employees. This system, which serves as a Group platform for core employee data, is a strategic enabler for the implementation of the Group human resources strategy and related processes across the Group.

Total employees 10 676
(%)



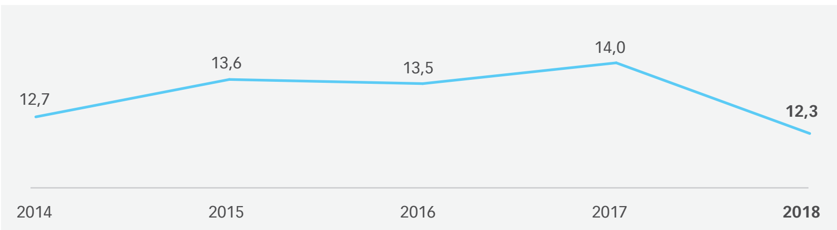
Employee categories
(%)



We operate in environments where the labour markets are targeting talent and therefore we are subject to employee movement that is robust and dynamic. This puts us under pressure to retain and develop our current talent pool, while proactively sourcing talent in the various labour markets. In total, 1 479 employees were recruited to support business expansion requirements and to replace vacancies or fill new roles. During the year, 25 employees retired due to non-work related ill health and reaching normal retirement age (less than 1,0% of the staff complement). No occupational fatalities occurred during the year (2017: none) but we regret to report the non-work-related deaths of 12 employees. Sadly, in one of these instances, an employee passed away while on duty and an investigation into the full circumstances is ongoing. We acknowledge the value that these individuals contributed to our success during their tenure.

The Group's employee turnover rate has reduced to 12,3% (2017: 14,0%). While stable overall, attrition following the integration of the AstraZeneca and GSK sales force into Aspen China, while expected, did contribute to an increase in the voluntary turnover rate. We monitor turnover rates and conduct stay- and exit interviews to address retention risks early and ascertain why employees are leaving the organisation. During the year, restructuring took place in the South African Commercial business as well as in Oss, Australia and Mexico. In implementing the restructuring processes, detailed consultation plans were prepared to ensure that the correct consultations were held with affected employees and with the relevant labour organisations, such as unions and works councils.

KPI: Average staff turnover
(%)



Building talent to drive performance excellence

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 has been rolled out to drive talent attraction, assessment, retention and development across the business. The adequacy of these succession plans and the Group's talent planning landscape is monitored by the Senior Executives.

Enabling this high performing culture is a performance management process that 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 94,6% 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.

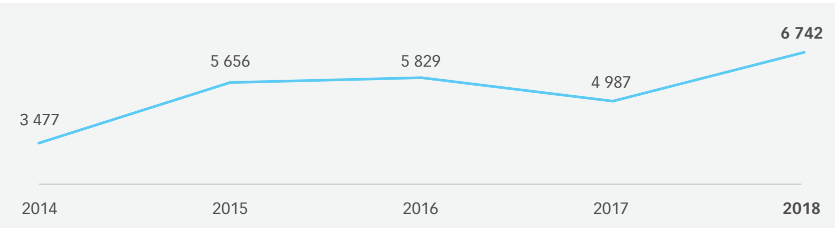
Business unit managers are responsible for the implementation of effective training programmes to address identified skills development needs with the support of human resources departments. The Group human resources function supports business unit management teams to this end and monitors the adequacy of implemented training plans. In some of the business units, we use technology to support self-directed learning through the use of e-learning platforms.

Technical and managerial skills have been identified as critical and these areas have continued to receive focus in this year. We established a technical skills academy at the Port Elizabeth site to focus on developing the capability of our front line, operational employees and to sustain a world class manufacturing site.

Human capital continued

We continued to provide fit-for-purpose programmes to build leadership and functional capacity and capability for organic and inorganic growth. In the South African and AGI business, 24 delegates successfully graduated from the Middle Management Development Programme, which was run in partnership with the University of Pretoria's Gordon Institute of Business Science ("GIBS"). Also in partnership with GIBS, we implemented the Junior Management Programme and 25 delegates from across the South African business graduated from this programme. In addition, 24 women from our East London and Port Elizabeth sites took part in a Women in Leadership programme which we conducted in partnership with Nelson Mandela University Business School. In Ireland, our leadership team was put through "The 5 Choices", a Franklin Covey time management programme, while in France, managers were trained in first line management skills.

KPI: Average training spend per employee
(Rand)



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 8 589 (2017: 7 426) employees were exposed to training interventions at an average cost of R6 742 (2017: R4 987) per employee. The total investment in training increased by 32,3% to R65,5 million (2017: R46,5 million). Average training spend per employee has increased over the previous reporting period due to significant capability development focus as well as enhanced reporting and monitoring of training.

Skills development programmes in South Africa

With a clear Group human resources strategy driving capability building, and a focused robust monitoring and evaluation process, we successfully implemented our planned training interventions for the year. In total 83 learners/apprentices were provided with funding during the year and 68 internships were implemented in the business. A combined total of 89 internships,apprenticeships and learnerships continue to be provided to employed and unemployed individuals.

We participated in various youth programmes, aimed at developing skills and providing youth exposure to the world of work. These have included:

- The South African Commercial business hosted a career fair for 100 students from different high schools, universities and various higher education institutions to provide career guidance to the students, while giving them exposure to the working environment.
- The hosting of a week-long legal workshop for 27 University of KwaZulu-Natal legal students during which Aspen professionals and executives covered various technical topics as well as skills needed to be successful in a corporate environment.
- In another initiative, human resources colleagues provided interview skills training to youth in a youth incubator.

Financial assistance in the form of bursaries was awarded to 82 of our employees with a further 104 bursaries being awarded to external students in South Africa. Our external bursary scheme, with a total spend of R6 million, is directed toward the maintenance of a supply of relevant qualifications and skills to the industry in the future.

Respecting employee rights

As a signatory of the UN Global Compact, we are committed to upholding the labour principles included therein. Our working environments are free of prejudice, bias, harassment and/ or violation. Our Code of Conduct entrenches the rights of all employees to be treated with fairness, equality and respect. Discrimination of employees on the basis of age, nationality, 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. To further create an environment free from discrimination, we implemented a sexual harassment policy. Some business units supplemented the implementation of this policy through conducting sexual harassment training for their employees.

During the year, no incidents of unfair discrimination were identified in the Group (2017: Nil).

Employees are protected by local labour legislation and internal policies and practices to ensure appropriate hours of work and the management of overtime. We have put in place processes to mitigate the risk associated with excessive overtime and a new shift pattern at our Port Elizabeth and East London manufacturing sites will assist to reduce the overtime worked.

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 promote retention objectives. Our remuneration philosophy is detailed on page 110. Initiatives are also in place to provide formal and informal recognition to employees. We have a global employee recognition programme which celebrates employee excellence in the business.

We have policies and procedures in place that encourage a productive employee relations environment, underpinned by pro-active and constructive working relationships with unions and works councils. 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 local human resources 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. Formal grievance procedures are in place and are communicated to employees at each business unit. Another mechanism to address employees concerns over confidential matters, is the use of the whistle-blowers Tip offs line. This independently operated reporting outlet, provides employees with a channel to anonymously raise concerns in respect of matters related to unethical conduct, corruption and fraudulent activities. Our whistle-blower's policy and standard operating procedure provides guidance to prospective whistle-blowers and details the protections available to them, including protection against occupational detriment.

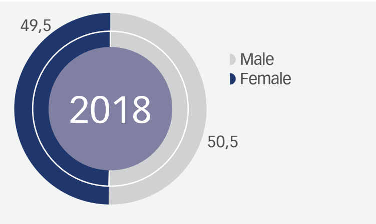
During 2018 approximately 27,3% of the Group's employees belonged to a trade union and 38,6% were represented by collective bargaining councils.

Respecting employee diversity and promoting equality in the workplace

We are committed to building an organisation that is reflective of the demographics of the countries and communities in which we operate, in order to harness strength from the many diverse talents and cultures in the Group. As at 30 June 2018, Aspen's team represented 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.

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. We recognise that the advancement of women within our organisational structures is an important element in addressing gender equity. Accordingly, a new KPI: the percentage of women in the top 100 positions in the Group, has been introduced to measure our performance in this regard. This includes that women represent 27% of our leadership team, while female employees comprise 49,5% (2017: 49,4%) of the total workforce. To empower, engage and connect our female employees, women's forums were established in our respective South African businesses, with the intention to replicate this model globally.

Employee gender diversity (Group)
(%)

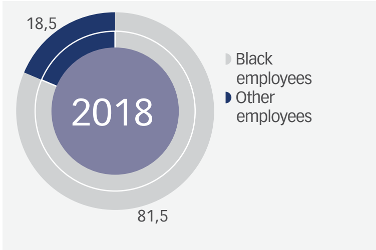


Empowering historically disadvantaged individuals in South Africa

In line with our employment equity policy and talent management policies in South Africa, we implemented our new three-year employment equity plan. This plan was developed in conjunction with our South African businesses and in accordance with the Employment Equity Act and the BBBEE Codes to promote the advancement of historically disadvantaged individuals. Targets were set by taking into consideration staff turnover, growth and transformation rates after having consulted with the respective employment equity committees. Each business unit in South Africa has a transformation plan in place and employment equity committees meet regularly to drive delivery against agreed employment equity priorities.

In South Africa, we have managed to retain the overall representation of black employees at 81,5%, a slight improvement from 2017. A key focus is to improve representation at a senior management level. We have, therefore, developed a new KPI measuring the percentage of black employees in the top 50 positions in South Africa. This indicates that historically disadvantaged individuals hold 22% of our most senior roles South Africa. Representation of female employees in South Africa has declined slightly from 54,6% to 53,6% due to a high attrition rate.

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 dependants where this is required. Employees at selected sites also have access to on-site clinics, employee assistance programmes and wellness support programmes.

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 Tuberculosis Day on 24 March. Employee awareness of these diseases is created through the dissemination of information booklets, posters and making relevant information

Human capital continued

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. Some 641 employees participated in the voluntary HIV AIDS testing and 667 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 Aspen Group Standard for Contractor Management further supports the identification, evaluation and control of risks associated with on-site contractor and sub-contractor activities. 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 changes and any new projects prior to the design phase to ensure that all health and safety risks are considered and mitigated. New operations acquired are systematically incorporated into the Aspen Group SHE programme.

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 in order to create a platform of consultation and participation for the discussion and resolution of any SHE matters. 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 the 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 and tracks 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

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

Managing SHE compliance

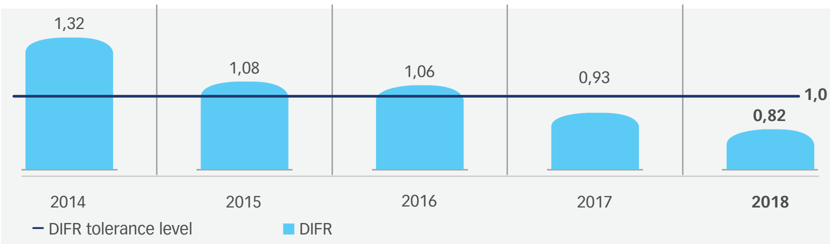
We align our health and safety management systems to global standards, with 87,5% of the fully commercialised FDF facilities and 71,4% of the API manufacturing facilities within the Group continuing to comply with the OHSAS 18001 standard. As a result of the publication of the new ISO 45001 standard, which will replace OHSAS 18001, a phased plan is in place to implement ISO 45001 at the FCC Cape Town site by the end of 2019, while all sites currently certified to OHSAS 18001 will be transitioned to the new ISO 45001 standard by 2021. Due to the limited scale of their operations, the Sioux City and Ghana sites are not earmarked for certification. The OHSAS 18001 certificates and SHE policies for all internationally certified facilities are displayed across the manufacturing sites and are available online. Maintenance of an internationally recognised Health and Safety 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

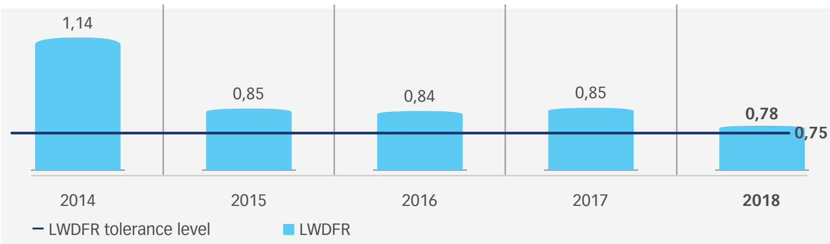
Independent SHE compliance audits were performed at 16 of the Group's manufacturing sites during the year. The overall compliance results for 2018 were satisfactory with a 5,5% reduction in Health and Safety legal findings across the Group. All legal findings are managed by each facility through a formal Corrective and Preventative Action system and the Group SHE function monitors the compliance status and reports thereon to the S&E Co.

The DIFR and LWDFR represent the Group's material health and safety KPIs. The DIFR reflects the percentage of employees who suffered disabling injuries in the 12 months ended 30 June 2018, irrespective of whether such incidents resulted in lost work days. The DIFR tolerance is set at less than or equal to 1,00 and a ratio of 0,82 was achieved. 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 and a ratio of 0,78 was achieved. The tolerance levels are reviewed and approved by the S&E Co on a two-yearly cycle.

KPI: DIFR
(ratio)



KPI: LWDFR
(ratio)



During the year, 56 disabling incidents were recorded across the Group's manufacturing facilities compared to 64 incidents in the prior year. No occupational fatalities and two partial permanent disabling injuries occurred during the year.

Continuing the positive downward trend in the disabling incidents from 2014, the Group managed to further reduce its DIFR below the tolerance level, while, despite further improvements, the LWDFR remains slightly above the tolerance level. Following root cause analyses performed on the higher rate of ergonomic related incidents noted in the prior year, interventions to reduce unsafe acts has resulted in a significant reduction (37.5%) of these types of incidents this year.

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.

Additional information available online:
- Aspen Sustainability Data Supplement;
- S&E Co report;
- Employment equity progress reports for FCC, Cape Town and Pharmacare;
- Aspen Code of Conduct;
- Communication on Progress report in respect of Aspen's application of the UN Global Compact's 10 Principles for 2018; and
- Responsible corporate citizenship philosophy.

celebrating 20 years

Social & relationship capital

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

INPUTS

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

KEY INITIATIVES

- 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 Public Health Enhancement Fund ("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 signatory 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

97%

employees who have completed the required annual Aspen Code of Conduct declaration

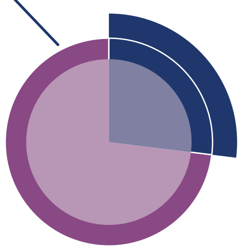
Our team in Mexico raised funds in support of "Save the Children", an initiative developed to help 25 000 children from poor and vulnerable communities in their fight against diseases that are preventable through affordable vaccinations.

OUTCOMES

- 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 work around the world
- Giving credence to our philosophy "Healthcare. We Care."

Gender diversity (top 100 Group positions)

27% Female
73% Male



Social & relationship capital

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 well-being 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. The Board takes overall responsibility for ensuring a stakeholder-inclusive governance approach and a Group stakeholder engagement policy is in place. During the year, we have had a wide range of structured and ad-hoc engagements with our broad stakeholder base. Our approach to stakeholder engagement and a summary of the most material stakeholder engagements that we have undertaken is set out on pages 15 and 16 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 104 to 107 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.

No material breaches of this code were identified during the period under review.

Anti-bribery and corruption

We are committed to the fight against bribery and corruption. Our stance on bribery and corruption, as outlined in our Code of Conduct, is strengthened by our 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. Our whistle-blower's policy and standard operating procedure provides guidance to prospective whistle-blowers and details the protections available to them, including protection against occupational detriment. 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 the 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, slave or compulsory labour. During the year, no incidents of discrimination, slave labour or compulsory labour were reported within the Group (2017: 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 (2017: Nil). These aspects are monitored in respect of all business units.

Responsible tax citizen

As a Group that has a substantial presence in many countries, we understand our responsibility to pay an appropriate amount of tax. We comply with tax laws in the countries in which we operate and seek to maintain open and positive relationships with tax authorities. The taxes we pay make a positive contribution to the societies in which we operate. Our approach to taxation is set out on pages 78 and 79 of this report.

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

	2014	2015	2016	2017	**2018**
Significant incidents	0	0	0	1	**0**

No 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 investigations opened by the European Commission and UK Competition and Markets Authority in May 2017 and October 2017 respectively to investigate certain pricing aspects related to specific Aspen products in Europe and the UK (refer to page 135) are ongoing and we are fully cooperating with the respective investigation teams. No cases have been formally opened against Aspen at the date of publishing this report.

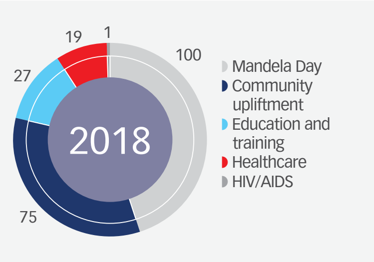
Contributing to the enhancement of healthcare, education and basic needs in communities

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.

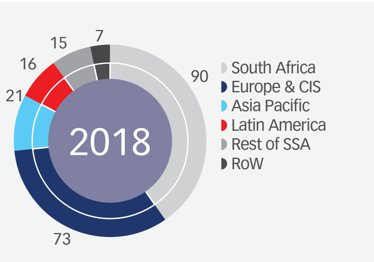
We are proud of our continued commitment to Mandela Day in which business units across our operations initiate projects that positively impact beneficiaries in the many communities in which we operate. A detailed overview of our Mandela Day initiatives is available online.

We supported a total of 222 SED projects during the year which were valued at R19,0 million, largely based in South Africa.

SED projects by type across the Group
(222 projects)



Number of SED projects supported per region, valued at R19,0 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.

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 100 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 final year of their studies and one student from this cohort has already graduated;
- the sponsorship of 100 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.

To date, the PHEF has invested approximately R180 million in these initiatives.

South African SED project spend	**R'million**	%
Basic health and HIV/AIDS (including spend on clinics, HIV/AIDS and healthcare)	**0,5**	3
Education and training	**8,3**	56
Sport and the promotion of healthy lifestyles	**1,2**	8
Other (including Mandela Day and community upliftment)	**5,0**	33
Total	**15,0**	100

Social & relationship capital continued

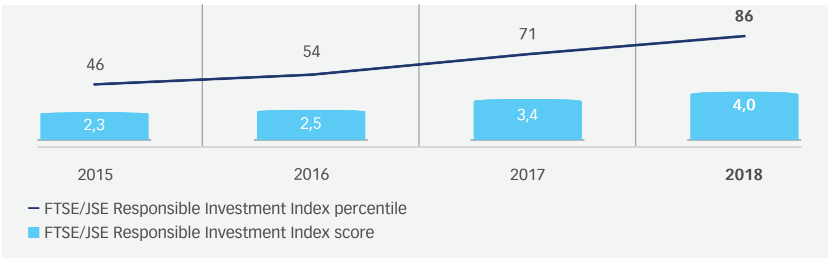
Further key SED projects completed this year include:

- Following a tuberculosis campaign conducted in the North West province, the prevalence of cross-infection of tuberculosis among the children due to the absence of a quality Early Childhood Centre in the area was identified as an opportunity for us to assist. We initiated a project to build such a centre and, as a result, the Kanana Early Childhood Development Centre, which can accommodate 200 children, was completed in December 2017. The centre became fully operational from April 2018 after teachers were provided with additional early childhood developmental skills and appropriate furniture and playground equipment for the children was provided.
- Tygerberg Hospital is a tertiary hospital located in Bellville, Cape Town. This is the largest hospital in the Western Cape and the second largest hospital in South Africa. It acts as a teaching hospital in conjunction with the University of Stellenbosch Health Science Faculty. In partnership with the Carte Blanche Making A Difference Trust, we built a dedicated paediatric operating theatre at this hospital, which was officially opened in April 2018.
- The Motor Neuron Disease clinic, located at Chris Hani Baragwanath Academic Hospital, in honour of the late Joost van der Westhuizen, was officially opened in July 2018. We refurbished and painted the clinic and supplied equipment to improve the quality of life of the patients with this disease.

Commitment to transparency in reporting

We appreciate that our stakeholders expect us to report on a broad range of environmental, social and governance aspects in a consistent and transparent way. Since the implementation of the FTSE/JSE Responsible Investment Index in 2015, we have consistently improved our score to a score of 4,0 out of a possible 5,0 on the most recent assessment.

KPI: FTSE/JSE Responsible Investment Index score

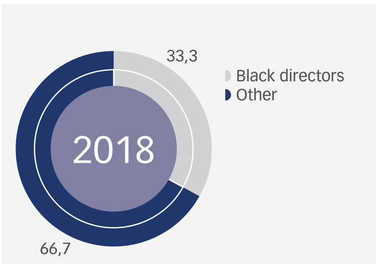


Promoting equality

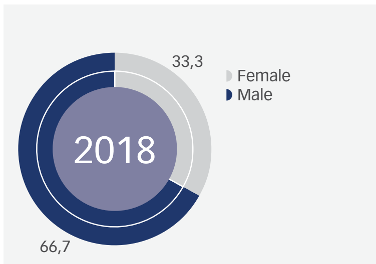
Transformation in South Africa

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
(%)

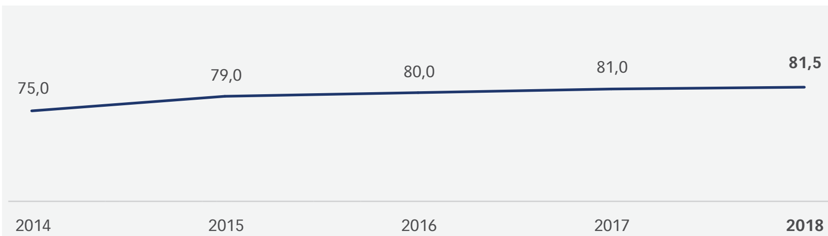


Board gender diversity
(%)

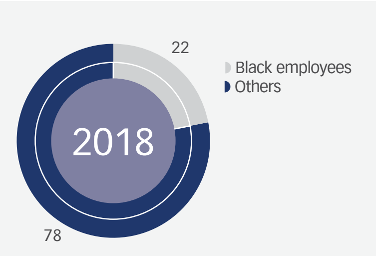


We have developed transformation objectives and programmes and our employee management policies in South Africa are aligned with the Employment Equity Act and the BBBEE Codes to promote the advancement of historically disadvantaged individuals and women. In light of the significance we place on achieving progress in this regard, a new KPI has been developed measuring the percentage of black employees in the top 50 positions in South Africa (page 59).

KPI: Percentage of black employees in South Africa
(%)



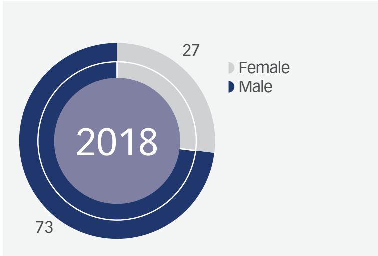
KPI: Percentage of black employees in top 50 positions in South Africa
(%)



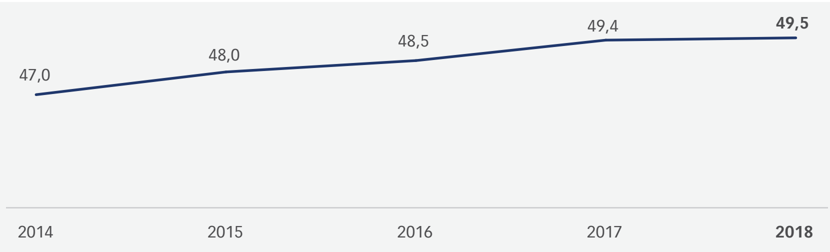
A focus on gender diversity

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. We recognise that the advancement of women within the organisational structures is an important element in addressing gender equity. Accordingly, a new KPI measuring the percentage of women represented in the top 100 positions in the Group, has been introduced to allow more focused attention on our performance in this regard.

KPI: Percentage of female employees in top 100 positions in the Group
(%)



KPI: Percentage of female employees (Group)
(%)



KPI: BBBEE accreditation in South Africa

	2014*	2015	2016	2017	**2018**
Contributor level	3*	4	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 2018 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 2018
- Communication on Progress report in respect of Aspen's application of the UN Global Compact's 10 Principles for 2018
- Responsible corporate citizen philosophy
- BBBEE philosophy policy

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 R4 010 million representing 76% of total measured procurement spend (2017: 81%).

Our enterprise development and enterprise supplier development programmes have seen loans to the value of R54,5 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.

celebrating 20 years

Natural capital

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. Our Environmental Management Protocol affirms our commitment to reducing our impact on the environment through responsible environmental management, conservation and protection across all of our operations

→ INPUTS

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

→ KEY INITIATIVES

- 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 Security 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 signatory 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 Cape Town), Bad Oldesloe, Vallejo, Vitoria, Dandenong, Oss and Notre Dame de Bondeville with plans to phase in at other material manufacturing sites by the end of 2019

52%

estimated saving in water consumption by FCC Cape Town by December 2017 in response to the recent severe drought conditions experienced in the city

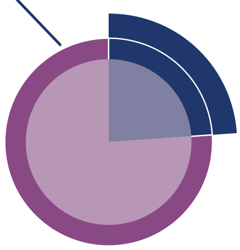
Aspen Colombia's strategy to prevent, control and mitigate environmental impact has led to various actions being adopted such as carbon dioxide emission management, organic material recycling, replacing plastic with glass and planting trees along the Bogota River.

OUTCOMES

- Contribution to sustainable supply of energy and water, critical to our ability to operate
- 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

Water source (Group)

24% Ground water
76% Municipal water



Natural capital

Approach to environmental stewardship

We are committed to promoting the efficient use of resources such as energy, water, packaging 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. In addition, any significant environmental risks are escalated through the Group risk management process. The S&E Co assists the Board in monitoring compliance to the relevant environmental legislation and adequacy of environmental management systems. Under the direction of a Group executive, the Group SHE Department develops and promotes our environmental management principles and standards, monitoring the alignment of business unit environmental management systems to the Group's standards.

Our environmental management systems are aligned to global standards, with 87,5% of the fully commercialised primary manufacturing facilities and 71,4% of the API manufacturing facilities currently complying with ISO 14001:2015. A phased plan is in place to implement ISO 14001 at FCC Cape Town by the end of 2019. The Sioux City and Ghana sites have been excluded for certification due to the limited scale of the operations.

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 overall compliance results for 2018 were satisfactory with a 38% percent reduction in environmental legal findings across the Group. The most notable reduction was achieved in the waste management category. No material fines were paid in respect of environmental non-compliances this year.

The Aspen Code of Conduct for Suppliers and Service Providers requires our vendors to conduct their business in an environmentally conscious manner and to ensure 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 have completed a two-year study during which data was collected and analysed to determine the most relevant and reliable metric. We are now in the process of integrating the activity based intensity measures into our environmental monitoring and reporting systems, using a phased approach. The implementation of activity-based intensity measures will facilitate our ability to accurately measure consumption patterns and production efficiencies and drive conservation projects.

Material environmental issues

As reported extensively previously, the age and design of the Moleneind site that was acquired from MSD in 2013 presented an inherently high SHE risk. Since our acquisition of the site, we have implemented a number of risk mitigations to reduce the SHE risk and have worked proactively with the authorities to address concerns. During the year, we transferred certain of the highest risk chemical operations from this site to the De Geer and FCC Cape Town sites as well as to a third party, with only biochemical and lower risk chemical production remaining at the Moleneind site. We decommissioned a production facility and a solvent recovery unit at the Moleneind site and completed the construction of a modern multipurpose solvent recovery unit at the De Geer site.

The soil contamination risk at the Boxtel site remains, and accordingly the environmental liability has been retained in this regard (refer to note 16 in the Group Annual Financial Statements).

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 has been concluded. The Public Prosecution has now to decide whether or not to further pursue this case.

Preserving the environment

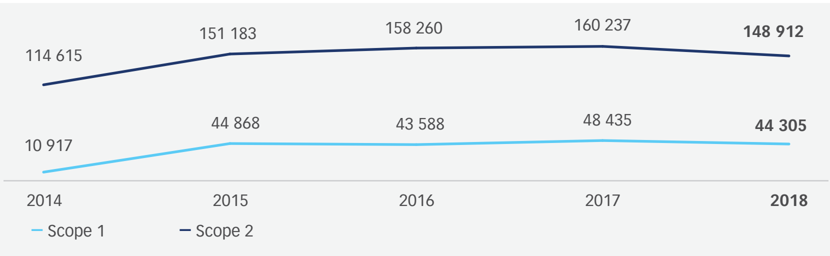
Managing emissions

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.

In accordance with GMP regulations, we have installed technically advanced air handling systems and exhaust filtration systems at all relevant facilities to maintain the correct environmental conditions and minimise the risk of the release of harmful substances into the atmosphere. Through the implementation of periodic stack emission tests, we have established that the systems implemented have minimised harmful air emissions to the extent that reduction targets are not applicable.

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
(tCO_2e)



Scope 1 and Scope 2 emissions for the Group have decreased by 9,2% and 7,1%, respectively. Closure of the solvent recovery unit at the Moleneind site resulted in lower natural gas consumption which led to a reduction in Scope 1 emissions. Additionally, the reduction in Scope 1 emissions is partially attributable to the discontinuation of the use of refrigerant (R22) at the Vallejo and Johannesburg sites. The closure of the solvent recovery unit at the Moleneind site, re-configuration of an HVAC system together with a reduction in the HVAC load at the sterile facilities in Port Elizabeth, and a change in the emission factor for Vallejo's electricity, contributed to the reduction in Scope 2 emissions.

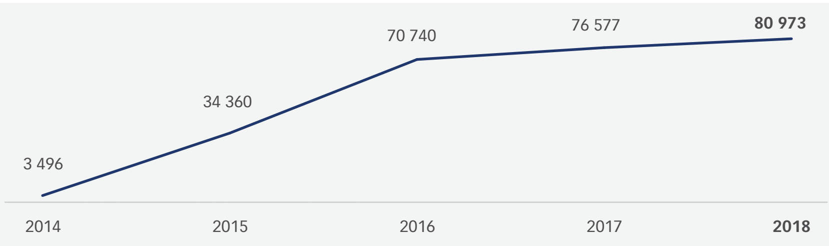
We continue to participate in the Carbon Disclosure Project and maintained a "B-Management Level" rating for CDP 2017. Companies at "B" level are assessed as having taken further steps to effectively reduce emissions, indicating more advanced environmental stewardship.

Natural capital continued

Responsible management of waste

As part of the pharmaceutical and chemical industries, a large portion (27,9%) 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 use specialised licensed waste management service providers to manage the transportation, treatment and disposal of waste in accordance with contracted terms and relevant legislation.

KPI: Waste recycled
(tonnes)



Waste recycled has increased by 5,5% in line with waste generated. The continuous promotion of waste recycling as well as initiatives to significantly reduce waste disposed to landfill is ongoing for the entire Group. The Group recycles 81,1% of waste generated and only 3,2% (2017: 4,5%) of waste generated is landfilled.

Responsible management of effluent

The quality of effluent discharge is monitored and controlled across all sites, in accordance with local municipal by-laws. Water treatment plants are in operation where required to ensure legal compliance. 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.

Biodiversity

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

Spills and soil contamination/ ground pollution

A total of four significant spillages were recorded in 2018, in comparison to five in 2017. All spillages were partially contained with little or no impact on the environment. The necessary corrective actions were taken to prevent recurrence of these incidents.

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. In addition to climate change related risks, sustainable water supply is further exacerbated by increased urbanisation and the ageing municipal infrastructure in certain areas.

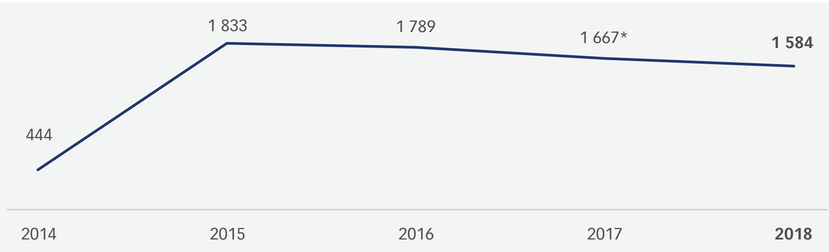
As a scarce resource, we recognise that initiatives aimed at conserving and harvesting water will contribute to more sustainable water availability. We are committed to responsible water management and usage at all our manufacturing facilities as per the stated environmental management principles. We 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. The assessment has shown that our sites in Cape Town, Port Elizabeth and Tanzania are located in the highly stressed Berg-Olifants, Mzimvubu-Tsitsikamma and Msimbazi river basins respectively.

Our South African operations have increasingly been exposed to water scarcity risk due to the severe drought conditions in the Western and Eastern Cape. Two years ago, an El Niño-triggered drought affected agricultural production and economic growth throughout South Africa. Cape Town was particularly hard hit, and a lack of good rains and the subsequent low dam levels that supply the city had resulted in a critical water shortage triggering the implementation of stringent water restrictions as part of the "Day Zero" campaign. As a response to this risk, our Cape Town site recognised that the low rainfall levels, experienced during 2015 and 2016 had significantly increased the risk to operational sustainability and began to prioritise projects relating to environment and water conservation. Water conservation initiatives included the installation of process and utility water recovery and recycling systems and the reconfiguration and optimisation of the purified water system operation to decrease water rejection cycles. In addition, the site identified the need to investigate alternative sources of water supply. Following an aquifer study, a borehole that has the potential to supply 2,5 times the site's daily water requirements was drilled. A water treatment plant, with 60% capacity for the site's daily needs, has been installed and is undergoing final ancillary equipment installation and commissioning. It is estimated that as a result of these initiatives, the site has reduced its water consumption by as much as 52% over 2016 levels, and will be able to operate without reliance on municipal supply once all planned projects are completed.

Recycling of cooling water and reuse of rejected water from the reverse osmosis process are some of the water conservation projects successfully implemented in other sites in South Africa and in Brazil.

We participated in the annual Water Scarcity Disclosure Project in 2017 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
(megalitres)



** Restated*

Water consumption has decreased by 5,0% (84 Megalitres). This is mostly attributable to the implementation of resource conservation and optimisation projects at the Port Elizabeth, Cape Town and Notre Dame de Bondeville sites. Decommissioning of the water purification plant at the De Geer site further contributed to the decrease in water consumption.

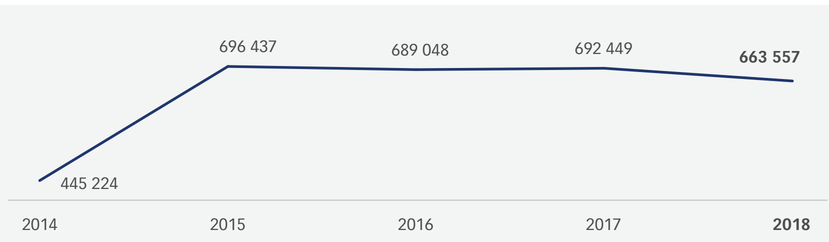
Energy

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
(gigajoules)



The Group's annual electricity usage has decreased by 4,2% (29 055 Gigajoules) in comparison to the prior year. The main contributors to the decrease in consumption were the closure of a solvent recovery unit at the Moleneind site, re-configuration of a HVAC system and reduction in the HVAC load at the sterile facilities in Port Elizabeth.

Additional information available online:

- Aspen Sustainability Data Supplement
- Aspen Environmental Management Protocol
- CDP 2017 submission
- WDP 2017 submission
- ERM Assurance Statement
- Communication on Progress report in respect of Aspen's application of the UN Global Compact's 10 Principles for 2018
- ISO 14001 certificates

Financial capital

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

INPUTS

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

KEY INITIATIVES

- 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
- Conclusion of the "amend and extend" restructuring exercise in respect of the Group's debt portfolio with its primary lenders
- Focus on working capital management
- Focus on increased tax reporting requirements and tax transparency

R7 017 million

cash generated from operating activities

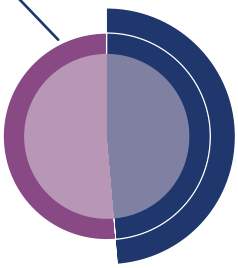
The Dubai shared services hub went live with its SAP S/4 Hana enterprise cloud solution as part of an ERP business transformation process, significantly enhancing financial reporting.

→ OUTPUTS

- Economic value creation for Aspen's stakeholders, including its shareholders, employees, customers, providers of capital, governments and business partners
- Distributions to shareholders
- Sustained earnings growth to Aspen's shareholders for 20 consecutive years
- Delivered a CAGR of 28% in returns to shareholders from listing until 30 June 2018
- CAGR in excess of 34% for revenue, EBITDA and NHEPS since listing
- Funding opportunities at competitive rates
- Strong operating cash generation enabling strategic deployment
- Implementation of state-of-the-art tax reporting systems and developing tax transparency policies and principles

Composition of capital

48% Net borrowings
52% Ordinary shareholders' equity



Financial capital

Adding economic value to stakeholders
While the provision of high quality, 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 R18 892 million in wealth. This is calculated after taking into account R24 466 million spent on purchasing materials and services which contributed to the sustainability of our suppliers in the various economies in which we operate. Our employees receive the largest share of the total value distribution (42%) while a significant portion (31%) is reinvested in the Group to fund 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 533 million.

Group value added statement
for the year ended 30 June 2018

	Change %	2018 R'million	%	2017 R'million	%
Revenue	3	**42 596**		41 213	
Therapeutic Focused Brands	9	**18 934**		17 417	
Other Pharmaceuticals	0	**20 571**		20 572	
Nutritionals	(4)	**3 091**		3 224	
Other operating income		**419**		345	
Less: Purchased materials and services	(2)	**(24 466)**		(24 943)	
Value added from operations	12	**18 549**	98	16 615	98
Investment income		**343**	2	287	2
Total wealth created	12	**18 892**	100	16 902	100
Employees	12	**7 925**	42	7 046	42
Providers of capital – finance costs	(1)	**3 548**	19	3 599	21
Finance costs		**2 235**	12	2 369	14
Capital distribution and dividends paid to shareholders		**1 313**	7	1 230	7
Governments	19	**1 533**	8	1 292	8
Reinvested in the Group	19	**5 886**	31	4 965	29
Depreciation and amortisation		**1 372**	7	1 267	7
Deferred tax		**21**	0	(9)	0
Income retained in the business		**4 493**	24	3 707	22
Total value distribution	12	**18 892**	100	16 902	100
Value added statistics					
Weighted number of permanent employees*		**9 965**		9 155	
Revenue per employee ('000)	(5)	**4 275**		4 502	
Value added per employee ('000)	3	**1 861**		1 815	
Wealth created per employee ('000)	3	**1 896**		1 846	
Weighted number of total employees*		**10 676**		9 905	
Revenue per employee ('000)	(4)	**3 990**		4 161	
Value added per employee ('000)	4	**1 737**		1 678	
Wealth created per employee ('000)	4	**1 770**		1 707	
Monetary exchanges with government					
Current taxes (excluding deferred tax)	20	**1 364**		1 133	
Customs and excise duty	6	**155**		146	
Rates and similar levies	8	**14**		13	
Gross contribution to central and local governments	19	**1 533**		1 292	
Additional collections on behalf of government					
Employees' taxes	8	**1 183**		1 092	
Withholding taxes	70	**17**		10	
Net value added tax paid	27	**719**		568	
	15	**1 919**		1 670	

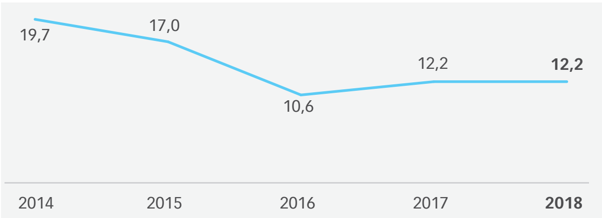
** The number of employees who joined Aspen from acquired businesses during the year has been weighted and included for the number of months since the effective date of acquisition.*

Delivering returns to shareholders

We are committed to delivering returns to our long-term shareholders and we have delivered a CAGR of 28% return to shareholders who have remained continuously invested in the Company since listing.

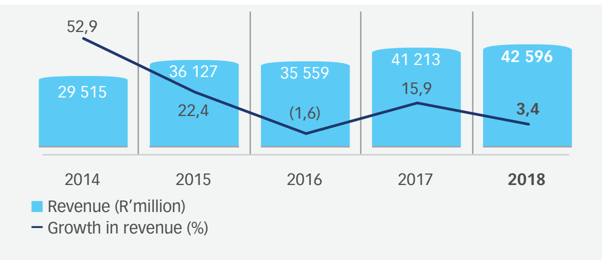
After considering the Group's cash flow and earnings performance for the past year, existing debt service commitments, future proposed investments and funding options, the Board declared a gross dividend of 315 cents per ordinary share (2017: 287 cents per share).

KPI: Return on ordinary shareholders' equity
(%)



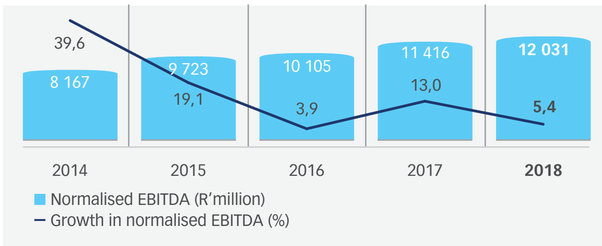
Growth in attributable profits of 17% arising from the increase in operating profit and lower financing costs is balanced by an increase in ordinary shareholders' equity due to the weaker Rand increasing the foreign currency translation reserve in June 2018. This has resulted in the maintenance of a 12,2% return on shareholders' equity year on year.

KPI: Growth in revenue



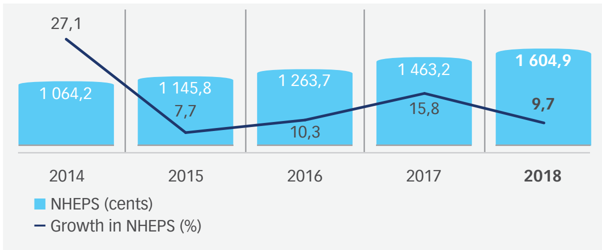
Revenue growth of 5,8% (7,5% on a CER basis) was achieved in Commercial Pharmaceuticals with base organic growth in both the Anaesthetics and Thrombosis portfolios and the inclusion of a full year of sales of the Anaesthetics portfolios acquired during the course of the prior year. This performance was offset by declines in Manufacturing and the Nutritionals business. Overall, revenue increased by 3,4% (4,7% CER) to R42 596 million.

KPI: Growth in normalised EBITDA



The increase in revenue with a further margin benefit arising from the acquisition of the residual rights to the AstraZeneca anaesthetics portfolio and lower cost of goods in Thrombosis has resulted in a 5,4% increase in normalised EBITDA.

KPI: Growth in NHEPS



The growth of 9,7% in NHEPS is driven by the growth in normalised EBITDA of 5,4% coupled with lower financing costs.

Maintenance of financial health

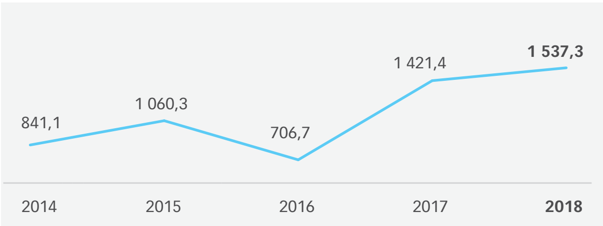
To sustain our business model and to generate accretive value for investors, we have a fiduciary duty to our stakeholders to manage our financial capital in a responsible manner. Robust financial controls and treasury management systems are in place to mitigate currency, interest rate and credit risks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

Financial capital continued

Working capital

Ongoing focus on managing our investment in working capital has resulted in the level of working capital as a percentage of revenue remaining relatively consistent year on year when adjusted for foreign exchange rate impacts. The working capital cycle for Aspen Oss is, however, 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 2018 increased slightly from 33% to 34% after adjusting for exchange rate impacts. Inventory carrying levels remain a focus for the Group, balancing the operational requirements to build stock from time to time to facilitate safety stock levels while territories and manufacturing sites are transferred with the unfavourable impact which holding these higher inventory levels has on cash flow. The growth in normalised EBITDA and the continued focus on working capital has lifted operating cash flow per share to 1 537,3 cents, achieving a cash flow conversion rate of 105%.

KPI: Operating cash flow per share
(cents)

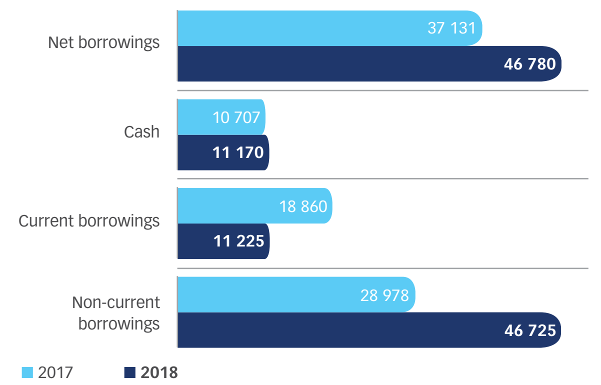


Funding and treasury risk management

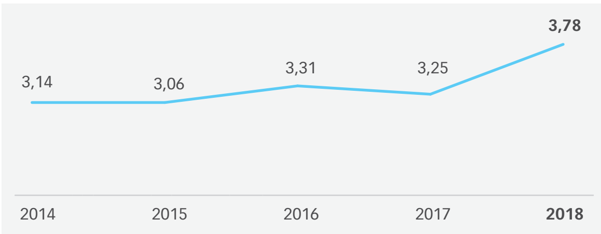
The Group Treasury Committee monitors treasury relevant risks which affect the Group, including liquidity, foreign exchange, interest rate, covenant compliance and counterparty risks, and provides guidance to local management in managing these risks. Local management is empowered, within the relevant 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 R9 649 million to R46 780 million due to increased funding required for the significant transactions and capital expenditure undertaken during the year, and an unfavourable exchange rate translation effect. During the year, we successfully concluded a multi-currency syndicated facilities agreement with 28 lenders, equivalent to approximately EUR3,4 billion, which refinanced our existing debt facilities.

Composition of R46 780 million net borrowings
(R'million)



KPI: Leverage ratio
(ratio)



As a result of the increase in borrowings noted above, our leverage ratio increased to 3,78, within the leverage covenant of 4,00 times. The net proceeds on the divestment of the Nutritionals business, announced in September 2018, will be utilised to reduce our gearing, creating greater headroom and capacity. The net interest cover ratio improved to 6.4 times from 5.8 times in the prior year, well above the covenant level of 3.5 times.

Approach to taxation

We have subsidiaries, branches, permanent establishments and joint venture arrangements in 56 countries around the world, predominantly in emerging markets. These entities are subject to the tax legislation of the countries in which they are domiciled. In addition, the countries in which the Group operates have committed to implement the OECD Base Erosion and Profit Shifting ("BEPS") recommendations, as they have all become members of the OECD's Inclusive Framework for BEPS. These recommendations include certain indirect taxes, international tax, domestic anti-avoidance provisions and transfer pricing. Domestic tax laws, including those dealing with international taxation, transfer pricing laws and enhanced transfer pricing documentation standards ("Domestic Law"), have or will be amended to incorporate the outcome of the BEPS project.

We have prepared for the implementation of the BEPS recommendations by significantly expanding our tax team and implementing tax reporting systems to meet the new transfer pricing documentation requirements. These specialists are required to:
- proactively monitor changes in Domestic Law and regulations published to interpret that law;
- ensure that the Group operates within these Domestic Laws and regulations;
- provide proactive advice to management and ensure that risks are identified in advance; and
- issue the new transfer pricing documentation reflecting both the OECD and the domestic tax law requirements, with the support of management of each entity.

The tax team undertakes this work under the guidance of the Group Tax Executive, who reports those activities to the Group Tax Committee, which comprises the Deputy Group Chief Executive, the Group Finance Officer, the Group Tax Executive and the Group Finance Executive.

The Group Tax Executive is also charged with the responsibility of designing, implementing and maintaining a tax risk management framework for the Group which is aligned to Aspen's overall strategy and risk appetite. The tax risk management framework is based on the philosophy that the Group applies a risk-based approach to tax matters and that all of its tax affairs are proactively managed.

The Group Tax Executive is a standing attendant at the A&R Co meetings and reports on the Group's affairs to that committee. In addition, reports are issued to the Board as decided upon by the Tax Committee or as requested by the Board.

Our tax strategy

Our strategic approach to taxes is to:
- implement systems and policies that provide for sustainable tax positions for each Group entity and that are compliant with the tax laws of the country in which each Group entity operates;
- engage with tax authorities with honesty and integrity in the spirit of cooperative compliance;
- identify and manage tax risks, ensuring that appropriate provisions are raised in relation to identified risks;
- ensure the business objectives are met in a tax compliant manner;
- remain up to date with taxation laws, regulations and trends to ensure the Group's business objectives remain tax compliant; and
- act responsibly with regards to tax positions taken ensuring that the Group's reputation is not negatively impacted by those positions.

This strategy was formulated during the current reporting period and is partially based on the Group's Tax Charter which has been in place since 2013. The Tax Charter was simultaneously modified to reflect the activities of the Tax Committee.

Our tax risk appetite

Decisions on where our businesses are to be located is based on the Group's strategy 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. Although certain of the Group's entities are located in low tax jurisdictions (as defined by the OECD), these principles are applied consistently and without consideration of the potential tax benefit that may accrue to the Group. When we enter into transactions, the tax laws that affect that transaction are strictly applied within the context of the commercial requirements.

We are particularly risk aware in relation to our transfer pricing strategy. Our strategy is aligned to the OECD Transfer Pricing Guidelines and follows the arm's length principle unless another principle has precedence under Domestic Law. For example, Brazil does not follow the arm's length principle but follows a formulary approach to determine the transfer price for transactions. The Group follows the Brazilian method in relation to transactions that are entered into between its Brazilian operations and other members of the Group. This is balanced against the arm's length principle that is applied by the company that is a counterparty to the transaction.

We are conservative in determining transfer prices by applying margins that are aligned to those expected by tax authorities in relation to both parties to the transaction. In addition, we do not hold any intellectual property in companies that do not actively participate in the value chain. Transfer pricing principles are implemented in a consistent manner by all Group companies.

Our tax compliance

We strive to submit all tax returns and other relevant forms and documents as they fall due, fully disclosing all necessary information that would be required by a tax authority to make an informed decision in relation to the tax positions that are taken in the tax return.

The Group is regularly subject to review by tax authorities. We are fully cooperative with the tax authorities conducting such reviews. These reviews are generally concluded without further taxes becoming payable under the law. Where the reviews do result in additional taxes becoming payable under the law, we determine whether or not we should defend the positions that were reflected in the returns and the information submitted to the tax authority. If a decision is made to defend the positions taken, the appropriate legislative processes are followed.

In addition to assessing whether or not the positions should be defended, we consider the likelihood of success and raise provisions based on this assessment. Those provisions are reviewed by our external auditors who are satisfied that adequate provisions have been raised for potential exposures.

Additional information available online:
- Annual Financial Statements
- Sustainability Data Supplement

Regional Brands

Key brands

Brand	Therapeutic category
Circadin	Sleeping aid
Foxair	Respiratory
Mybulen	Analgesic
Tribuss	ARV
Zyloric	Uric acid production inhibitor

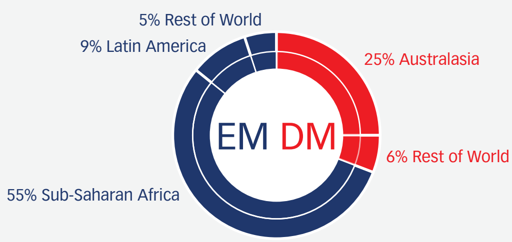
Regional Brands is our largest revenue contributor and is a widely diverse portfolio predominantly comprising domestic brands in the Sub-Saharan Africa, Australasia and Latin America territories.

Our key focus is on emerging markets where we hold strong in-country positions. The organic growth opportunity for this portfolio lies in volume expansion within branded prescription medicines, OTC franchises and consumer brands. We continue to enhance our regional portfolio in line with local therapeutic strengths and value propositions.

34%
OF TOTAL GROUP REVENUE

	2018 R'million	2017 (CER) R'million	Change %
Revenue			
Developed markets	**4 398**	4 644	(5)
Emerging markets	**9 938**	9 048	10
Total	**14 336**	13 692	5

69% EM revenue contribution **31% DM revenue contribution**



EM – Emerging markets **DM – Developed markets**

Performance
Regional Brands revenue grew 5% to R14 336 million. Growth was largely driven by Emerging markets which contributed 69% to revenue and grew 10%.

Developed markets
Developed markets revenue declined 5% in spite of a positive performance in Australasia which makes up the largest component of Developed markets revenue.

Revenue in Australasia grew 2%, mainly driven by a 10% growth in OTC revenue. Prescription revenue grew 1%; a solid performance in the face of continued price erosion under Australia's price disclosure regulations. The Australian business continues to reshape its portfolio to focus on value-adding brands.

The revenue decline in the rest of the Developed markets was largely due to HPC in the United States. We entered into a supply and distribution agreement with Mylan for HPC in the United States which resulted in revenue of R398 million being recognised in the first half of the 2017 financial year. There have been no further material sales of HPC and we are currently awaiting feedback from the US FDA following the submission of an ANDA for a preservative free single dose vial. Excluding the non-recurring HPC revenue, Developed markets revenue grew 5% for the period.

Emerging markets
Emerging markets revenue grew 10% and was driven by performance in South Africa.

Revenue in South Africa grew 12% to R7 165 million. The OTC segment grew 17% while prescription revenue increased by 10%. Mybulen continues to be our leading product in the OTC segment. We have maintained our ranking as the number one rated pharmaceutical company in the South African private market with six out of the top twenty-five private sector brands belonging to Aspen.

The rest of SSA recorded flat growth for the period. Revenue growth in SSA was up 9% excluding the impact of the termination of our collaboration agreement with GSK.

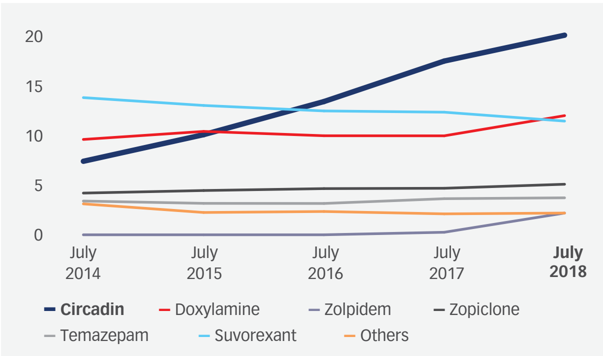
Revenue growth in Latin America was supported by the first half inclusion of products acquired as part of a commercial partnership with Takeda as well as a small product acquisition from Bristol-Myers Squibb.

Prospects
Our ANDA application for HPC in the United States has progressed to a priority review and we anticipate that we will be able to launch our preservative free product in the second half of the 2019 financial year.

We have a strong domestic brands pipeline made up of intellectual property that we own and licence. We expect continued volume growth in South Africa through the execution of various commercial strategies including launches of new products aligned with commercial objectives. We are engaging with regulators in South Africa on the low single exit price ("SEP") granted in December 2017 given the unfavourable exchange rate movements.

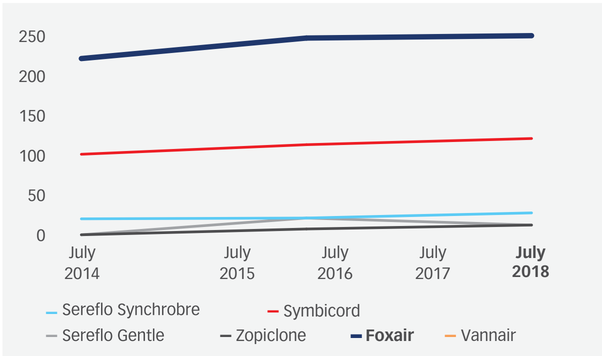
Australia remains a strategic region for us which has delivered sustained growth. The continued price cuts in Australia mean that we need to continuously assess and refine our business model in order to protect market share. Latin America is set to continue to deliver growth driven by our broad portfolio of intellectual property.

Australia: Prescription Insomnia Market
(AUD'million)



Source: IQVIA data as at July 2018

South Africa: Respiratory market
(ZAR'million)



Source: IQVIA data as at July 2018

Anaesthetic Brands

Key brands

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

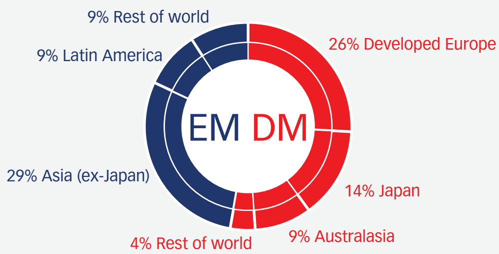
A key element of our growth strategy is to identify therapeutic areas that are specialised in nature and a good fit with existing operations. In line with this strategy, we acquired the AstraZeneca and the GSK anaesthetics portfolios in 2017 which presented an opportunity to leverage both our existing sterile manufacturing capabilities and our hospital focused sales force. In November 2017, we acquired the remaining rights to the intellectual property and manufacturing know-how related to the AstraZeneca portfolio. We believe that increased control over the supply chain will enhance our ability to achieve manufacturing synergies and thus support earnings growth.

Our diverse product range includes general anaesthetics, muscle relaxants as well as a number of local anaesthetics including topical agents.

19%
OF TOTAL GROUP REVENUE

	2018 R'million	2017 (CER) R'million	Change %
Revenue			
Developed markets	**4 435**	3 831	16
Emerging markets	**3 897**	3 075	27
Total	**8 332**	6 906	21

47% EM revenue contribution **53% DM revenue contribution**



EM – Emerging markets **DM – Developed markets**

Performance
Anaesthetics revenue grew 21%, benefiting from the full year inclusion of the anaesthetics portfolios acquired during the course of the prior year. Revenue of R8 332 million was recorded with the largest contributions coming from Developed Europe (R2 170 million), China (R1 779 million) and Japan (R1 213 million). We are satisfied with what we have achieved so far with this portfolio given the supply constraints we faced as a result of disruptions in AstraZeneca's production network.

Developed markets
Developed markets contributed 53% to revenue and grew 16% compared to the prior period.

Developed Europe revenue was R2 170 million, up 25% from R1 732 million in the prior year. While the growth of the anaesthetics portfolio acquired from AstraZeneca was impacted by the aforementioned supply constraints, the performance of the portfolio acquired from GSK (particularly the Ultiva brand) exceeded our expectations. This achievement was attributable to a number of commercial initiatives which included co-promotion and digital campaigns.

Revenue in Japan benefited by approximately R200 million from a one-off loading of the trade with product in Aspen packaging. Volume growth in Japan was positive, however this was offset by the negative impact of ongoing regulated price cuts.

Emerging markets
Emerging markets contributed 47% to revenue and grew 27% compared to the prior period. Positive performance was driven by the Asia, Latin America and Developing Europe regions.

Revenue from Asia (excluding Japan) grew 32% to R2 437 million for the period. Performance in China was particularly strong driven by Diprivan and Naropin volume increases. The positive result in China is a testament to the significant investment we have dedicated to promotional activity and optimising sales force effectiveness in that country.

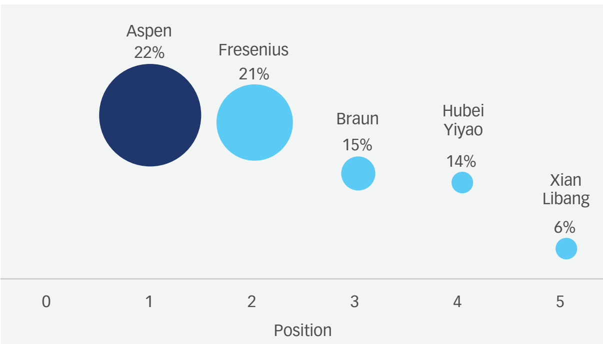
Prospects
China is the most important catalyst for growth in Anaesthetics with the impending launches of EMLA and Nimbex providing further impetus.

Performance in Japan will be impacted by ongoing price cuts and our efforts will be focused on offsetting this negative impact through volume growth.

We will continue to explore opportunities for growth through the implementation of commercial strategies aimed at highlighting our broad portfolio of products with a strong brand heritage. Developing and training a highly skilled and confident sales forces is key to the growth of the Anaesthetics portfolio across regions and across brands. We anticipate that supply from AstraZeneca will normalise in the second half of the 2019 financial year which will support commercial efforts aimed at first stabilising then growing this previously declining portfolio.

Following the acquisition of the supply chain rights to the AstraZeneca portfolio, we have commenced the process of repurposing and preparing our key sites in South Africa and Europe for the manufacturing transition of the greater part of this portfolio over the next three to five years. This will minimise the risk of being overly reliant on external manufacturers for the supply of products within specification and required timeframes.

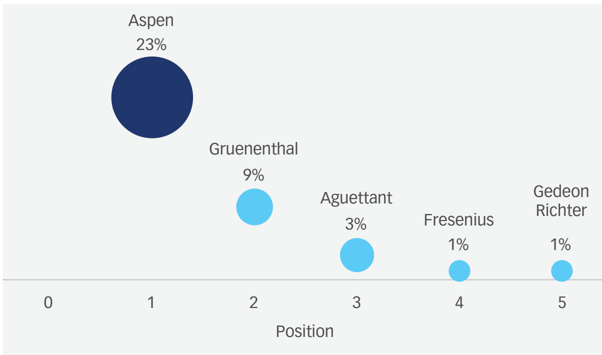
Propofol[1] and Remifentanil[2] global market
(market share)



[1] *Marketed as Diprivan*
[2] *Marketed as Ultiva*

Source: IMS Global market (ex-USA) as at December 2017

Topical local anaesthetics global market
(market share)



Source: IMS Global market (ex-USA) as at December 2017

Thrombosis Brands

Key brands

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

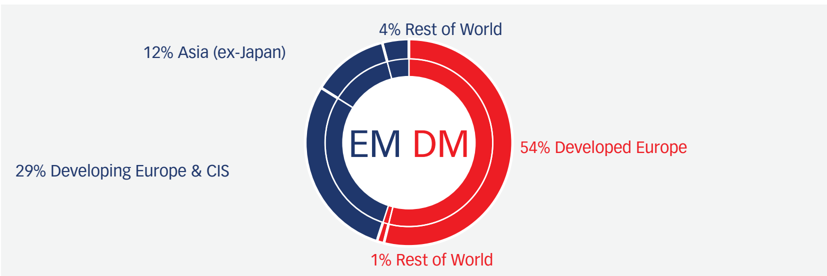
The Thrombosis portfolio is a global offering comprised largely of a broad range of specialist injectable anticoagulants. Our portfolio also includes Orgaran which is a heparin derivative (heparinoid) indicated for the treatment of HIT. HIT is an adverse reaction occurring in a limited number of patients undergoing heparin related therapy. We offer healthcare providers the advantage of a single supplier that addresses broad clinical needs and thus ensures the optimal care of patients at risk of thrombosis.

Growth in the injectable anticoagulant segment has been stable despite increased competition from oral anticoagulants and biosimilars. Our competitive advantage lies in our ability to effectively compete in this segment due to our vertically integrated supply chain for heparin-based products.

15%
OF TOTAL GROUP REVENUE

	2018 R'million	2017 (CER) R'million	Change %
Revenue			
Developed markets	**3 549**	3 302	7
Emerging markets	**2 881**	2 451	18
Total	**6 430**	5 753	12

45% EM revenue contribution **55% DM revenue contribution**



EM – Emerging markets **DM – Developed markets**

Performance

Thrombosis revenue grew 12% to R6 430 million and was positively impacted by the addition of Fraxiparine and Arixtra in China halfway through the 2017 financial year. Furthermore, positive revenue growth was recorded across all brands in the portfolio.

Developed markets

Developed markets contributed 55% to revenue and grew 7% compared to the prior period. Approximately 80% of Developed market sales were in Germany, France and Italy.

Developed Europe revenue improved 8% to R3 471 million for the period. While all the brands in the portfolio posted positive growth for the year, Arixtra was the most significant contributor to revenue growth. We are encouraged by the positive performance of the portfolio in Developed Europe in the face of challenging regional macro factors.

Emerging markets

Emerging markets contributed 45% to revenue and grew 18% compared to the prior period.

Developing Europe revenue grew 7% and contributed 65% to Emerging market revenue. Growth was a result of targeted promotion and increased retail sales which helped offset rising pressure from generics and biosimilars. Despite not having EDL status, we maintained Arixtra's leadership position in the hospital segment of injectable anticoagulants in Russia. Our Fraxiparine brand retained its market leadership across key Central and Eastern European countries such as The Czech Republic, Slovakia, Bulgaria, Serbia and Romania.

Revenue from Asia (excluding Japan) was R767 million for the period. Our focus in China is on broadening indications and increasing the penetration of our Arixtra and Fraxiparine brands acquired in the prior period.

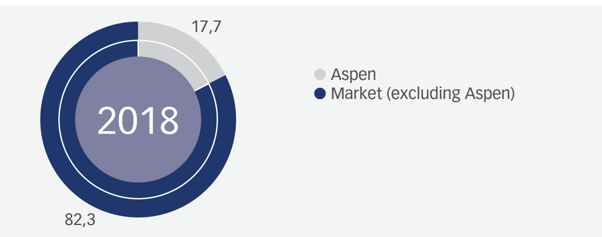
Prospects

Post-acquisition, our immediate focus was integrating the Thrombosis portfolio into our business and upgrading the acquired sites in order to cement our position as a leading steriles manufacturer. As most of the investment has been bedded down, we have been able to shift our focus towards strengthening our commercial strategy.

Our main strategic focus is to grow volumes through clear segmentation and targeting, increasing market penetration in under-serviced regions and leveraging off our supply chain capabilities. We expect to launch Orgaran into more European territories following registration in the 2019 calendar year while the potential launch of Orgaran in the USA with the HIT indication remains a significant opportunity.

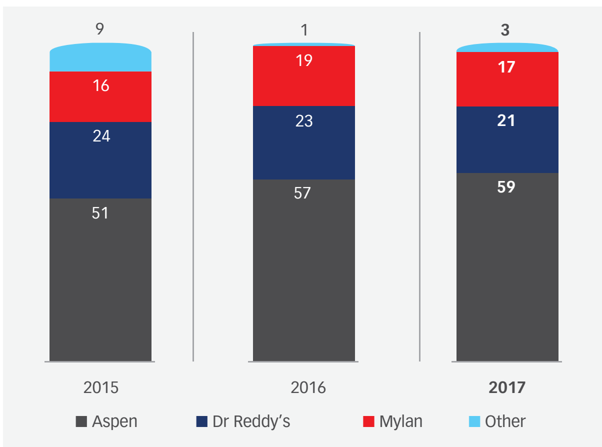
Over the period, we successfully transferred the manufacture of Fraxiparine and Mono-embolex vials to our Port Elizabeth site. The transfer of Mono-embolex prefilled syringes to our Notre Dame de Bondeville site is complete and commercialisation began in the first half of the 2019 financial year. We also developed and implemented a new safety device for the Arixtra and Mono-embolex shield which has enhanced manufacturing efficiency and patient safety. The certoparin API facility at Notre Dame de Bondeville was completed in the second half of the 2018 financial year and we have commenced the production of validation batches. There has been considerable time and effort spent on conversion efficiencies which we anticipate will offset the negative impact of the current heparin price increases dominating the market.

Europe – injectable antithrombotic market
(syringe equivalent volume share %)



Source: IMS Europe injectable antithrombotic market as at May 2018

Fondaparinux Sodium global market share
(market share %)



Source: IMS data as at December 2017

High Potency & Cytotoxics

Key brands

Brand	Therapeutic category
Alkeran	Oncolytic
Eltroxin	Thyroid hormone replacement
Imuran	Immunomodulator
Ovestin	Estrogen hormone replacement
Purinethol	Oncolytic

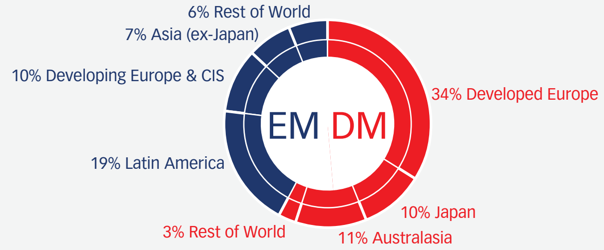
The High Potency & Cytotoxics portfolio includes products that generally contain APIs which evoke the indicated response when administered at a low concentration. This portfolio mainly comprises Oncology, Endocrinology and Women's Health products. During the 2017 financial year, we acquired two conjugated estrogen brands from Teva in order to bolster our Women's Health portfolio which has been identified as an important potential growth segment.

We officially opened the high containment suite at our Port Elizabeth facility in May 2018 where we plan to manufacture some of our key high potency products including Alkeran, Leukeran and Imuran. This is aligned to our strategic objective of managing and controlling our own supply chain in order to enhance security of supply. The strong base of API capabilities at our Oss and FCC sites also presents opportunities for vertical extension into finished dose offerings within the High Potency & Cytotoxics category.

10%
OF TOTAL GROUP REVENUE

	2018 R'million	2017 (CER) R'million	Change %
Revenue			
Developed markets	**2 407**	2 673	(10)
Emerging markets	**1 765**	1 923	(8)
Total	**4 172**	4 596	(9)

42% EM revenue contribution **58% DM revenue contribution**



EM – Emerging markets **DM – Developed markets**

Performance

Revenue from High Potency & Cytotoxics Brands declined 9% to R4 172 million.

Developed markets

Developed markets contributed 58% to revenue and declined 10% compared to the prior period. The lacklustre performance was largely driven by the United States and Developed Europe.

Developed Europe, which makes up 34% of High Potency & Cytotoxics revenue, declined 7% for the period. While Ovestin recorded positive revenue growth, this was largely offset by pricing pressure as a result of generic entries which affected the oncology products.

Revenue from the United States declined by approximately R150 million compared to the prior period. We reduced Leukeran pack sizes as the bigger pack size was not optimal for our customers. Performance was negatively impacted by product returns of the larger pack size from the trade following the change.

Japan revenue declined 2% as a result of regulated price revisions. Revenue growth for Imuran was, however, positive, reflecting the success of the local promotional partnership agreement we entered into in the 2017 financial year.

Emerging markets

Emerging markets contributed 42% to revenue and declined 8% compared to the prior period. The decline in revenue was mainly attributable to China and Russia.

We have transitioned the manufacture of Ovestin, which is a key brand in this segment, from a contract manufacturer to our Bad Oldesloe site where our Eltroxin and Lanoxin brands are also manufactured. We experienced a delay in securing the necessary regulatory approval in China which negatively affected revenue growth. Ovestin revenue in Algeria was also impacted by a strategic stock build in the prior period which was necessitated by the site transfer.

Russia was negatively impacted by de-stocking in the market due to tighter liquidity pressures on wholesalers.

Prospects

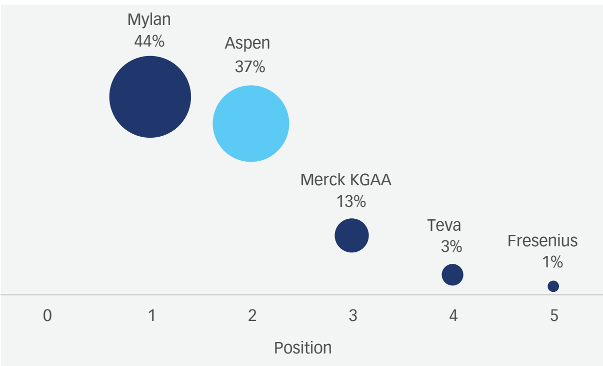
Commercial production of Imuran at our Port Elizabeth facility commenced in the first quarter of the 2019 financial year. The successful transition of Imuran is supportive of growth in the High Potency & Cytotoxics portfolio as it is expected to limit supply disruptions which have had a negative and, in certain instances, a lasting effect.

Our key focus in Japan is to further grow Imuran through targeted commercial activities which include broadening indications, co-promotion and the use of online platforms

We anticipate continued pressure from generic entries in Europe, particularly the oncolytics. There are a number of initiatives in place aimed at maintaining market share including line extensions and increased key opinion leader engagement in order to raise awareness and reinforce brand positioning.

We launched esterified estrogens in the United States in the second half of the 2018 financial year, while trial batches are underway with regards to the synthetic conjugated estrogens. In respect of the low dose estradiols, the US FDA has requested dose finding studies for which trial design and planning is currently taking place.

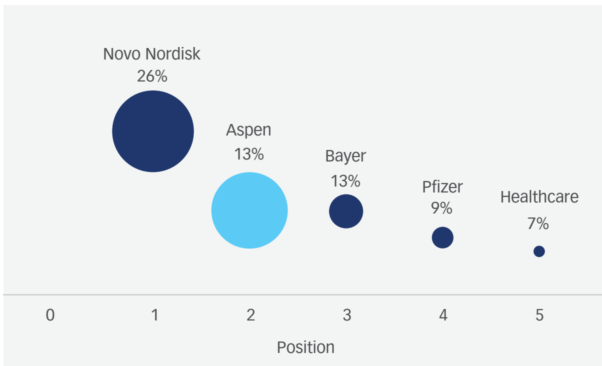
Eltroxin – Global market Aspen versus Generic competitors*
(market share)



Source: IMS Global market (ex-USA) as at December 2017

** Note: The competitor landscape outside of the generic alternative is complex as the molecule alternatives are not direct competitors in many cases.*

Ovestin – Global market
(market share)



Source: IMS Global market (ex-USA) as at December 2017

Nutritionals

Key brands

Brand	Brand
Alula	S-26
Infacare	SMA

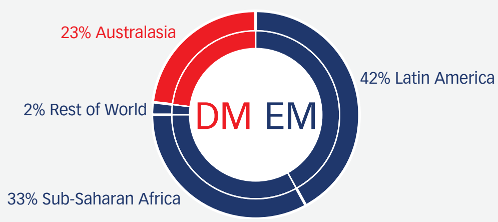
Our nutritionals business has leading positions in three key regions, selling well-established, high quality brands. The rigorous safety and quality standard required in the manufacture of infant milks is consistent with the standards of our pharmaceutical production, providing additional credibility to our brand offerings.

We manufacture and market well-established quality brands in sub-Saharan Africa, Australia and Latin America.

7%
OF TOTAL GROUP REVENUE

	2018 R'million	2017 (CER) R'million	Change %
Revenue			
Latin America	**1 290**	1 414	(9)
Sub-Saharan Africa	**1 017**	977	4
Australasia	**715**	772	(7)
Rest of World	**69**	–	100
Total	**3 091**	3 163	(2)

77% EM revenue contribution **23% DM revenue contribution**



EM – Emerging markets **DM – Developed markets**

Performance

Nutritionals revenue declined by 2% to R3 091 million. Over the course of the 2018 financial year, we commenced the transition to Alula, our new global infant formula brand, across all our territories.

Sub-Saharan Africa revenue grew 4% primarily driven by performance in South Africa. Infacare cemented its position as the biggest infant milk formula brand in South Africa as volumes in the economy brand segment continued to grow.

Alula was launched in the first half of the 2018 financial year in China and registration of the brand was approved in January 2018. The China Food and Drug Administration ("CFDA") introduced new regulations in 2016 stipulating that only CFDA approved brands would be sold in the People's Republic of China after 1 January 2018. The registration approval was an important milestone in growing our brand presence in China.

Performance in Australia continued to be impacted by poor market dynamics. Feedback received from our commercial activities was, however, positive. Retail listings were maintained or improved, healthcare professional recommendations of the brand increased and consumer feedback on the perception and profile of the S-26 Alula brand remained strong.

Revenue in Latin America declined 9% to R1 290 million. While this remains a challenging region, we were encouraged by the positive growth in Infacare revenue as well as in Peru which grew in double digits.

Sale of Nutritionals business

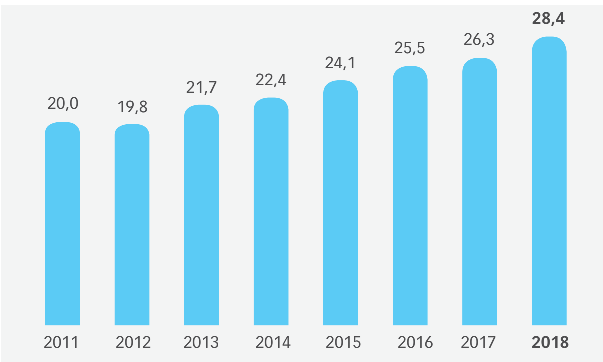
In January 2018, we announced that we would be embarking on a strategic review of our Nutritionals business as we were exploring options to enhance value derived from these quality assets. The acquisition of the Nutritionals in April 2013 presented a good commercial and strategic fit for Aspen, given our track record with our Infacare brand in South Africa. Furthermore, our strong presence in Australia's grocery and OTC market segments would be further augmented by the addition of Nutritionals.

In recent years, we have re-aligned our strategy and focused more on specialised therapeutic areas which we believe will drive sustainable growth for Aspen. This has meant considerable investment in establishing and growing the Therapeutic Focused Brands from a commercial and supply chain perspective. As the strategy has evolved, we became increasingly aware that we were not in a position to fully unlock the value of the Nutritionals business and that we needed to consider whether this portfolio would be core to our future business. In the course of the comprehensive strategic review that involved the assessment of a number of options, it became apparent that the best value realisation would be achieved by outright disposal.

On 13 September 2018 we announced that we had concluded an agreement to divest the Nutritionals business to the Lactalis Group, a global leader in the dairy industry based in France, for a fully funded cash consideration of EUR739,8 million. Lactalis' strategic intent is to develop a global infant nutritional business to complement their existing global product range. The transaction is a compelling opportunity for both the transferring Aspen employees and the shareholders of both Aspen and Lactalis.

The Nutritionals business will be reported as a discontinued operation in the 2019 financial year results and all associated operational costs will be accurately allocated based upon the terms of the transaction with Lactalis. The sale is conditional upon the fulfilment of a number of conditions precedent.

South Africa IMF – volume share
(market share %)



Source: AC Nielsen as at March 2018

Developed Europe

STATISTICS

Number of products launched:	**0** (2017: 0)#
IMS value of pipeline as at 30 June 2018 anticipated to be launched in:	
0 – 2 years	**USD0 million**
3 – 5 years	**USD0 million**
Number of product recalls:	**7** (2017: 2)
Average staff turnover:	**8,4%** (2017: 9,7%)
Number of work-related fatalities:	**0** (2017: 0)
Number of permanent employees:	
June 2018	**2 260**
June 2017	2 419

The number of product launches has been restated as a result of the refinement of the product launch definition.

Our Developed Europe business is made up of operations in Europe's major developed countries. The Anaesthetics and Thrombosis portfolios are the leading therapeutic focused brands in Developed Europe. 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

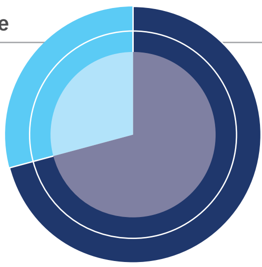
France, Germany, Italy, The Netherlands, United Kingdom

Contribution to Group revenue

29%

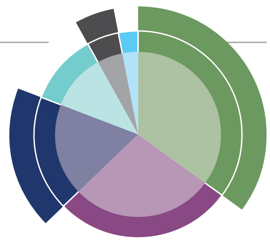
Developed Europe

71% Rest of Group



Revenue by segment

35% Manufacturing – API
28% Thrombosis
18% Anaesthetics
11% High Potency & Cytotoxics
5% Manufacturing – FDF
3% Regional Brands



Revenue - R'million	**2018**	2017 (CER)	% change
Commercial Pharmaceuticals	**7 434**	6 941	7
Regional Brands	**376**	476	(21)
Anaesthetics	**2 170**	1 732	25
Thrombosis	**3 471**	3 204	8
High Potency & Cytotoxics	**1 417**	1 529	(7)
Manufacturing	**4 895**	4 930	(1)
– API	**4 259**	4 263	0
– FDF	**636**	667	(5)
Total	**12 329**	**11 871**	**4**

Note: Commercial Pharmaceuticals revenue by customer geography and manufacturing revenue by place of manufacture

- Volumes of all products in the Developed Europe injectable anticoagulants category declined 1,5%. Aspen's share of the injectable anticoagulants category across Europe remained stable at 18% as at 30 May 2018.
- The Anaesthetics category in Developed Europe grew 1,1% by value across all products to EUR1,3 billion as at 30 May 2018. General anaesthetics made up 50,3% of total value and grew 3,7% for the year.

Source: May 2018 IMS

Sub-Saharan Africa

STATISTICS

Number of products launched:	**10** (2017: 11)[#]
IMS* value of pipeline as at 30 June 2018 anticipated to be launched in:	
0 – 2 years	**USD119 million**
3 – 5 years	**USD250 million**
Number of product recalls:	**8** (2017: 1)
Average staff turnover:	**9,4%** (2017: 13,0%)
Number of work-related fatalities:	**0** (2017: 0)

Number of permanent employees:

June 2018	**4 586**
June 2017	4 238

** South Africa only, rest of SSA not covered by IMS.*
 # The number of product launches has been restated as a result of the refinement of the product launch definition.

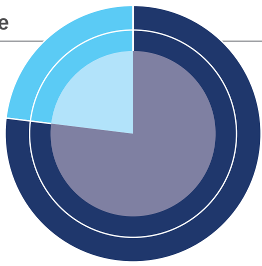
The SSA business provides a diverse basket of branded, generic, OTC and consumer health products which are supplied to both the private and public sectors primarily in South Africa. Our presence outside of South Africa is mainly in Namibia, Botswana, Tanzania, Kenya, Nigeria, Ghana and Uganda.

KEY COUNTRIES

Botswana, Kenya, Namibia, South Africa, Tanzania

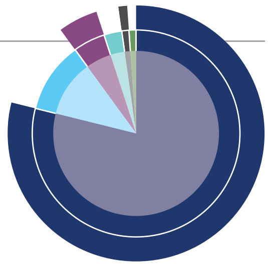
Contribution to Group revenue

23%
Sub-Saharan Africa
77% Rest of Group



Revenue by segment

79% Regional Brands
11% Nutritionals
5% Manufacturing – FDF
3% Manufacturing – API
1% Anaesthetics
1% High Potency & Cytotoxics



Revenue - R'million	**2018**	2017 (CER)	% change
Commercial Pharmaceuticals	**8 127**	7 402	10%
Regional Brands	**7 876**	7 124	11
Anaesthetics	**143**	145	(1)
Thrombosis	**9**	7	29
High Potency & Cytotoxics	**99**	126	(21)
Nutritionals	**1 017**	977	4
Manufacturing	**864**	1 192	(28)
– API	**332**	217	53
– FDF	**532**	975	(45)
Total	**10 008**	**9 571**	**5**

Note: Commercial Pharmaceuticals revenue by customer geography and manufacturing revenue by place of manufacture

- The South African private pharmaceutical sector was valued at R42,9 billion for the year ended 30 June 2018.
- Aspen is ranked as the number one pharmaceutical company in the South African private sector with a 12,9% share by value.
- About one in every five scripts dispensed by South African pharmacists is for an Aspen product, as recorded by ImpactRx.
- In South Africa, six out of the top 25 brands in the private sector for the year ended 30 June 2018 were Aspen products.

Source: June 2018 IMS

- Aspen has a strong presence in East Africa through Beta Kenya and Shelys Tanzania.

Australasia

STATISTICS

Number of products launched:	**3** (2017: 4)#
IMS value of pipeline as at 30 June 2018 anticipated to be launched in:	
0 – 2 years	**USD113 million**
3 – 5 years	**USD11 million**
Number of product recalls:	**0** (2017: 3)
Average staff turnover:	**13,0%** (2017: 7,5%)
Number of work-related fatalities:	**0** (2017: 0)

Number of permanent employees:

June 2018	**572**
June 2017	595

The number of product launches has been restated as a result of the refinement of the product launch definition.

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

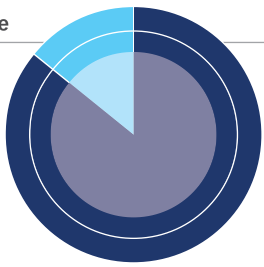
Australia, New Zealand

Contribution to Group revenue

14%

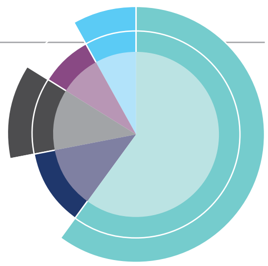
Australasia

86% Rest of Group



Revenue segment

60% **Regional Brands**
12% **Anaesthetics**
12% **Nutritionals**
8% **High Potency & Cytotoxics**
8% **Manufacturing – FDF**



Revenue - R'million	**2018**	2017 (CER)	% change
Commercial Pharmaceuticals	**4 816**	4 658	3
Regional Brands	**3 605**	3 545	2
Anaesthetics	**713**	621	15
Thrombosis	**21**	25	(16)
High Potency & Cytotoxics	**477**	467	2
Nutritionals	**715**	772	(7)
Manufacturing – FDF	**464**	458	1
Total	**5 995**	**5 888**	**2**

Note: Commercial Pharmaceuticals revenue by customer geography and manufacturing revenue by place of manufacture

- The Australian pharmaceutical sector was valued at AUD17,7 billion as at 30 June 2018 with flat volume growth.
- Aspen was ranked 3rd by volume and 9th by value in the Australian pharmaceutical sector for the year ended 30 June 2018.
- Almost one in seven scripts written in Australia is for a product distributed by Aspen.

Source: June 2018 IMS

Latin America

STATISTICS

Number of products launched:	**11** (2017: 26)#
IMS value of pipeline as at 30 June 2018 anticipated to be launched in:	
0 – 2 years	**USD424 million**
3 – 5 years	**USD298 million**
Number of product recalls:	**2** (2017: 1)
Average staff turnover:	**22,8%** (2017: 29,5%)
Number of work-related fatalities:	**0** (2017: 0)
Number of permanent employees:	
June 2018	**1 248**
June 2017	1 158

The number of product launches has been restated as a result of the refinement of the product launch definition.

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. Our Vallejo site in Mexico has the capability to manufacture infant nutritionals as well as pharmaceutical solids, semi-solids and liquids.

KEY COUNTRIES

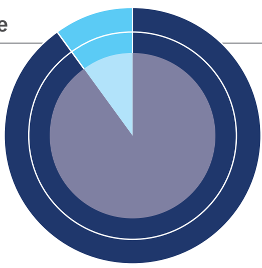
Brazil, Chile, Colombia, Ecuador, Mexico

Contribution to Group revenue

10%

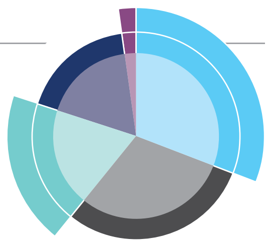
Latin America

90% Rest of Group



Revenue segment

31% **Regional Brands**
30% **Nutritionals**
19% **High Potency & Cytotoxics**
18% **Anaesthetics**
2% **Thrombosis**



Revenue - R'million	**2018**	2017 (CER)	% change
Commercial Pharmaceuticals	**2 929**	2 577	14
Regional Brands	**1 306**	1 116	17
Anaesthetics	**762**	571	33
Thrombosis	**71**	87	(18)
High Potency & Cytotoxics	**790**	803	(2)
Nutritionals	**1 290**	1 414	(9)
Manufacturing – FDF	**12**	–	100
Total	**4 231**	**3 991**	**6**

Note: Commercial Pharmaceuticals revenue by customer geography and manufacturing revenue by place of manufacture

- The Spanish Latin American private pharmaceutical sector grew 8,9% to USD25,2 billion for the year to 30 June 2018 as per IMS.
- The Brazilian private pharmaceutical sector grew 5,4% and was valued by IMS at USD30,0 billion for the year to 30 June 2018.

Source: June 2018 IMS

Developing Europe & CIS

STATISTICS

Number of products launched:	**0** (2017: 1)#
IMS value of pipeline as at 30 June 2018 anticipated to be launched in:	
0 – 2 years	**USD4 million**
3 – 5 years	**USD0 million**
Number of product recalls:	**0** (2017: Nil)
Average staff turnover:	**14,5%** (2017: 13,7%)
Number of work-related fatalities:	**0** (2017: Nil)

Number of permanent employees:

June 2018 **285**

June 2017 308

The number of product launches has been restated as a result of the refinement of the product launch definition.

The main revenue contributor to our Developing Europe & CIS business is the Thrombosis portfolio. The Anaesthetics portfolio is anticipated to become a significant contributor in this region.

KEY COUNTRIES

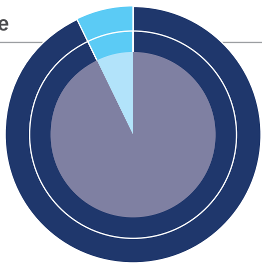
Czech Republic, Poland, Romania, Russia, Slovakia

Contribution to Group revenue

7%

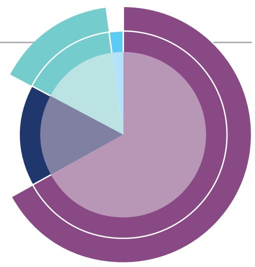
Developing Europe & CIS

93% Rest of Group



Revenue by segment

67% **Thrombosis**
16% **Anaesthetics**
15% **High Potency & Cytotoxics**
2% **Regional Brands**



Revenue - R'million	**2018**	2017 (CER)	% change
Regional Brands	**64**	80	(20)
Anaesthetics	**434**	307	41
Thrombosis	**1876**	1760	7
High Potency & Cytotoxics	**406**	464	(13)
Total	**2 780**	**2 611**	**6**

- Injectable anticoagulants across Developing Europe & CIS grew 3,3% by volume. Over the same period, volumes in Russia grew 9,7%.
- The value growth of the Anaesthetics category for the region was 6,6% for the year ended 30 May 2018.

Source: May 2018 IMS

China

STATISTICS

Number of products launched:	**0** (2017: 0)
IMS value of pipeline as at 30 June 2018 anticipated to be launched in:	
0 – 2 years	**USD0 million**
3 – 5 years	**USD13 million**
Number of product recalls:	**0** (2017: 0)
Average staff turnover:	**25,9%** (2017: 0,0%)
Number of work-related fatalities:	**0** (2017: 0)

Number of permanent employees:

June 2018	**598**
June 2017	399

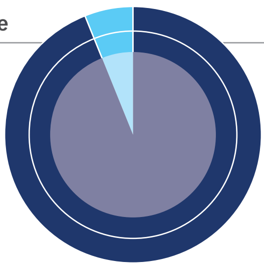
Aspen China is set to become a significant contributor to the Group performance with a product range comprising the recently acquired Thrombosis and Anaesthetic Brands as well as some smaller global brands.

Contribution to Group revenue

6%

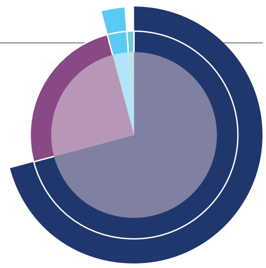
China

94% Rest of Group



Revenue by segment

71% **Anaesthetics**
25% **Thrombosis**
3% **Nutritionals**
1% **High Potency & Cytotoxics**



Revenue - R'million	2018	2017 (CER)	% change
Commercial Pharmaceuticals	**2 415**	1 748	38
Anaesthetics	**1 779**	1 435	24
Thrombosis	**616**	266	>100
High Potency & Cytotoxics	**20**	47	(57)
Nutritionals	**65**	–	100
Total	**2 480**	**1 748**	**42**

- The China pharmaceutical sector was valued at USD83 billion as at 31 December 2017.
- China made up 38,9% of the total Asian pharmaceutical sector as at 31 December 2017.

Source: December 2017 IMS

Japan

STATISTICS

Number of products launched:	**9** (2017: 9)[#]
IMS value of pipeline as at 30 June 2018 anticipated to be launched in:	
0 – 2 years	**USD0 million**
3 – 5 years	**USD0 million**
Number of product recalls:	**0** (2017: 0)
Average staff turnover:	**12,8%** (2017: 20,0%)
Number of work-related fatalities:	**0** (2017: 0)

Number of permanent employees:

June 2018	**72**
June 2017	53

[#] *The number of product launches has been restated as a result of the refinement of the product launch definition.*

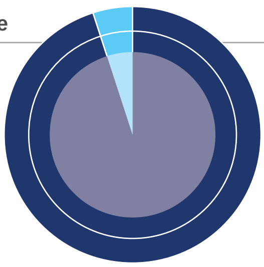
Aspen Japan operates according to a flexible business model and employs innovative marketing activities to promote leading international pharmaceutical originator brands and authorised generics in Japan.

Contribution to Group revenue

5%

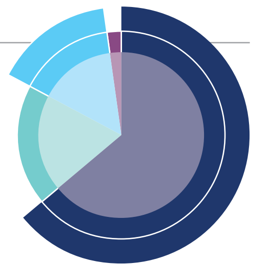
Japan

95% Rest of Group



Revenue by segment

64% **Anaesthetics**
19% **High Potency & Cytotoxics**
15% **Regional Brands**
2% **Thrombosis**



Revenue - R'million	2018	2017 (CER)	% change
Regional Brands	**297**	172	73
Anaesthetics	**1 213**	1204	1
Thrombosis	**48**	57	(16)
High Potency & Cytotoxics	**372**	379	(2)
Total	**1 930**	**1 812**	**7**

- The Japanese pharmaceutical sector continues to be negatively impacted by regulated price revisions and was valued at USD80 billion as at 31 December 2017.

Source: December 2017 IMS

Other Asia

STATISTICS

Number of products launched:	3 (2017: 0)#
IMS value of pipeline as at 30 June 2018 anticipated to be launched in:	
0 – 2 years	USD45 million
3 – 5 years	USD1 million
Number of product recalls:	0 (2017: 0)
Average staff turnover:	16,5% (2017: 25,9%)
Number of work-related fatalities:	0 (2017: 0)
Number of permanent employees:	
June 2018	197
June 2017	166

The number of product launches has been restated as a result of the refinement of the product launch definition.

Other Asia comprises all Asian territories excluding China and Japan. Anaesthetics make up 46% of revenue in these countries, followed by several products in the Regional Brands category. We have active trading subsidiaries in the Philippines, Taiwan and Malaysia.

KEY COUNTRIES

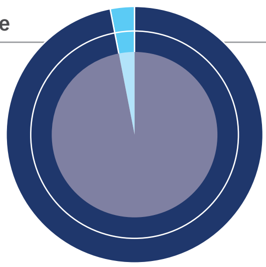
Hong Kong, Philippines, Singapore, Taiwan

Contribution to Group revenue

3%

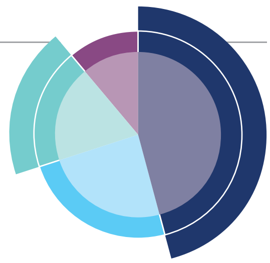
Other Asia

97% Rest of Group



Revenue by segment

46% Anaesthetics
24% Regional Brands
19% High Potency & Cytotoxics
11% Thrombosis



Revenue - R'million	2018	2017 (CER)	% change
Regional Brands	**330**	324	2
Anaesthetics	**658**	412	60
Thrombosis	**151**	166	(9)
High Potency & Cytotoxics	**262**	246	7
Total	**1 401**	**1 148**	**22**

- The Asian pharmaceutical sector (excluding China and Japan) grew 7,7% and was valued at USD57 billion as at 31 December 2017.
- The pharmaceutical sectors in Hong Kong, Philippines and Singapore (which are Aspen's key countries in "Other Asia") grew 10,0%, 1,7% and 5,3% respectively for the year ended 31 December 2017.

Source: December 2017 IMS

Middle East & North Africa

STATISTICS

Number of products launched:	**8** (2017: 2)#
IMS value of pipeline as at 30 June 2018 anticipated to be launched in:	
0 – 2 years	**USD160 million**
3 – 5 years	**USD3 million**
Number of product recalls:	**0** (2017: 0)
Average staff turnover:	**10,9%** (2017: 18,2%)
Number of work-related fatalities:	**0** (2017: 0)
Number of permanent employees:	
June 2018	**76**
June 2017	55

The number of product launches has been restated as a result of the refinement of the product launch definition.

We supply globally branded pharmaceutical products as well as local brands into multiple territories within Middle East and North Africa ("MENA"). Egypt, Algeria and Saudi Arabia combined contributed approximately 50% to total sales in MENA for the 2018 financial year.

KEY COUNTRIES

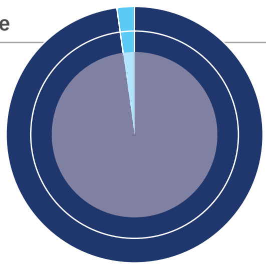
Algeria, Egypt, Morocco, Saudi Arabia, United Arab Emirates

Contribution to Group revenue

2%

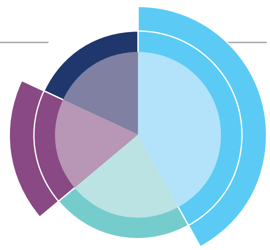
Middle East and North America

98% Rest of Group



Revenue by segment

42% **Regional Brands**
22% **High Potency & Cytotoxics**
18% **Thrombosis**
18% **Anaesthetics**



Revenue - R'million	**2018**	2017 (CER)	% change
Regional Brands	**369**	413	(11)
Anaesthetics	**156**	228	(32)
Thrombosis	**159**	166	(4)
High Potency & Cytotoxics	**193**	242	(20)
Total	**877**	**1 049**	**(16)**

- The MENA pharmaceutical sector was valued at USD26,0 billion as at 30 June 2018.
- The top nine major markets (which include, *inter alia*, the Kingdom of Saudi Arabia, Algeria, Egypt and the United Arab Emirates) were value at USD17,4 billion and grew 9,3%.

Source: June 2018 IMS

USA & Canada

STATISTICS

Number of products launched:	**1** (2017: 3)[#]
IMS value of pipeline as at 30 June 2018 anticipated to be launched in:	
0 – 2 years	**USD449 million**
3 – 5 years	**USD1 522 million**
Number of product recalls:	**0** (2017: 0)
Average staff turnover:	**25,4%** (2017: 24,1%)
Number of work-related fatalities:	**0** (2017: 0)
Number of permanent employees:	
June 2018	**71**
June 2017	63

The number of product launches has been restated as a result of the refinement the product launch definition.

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

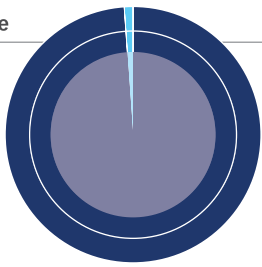
Canada, USA

Contribution to Group revenue

1%

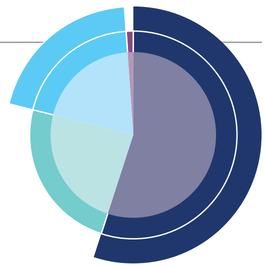
USA & Canada

99% Rest of Group



Revenue by segment

55% **Anaesthetics**
24% **High Potency & Cytotoxics**
20% **Regional Brands**
1% **Thrombosis**



Revenue - R'million	**2018**	2017 (CER)	% change
Regional Brands	**113**	442	(74)
Anaesthetics	**304**	251	21
Thrombosis	**8**	15	(47)
High Potency & Cytotoxics	**136**	293	(54)
Total	**561**	**1 001**	**(44)**

- The Canadian pharmaceutical sector grew 7,8% and was valued at USD21 billion as at 31 December 2017.
- The value of the US pharmaceutical sector grew 1,9% in 2017 while volumes declined 1,1%

Source: December 2018 IMS

Board of Directors

Executive directors

Stephen Saad (54)
Group Chief Executive
Qualifications: CA(SA), Honorary doctorate
Appointed: January 1999
Classification: Executive director

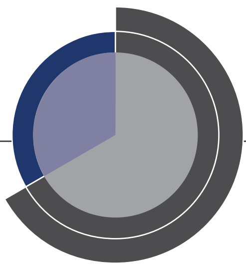
Gus Attridge (57)
Deputy Group Chief Executive
Qualifications: CA(SA)
Appointed: January 1999
Classification: Executive director

Non-executive directors

David Redfern (52)*
Qualifications: BSc (Hons), CA
Appointed: February 2015
Classification: Non-executive
**British*

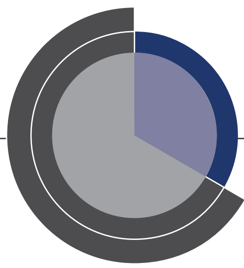
Chris Mortimer (57)
Qualifications: BA, LLB
Appointed: January 1999
Classification: Non-executive

Board gender representation



33% Women
67% Men

Board race diversity



33% Black directors
67% Other

Independent non-executive directors

Kuseni Dlamini (50)

Qualifications: 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

Roy Andersen (70)

Qualifications: CA(SA), CPA (Texas), CD(SA)
Appointed: August 2008
Classification: Lead independent non-executive

Linda de Beer (49)

Qualifications: CA(SA), MCom (Tax), CD(SA)
Appointed: July 2018
Classification: Independent non-executive

Babalwa Ngonyama (44)

Qualifications: CA(SA), MBA, Higher Diploma in Banking Law (RAU)
Appointed: April 2016
Classification: Independent non-executive

Sindi Zilwa (51)

Qualifications: 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

Committee diagram key:

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

Board of Directors continued

Executive directors

Stephen Saad (54)

Aspen Group Chief Executive

Qualifications: CA(SA), Honorary doctorate

Appointed: January 1999

Classification: Executive director

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

Gus Attridge (57)

Deputy Group Chief Executive

Qualifications: CA(SA)

Appointed: January 1999

Classification: Executive director

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.

Non-executive directors

Chris Mortimer (57)

Qualifications: 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.

David Redfern (52)*

Qualifications: 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.

Independent non-executive directors

Kuseni Dlamini (50)

Qualifications: 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 (70)

Qualifications: 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.

Linda de Beer (49)

Qualifications: CA(SA), MCom (Tax), CD(SA)

Appointed: July 2018

Classification: Independent non-executive

Linda serves as an independent non-executive director on a number of JSE-listed boards, namely Sasfin Holdings Limited (including Sasfin Bank Limited) and Omnia Holdings Limited. She chairs the audit committees of these boards and also serves on a number of their other board committees. In addition, she advises corporates in South Africa and Namibia on reporting, auditing and corporate governance. She is a member of the Investor Advisory Group of the Public Company Accounting Oversight Board ("PCAOB") in the United States of America, a member of the King Committee, the chair of the Financial Reporting Investigation Panel of the JSE and an Honorary Professor, on a part time basis, at the University of Johannesburg.

Linda is a member of the Audit & Risk and Remuneration & Nomination Committees.

Independent non-executive directors

Babalwa Ngonyama (44)

Qualifications: 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, amongst others, a non-executive director and member of the audit committees of The Hollard Insurance Company Limited, Impala Platinum Holdings Limited, and therefore brings considerable financial and commercial experience to the Board. Babalwa is also a non-executive director and chairperson of the audit committee of Clover Industries Limited. Babalwa is the founding chairman of the African Women Chartered Accountants (AWCA), and currently a member of its Advisory Board.

Babalwa is the chairman of the Audit & Risk Committee.

Sindi Zilwa (51)

Qualifications: CA(SA), CD(SA), Advanced Taxation (UNISA) Certificate, 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, Metrofile Limited, Mercedes-Benz South Africa Limited, Tourvest Group (Pty) 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, AngloGold Ashanti 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 (42)

Qualifications: 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 unabridged Corporate Governance report 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 nine directors, two of whom are executive directors with the remainder being non-executives. Five 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 adopted a policy and set aspirational targets of 50% female representation (currently at 33,3% – 2017: 30) and 50% black representation (currently at 33,3% – 2017: 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.

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

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.

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. Roy Andersen, who has turned 70 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 2018 annual general meeting.

The average overall attendance rate of the Board meetings for the 2018 financial year was 43%.

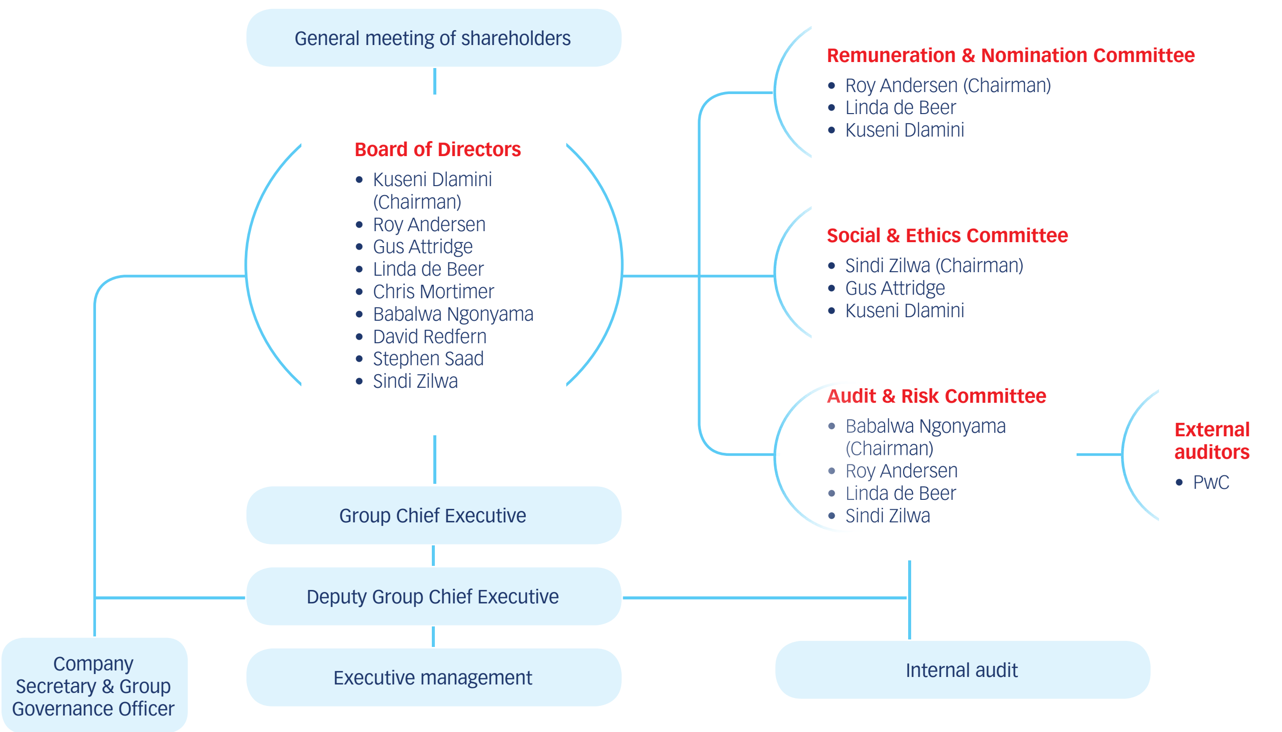
Board Committees

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.



Abbreviated Corporate Governance report continued

Corporate governance structure

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

Board	13 September 2017	7 December 2017	**23 January 2018**	**7 March 2018**	**27 June 2018 (Strategy)**	**28 June 2018**
Roy Andersen[#∞]	✓	✓	✓	✓	✓	✓
Gus Attridge[?]	✓	✓	✓	✓	✓	✓
John Buchanan[#∞]	✓	✓	✓	✓	✓	✓
Kuseni Dlamini[?]	✓	✓	✓	✓	✓	✓
Maureen Manyama[*#?]	✓	N/A	**N/A**	**N/A**	**N/A**	**N/A**
Chris Mortimer	✓	✓	✓	✓	✓	✓
Babalwa Ngonyama[#]	✓	✓	✓	✓	✓	✓
David Redfern	Apology	✓	✓	✓	✓	✓
Stephen Saad	✓	✓	✓	✓	✓	✓
Sindi Zilwa[#?]	✓	✓	✓	✓	✓	✓

* *Maureen Manyama did not make herself available for re-election at the Company's AGM held on 7 December 2017.*

The average overall attendance rate of the Board meetings for the 2018 financial year was 96,4%.

[#] *Membership of Audit & Risk Committee*

[∞] *Membership of the Remuneration & Nomination Committee*

[?] *Membership of the Social & Ethics Committee*

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 key performance areas ("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 2018. 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 • while no director appointments were required during the financial year ending 30 June 2018, Linda de Beer was appointed on 31 July 2018. John Buchanan retired with effect from 31 July 2018.
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 Group Chief Executive and Deputy Group 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 financial performance measures and the KPIs 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	13 July 2017	13 September 2017	**7 March 2018**
Roy Andersen (Chairman)	✓	✓	✓
John Buchanan	✓	✓	✓
Kuseni Dlamini	✓	✓	✓

Overall attendance at the R&N Co meetings held during the year was 100%. 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 2017 AGM, a total of 332 591 670 votes (2016: 324 806 291) were cast in respect of the resolutions relating to remuneration policy and the implementation thereof, with the vast majority of shareholders supporting these resolutions. The result of the voting was as follows:

Remuneration policy	**For**	**Against**	**Abstain**	**Total**
2017	95,89%	4,11%	0,10%	**100%**
2016	95,82%	4,18%	0,35%	**100%**

Remuneration implementation report	**For**	**Against**	**Abstain**	**Total**
2017	98,75%	1,08%	0,10%	**100%**
2016	N/A	N/A	N/A	**N/A**

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 2018 AGM, scheduled for 6 December 2018. 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. 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, further research is being undertaken into the financial well-being of employees, including aspects relating to the payment of a fair living wage, gender pay gap concerns which may need to be addressed and improving the socio-economic conditions of our lowest level employees throughout the Group. Succession planning in respect of the Group's executive directors and other senior executives has received increased attention during the year and will be an area of focus for the Committee in the year ahead. 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

↓

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.

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

Calculations of annual cash incentives and the caps in respect of these 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 South African 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.

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 (2018: 93%, 2017: 96% and 2016: 97%).	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	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

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 2018 are dealt with on page 120. The targets confirmed by the R&N Co in respect of the year to 30 June 2019 are as follows:

1. growth in the normalised CER NHEPS, measured against the achievement of the budget approved by the Board. The weighting of this portion of the incentive is 40% of the total incentive; and
2. the reduction in the leverage measurement to levels below 4,0 based on a scale approved by the Board. 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:

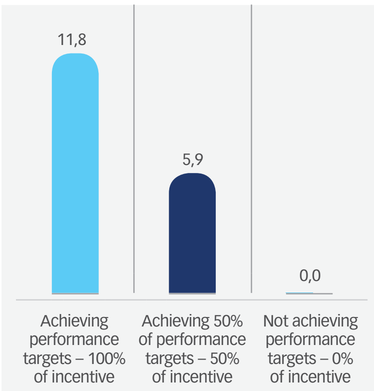
- continuing to develop a sustainable growth strategy and implementing an effective organisational structure which is appropriate for the implementation of the Group's strategy;
- developing and implementing synergy realisation and growth plans;
- setting an exemplary ethical tone for the Group and ensuring 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 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.

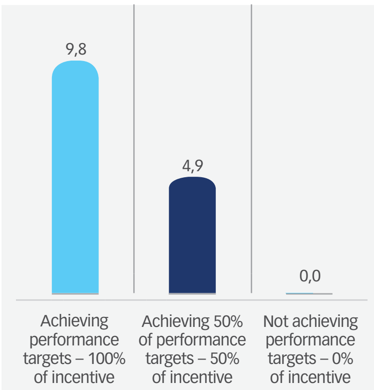
Executive director package design – performance scenarios

The graphs below provide an indication of short-term and medium-term incentives payable to executive directors in respect of the 2019 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 2019 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 2019 will be submitted for approval at our annual general meeting to be held on 6 December 2018. 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
The remuneration policy will be subject to a non-binding advisory vote at the annual general meeting to be held on 6 December 2018. 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.

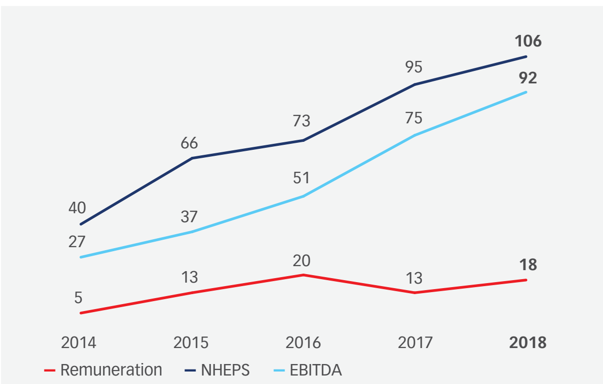
Part three: Remuneration Implementation report
This section of the report provides an overview of the implementation of the remuneration policy as it applies to executive directors and non-executive directors.

Remuneration decisions taken during the year
Please refer to the table on page 108 of this report for a summary of the remuneration activities undertaken by the R&N Co during the year.

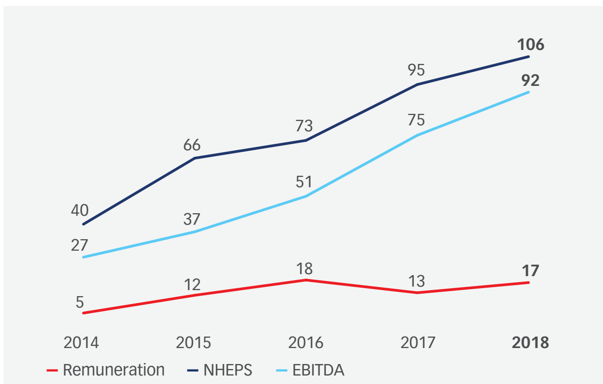
Base pay adjustments during the year
The following base pay adjustments were made during the year:

	Base pay 2018	Approved adjustment	Base pay 2017
Stephen Saad	**7 226 575**	6%	6 828 214
Gus Attridge	**5 946 851**	6%	5 627 345
Total	**13 173 426**		12 455 559

Stephen Saad
(Cumulative percentage increase)



Gus Attridge
(Cumulative percentage increase)



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 2018 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 NHEPS from continuing operations as measured against pre-determined South African Consumer Price Index-linked targets. 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 as measured against pre-determined South African Consumer Price Index-linked targets. The weighting of this portion of the incentive is 30% of the total incentive; and
3. A combined weighting of 30% on their KPIs, including but not limited to:
   - 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 32% out of a possible 40% in respect of measure 1 and 6% out of a possible 30% in respect of measure 2. As a result, both executive directors achieved an overall rating of 68% and have had their short and medium-term incentives adjusted accordingly.

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	2017	42% out of 70%	3 308 132	30% out of 30%	2 362 951	5 671 083
	2018	38% out of 70%	3 172 656	30% out of 30%	2 504 729	5 677 385
Gus Attridge	2017	42% out of 70%	2 7347 69	30% out of 30%	1 953 407	4 688 176
	2018	38% out of 70%	2 622 775	30% out of 30%	2 070 612	4 693 387

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	2017	2 126 655	2 339 321	R305,18	7 665
	2018	2 129 019	2 341 921	R164,96	14 197
Gus Attridge	2017	1 758 066	1 933 873	R305,18	6 337
	2018	1 760 020	1 936 022	R164,96	11 736

Vesting of long-term incentives during 2018

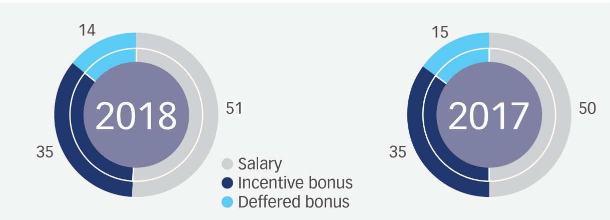
Awards made to the executive directors, in terms of the South African Management Deferred Incentive Bonus Scheme, vested as follows during the year:

		Date of award	Number of shares awarded	Value at date of award	Distributions/ dividends received	Total value of award at vesting
Stephen Saad	2017	October 2014	7 825	2 648 250	47 138	2 698 663
	2018	October 2015	9 576	2 878 809	81 396	2 960 205
Gus Attridge	2017	October 2014	6 468	2 189 000	38 963	2 227 963
	2018	October 2015	7 798	2 344 303	66 283	2 410 586

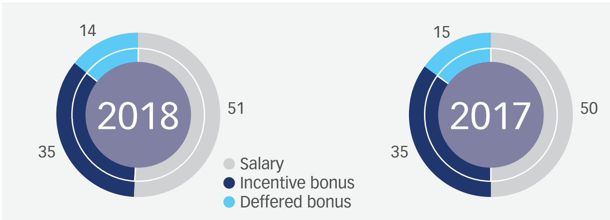
Total remuneration outcomes for 2018

Remuneration composition of executive directors

Stephen Saad
(%)



Gus Attridge
(%)



	Remuneration R'000	Retirement and medical aid benefits R'000	Performance bonus R'000	Share-based payment expense R'000	Total R'000
2018					
Stephen Saad	**7 227**	**1 186**	**5 677**	**3 064**	**17 154**
Gus Attridge	**5 947**	**1 005**	**4 693**	**2 463**	**14 108**
	13 174	**2 191**	**10 370**	**5 527**	**31 262**
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

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 2017	Awarded during the year	Released during the year	**Shares outstanding on 30 June 2018**
Stephen Saad	338,44	Oct 2017	7 825	—	7 825	**—**
	300,62	Oct 2018	9 576	—	—	**9 576**
	305,86	Oct 2019	10 021	—	—	**10 021**
	305,18	Oct 2020	—	7 665		**7 665**
			27 422	7 665	7 825	**27 262**
Gus Attridge	338,44	Oct 2017	6 468	—	6 468	**—**
	300,62	Oct 2018	7 798	—	—	**7 798**
	305,86	Oct 2019	7 870	—	—	**7 870**
	305,18	Oct 2020	—	6 337		**6 337**
			22 136	6 337	6 468	**22 005**
			49 558	14 002	14 293	**49 267**

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 financial year were approved by a special resolution of Aspen's shareholders at the Company's AGM held on 7 December 2017.

Non-executive director	2018* R'000	2017* R'000
Roy Andersen	**664**	629
John Buchanan	**759**	825
Kuseni Dlamini	**1 098**	1 036
Maureen Manyama #	**267**	575
Chris Mortimer	**309**	320
Babalwa Ngonyama **	**622**	520
David Redfern	**284**	313
Sindi Zilwa	**701**	701
	4 704	4 919

* *Fees exclude VAT.*

** *Babalwa Ngonyama receives an attendance fee for attendance at meetings of Aspen Finance (Pty) Limited, in her capacity as Chairman of the A&R Co of Aspen Pharmacare Holdings Limited.*

Maureen Manyama resigned from the Board with effect from 7 December 2017.

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 6 December 2018. 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	
	2018	2017	**2018**	2017
Roy Andersen	**41 150**	41 150	**—**	—
Gus Attridge	**3 720 571**	3 714 103	**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	**4 063 818**	4 055 993	**51 302 718**	51 302 718
Sindi Zilwa	**—**	—	**—**	—
	7 925 607	7 911 314	**66 507 137**	66 507 137

None of the directors held any non-beneficial shares in the Company at 30 June 2018.

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Healthcare.
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HOLDINGS

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 Summarised Group Annual Financial Statements for the year ended 30 June 2018 ("Summarised Group Annual Financial Statements") of Aspen Pharmacare Holdings Limited and its subsidiaries.

The directors consider that in preparing the Summarised Group Annual Financial Statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all International Financial Reporting Standards ("IFRS") that they consider to be applicable have been followed.

The directors are satisfied that the information contained in the Summarised Group Annual Financial Statements fairly presents the results of operations for the year and the financial position of the Group at year-end. The directors further acknowledge that they are responsible for the content of the Integrated Report and its supplementary documents, as well as its consistency with the Summarised Group Annual Financial Statements. The directors have responsibility for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the Group to enable the directors to ensure that the Summarised Group Annual Financial Statements comply with the relevant legislation.

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

Aspen Pharmacare Holdings Limited and its subsidiaries 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 Summarised Group Annual Financial Statements. The directors have no reason to believe that the Group or any company within the Group will not be going concerns in the foreseeable future, based on forecasts, available cash resources and facilities. These Summarised Group 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 Summarised Group Annual Financial Statements, and their report is presented on page 121.

The Summarised Group 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 26 October 2018 and are signed on its behalf.

Kuseni Dlamini
Chairman

Gus Attridge
Deputy Group Chief Executive

Johannesburg
26 October 2018

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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 122 to 135 of the Integrated Report, which comprise the Summarised Group statement of financial position as at 30 June 2018, 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 2018.

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 26 October 2018. 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.
Director: Craig West
Registered Auditor
Johannesburg
26 October 2018

Basis of presentation and accounting policies

for the year ended 30 June 2018

Basis of accounting

These Summarised Group Annual Financial Statements 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 Summarised Group Annual Financial Statements 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 2017 .

The Summarised Group Annual Financial Statements have been reported in Rand millions in the current year to augment effective financial analysis. This has changed from the previous year where the financial results were reported in Rand billions.

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Summarised Group statement of financial position

at 30 June 2018

	Notes	2018 R'million	2017 R'million
Assets			
Non-current assets			
Intangible assets	J#	**72 163**	60 006
Property, plant and equipment		**11 368**	9 749
Goodwill		**6 126**	5 940
Deferred tax assets		**966**	987
Contingent environmental indemnification assets		**802**	747
Other non-current assets		**1 189**	801
Total non-current assets		**92 614**	78 230
Current assets			
Inventories		**14 496**	13 611
Receivables and other current assets		**14 421**	13 592
Cash and cash equivalents		**11 170**	10 707
Total operating current assets		**40 087**	37 910
Assets classified as held-for-sale		**135**	200
Total current assets		**40 222**	38 110
Total assets		**132 836**	116 340
Shareholders' equity			
Reserves		**48 162**	41 182
Share capital (including treasury shares)		**1 905**	1 929
Ordinary shareholders' equity		**50 067**	43 111
Non-controlling interests		**28**	27
Total shareholders' equity		**50 095**	43 138
Liabilities			
Non-current liabilities			
Borrowings		**46 725**	28 978
Other non-current liabilities		**2 775**	4 381
Unfavourable and onerous contracts		**1 382**	1 635
Deferred tax liabilities		**2 213**	2 085
Contingent environmental liabilities		**802**	747
Retirement and other employee benefits		**635**	570
Total non-current liabilities		**54 532**	38 396
Current liabilities			
Borrowings*		**11 225**	18 860
Trade and other payables		**10 414**	10 257
Other current liabilities		**6 196**	5 341
Unfavourable and onerous contracts		**374**	348
Total current liabilities		**28 209**	34 806
Total liabilities		**82 741**	73 202
Total equity and liabilities		**132 836**	116 340
Number of shares in issue (net of treasury shares) ('million)		**456,0**	456,0
Net asset value per share (cents)		**10 980,3**	9 453,7

 # See notes on Supplementary Information.
** Includes bank overdrafts.*

Summarised Group statement of comprehensive income

for the year ended 30 June 2018

	Notes	Change %	2018 R'million	2017 R'million
Revenue		3	**42 596**	41 213
Cost of sales			**(20 991)**	(21 317)
Gross profit		9	**21 605**	19 896
Selling and distribution expenses			**(7 460)**	(6 720)
Administrative expenses			**(3 103)**	(2 780)
Other operating income			**419**	345
Other operating expenses			**(2 224)**	(2 420)
Operating profit	B#	11	**9 237**	8 321
Investment income	C#		**343**	287
Financing costs	D#		**(2 235)**	(2 369)
Operating profit after investment income and financing costs			**7 345**	6 239
Share of after-tax net profits from joint ventures			**51**	13
Profit before tax		18	**7 396**	6 252
Tax			**(1 385)**	(1 124)
Profit for the year		17	**6 011**	5 128
Other comprehensive income, net of tax*				
Currency translation gains/(losses)	E#		**2 372**	(3 521)
Net (losses)/gains from cash flow hedging in respect of business acquisition			**(96)**	188
Remeasurement of retirement and other employee benefits			**1**	44
Total comprehensive income			**8 288**	1 839
Profit for the year attributable to				
Equity holders of the parent			**6 010**	5 128
Non-controlling interests			**1**	—
			6 011	5 128
Total comprehensive income for the year attributable to				
Equity holders of the parent			**8 287**	1 839
Non-controlling interests			**1**	—
			8 288	1 839
Weighted average number of shares in issue ('million)			**456,5**	456,4
Diluted weighted average number of shares in issue ('million)			**456,5**	456,4
Earnings per share				
Basic earnings per share (cents)		17	**1 316,6**	1 123,4
Diluted earnings per share (cents)		17	**1 316,6**	1 123,4

See notes on Supplementary Information.

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

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Summarised Group statement of headline earnings

for the year ended 30 June 2018

	Change %	2018 R'million	2017 R'million
Headline earnings			
Reconciliation of headline earnings			
Profit attributable to equity holders of the parent	17	**6 010**	5 127
Adjusted for:			
– Net impairment of property, plant and equipment (net of tax)		**48**	197
– Net impairment of intangible assets (net of tax)		**606**	427
– Impairment of assets classified as held-for-sale (net of tax)		**37**	—
– Loss on the sale of intangible assets (net of tax)		**3**	85
– Loss on the sale of property, plant and equipment (net of tax)		**—**	25
– Loss on the sale of subsidiary (net of tax)		**—**	70
	13	**6 704**	5 931
Headline earnings per share			
Headline earnings per share (cents)	13	**1 468,8**	1 299,5
Diluted headline earnings per share (cents)	13	**1 468,8**	1 299,5
Normalised headline earnings			
Reconciliation of normalised headline earnings			
Headline earnings	13	**6 704**	5 931
Adjusted for:			
– Restructuring costs (net of tax)		**144**	362
– Transaction costs (net of tax)		**362**	314
– Foreign exchange gain on acquisitions (net of tax)		**(178)**	(137)
– Product litigation costs (net of tax)		**293**	208
	10	**7 325**	6 678
Normalised headline earnings per share			
Normalised headline earnings per share (cents)	10	**1 604,9**	1 463,2
Normalised diluted headline earnings per share (cents)	10	**1 604,9**	1 463,2

Summarised Group statement of changes in equity

for the year ended 30 June 2018

	Share capital (including treasury shares) R'million	Reserves R'million	Total attributable to equity holders of the parent R'million	Non-controlling interests R'million	Total R'million
Balance at 30 June 2016	1 938	40 571	42 509	27	42 536
Total comprehensive income	—	1 839	1 839	—	1 839
Profit for the year	—	5 128	5 128	—	5 128
Other comprehensive loss	—	(3 289)	(3 289)	—	(3 289)
Dividends paid	—	(1 230)	(1 230)	—	(1 230)
Deferred incentive bonus shares exercised	24	(24)	—	—	—
Treasury shares purchased	(33)	—	(33)	—	(33)
Share-based payment expenses	—	26	26	—	26
Balance at 30 June 2017	**1 929**	**41 182**	**43 111**	**27**	**43 138**
Total comprehensive income	**—**	**8 287**	**8 287**	**1**	**8 288**
Profit for the year	**—**	**6 010**	**6 010**	**1**	**6 011**
Other comprehensive income	**—**	**2 277**	**2 277**	**—**	**2 277**
Dividends paid	**—**	**(1 313)**	**(1 313)**	**—**	**(1 313)**
Treasury shares purchased	**(44)**	**—**	**(44)**	**—**	**(44)**
Deferred incentive bonus shares exercised	**20**	**(20)**	**—**	**—**	**—**
Share-based payment expenses	**—**	**26**	**26**	**—**	**26**
Balance at 30 June 2018	**1 905**	**48 162**	**50 067**	**28**	**50 095**

Distribution to shareholders

A dividend of 287,0 cents per share has been paid during the year (2017: 248,0 cents). The dividend to shareholders of 287,0 cents relates to dividends declared on 14 September 2017 and paid on 9 October 2017 (2017: the capital distribution of 248,0 cents relates to the dividend declared on 14 September 2016 and paid on 9 October 2016).

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Summarised Group statement of cash flows

for the year ended 30 June 2018

	Notes	Change %	2018 R'million	2017 R'million
Cash flows from operating activities				
Cash operating profit			**11 907**	10 817
Changes in working capital			**(1 579)**	(915)
Cash generated from operations			**10 328**	9 902
Net financing costs paid			**(1 816)**	(1 913)
Tax paid			**(1 495)**	(1 502)
Cash generated from operating activities		8	**7 017**	6 487
Cash flows from investing activities				
Capital expenditure – property, plant and equipment	A#		**(2 145)**	(1 484)
Proceeds on the sale of property, plant and equipment			**17**	9
Capital expenditure – intangible assets			**(881)**	(1 147)
Acquisition of residual rights – AZ Anaesthetics	J#		**(5 202)**	—
Proceeds received on the sale of intangible assets			**62**	832
Acquisition of subsidiaries and businesses	G#		**(152)**	(9 428)
Disposal of subsidiary			**—**	45
Investment in joint venture			**—**	(52)
Proceeds received from/(investment in) other non-current assets			**50**	(291)
Payment of deferred fixed and contingent consideration relating to prior year business acquisitions			**(4 599)**	(192)
Proceeds on the sale of assets classified as held-for-sale			**37**	91
Cash used in/from investing activities			**(12 813)**	(11 617)
Cash flows from financing activities				
Net proceeds from borrowings			**7 690**	6 219
Dividends paid			**(1 313)**	(1 230)
Treasury shares purchased			**(44)**	(33)
Cash generated from financing activities			**6 333**	4 956
Movement in cash and cash equivalents before currency translation movements			**537**	(174)
Currency translation movements			**389**	(526)
Movement in cash and cash equivalents			**926**	(700)
Cash and cash equivalents at the beginning of the year			**7 188**	7 888
Cash and cash equivalents at the end of the year			**8 114**	7 188
Operating cash flow per share (cents)		8	**1 537,3**	1 421,4
Reconciliation of cash and cash equivalents				
Cash and cash equivalents per the statement of financial position			**11 170**	10 707
Less: bank overdrafts			**(3 056)**	(3 519)
			8 114	7 188

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 2018

	2018				
	Therapeutic Focused Brands R'million	Other Pharmaceuticals R'million	Total Pharmaceuticals R'million	Nutritionals R'million	Total R'million
Revenue	18 934	20 571	39 505	3 091	42 596
Cost of sales	(7 946)	(11 348)	(19 294)	(1 697)	(20 991)
Gross profit	10 988	9 223	20 211	1 394	21 605
Selling and distribution expenses			(6 578)	(882)	(7 460)
Contribution profit			13 633	512	14 145
Administrative expenses					(3 103)
Net other operating income					249
Depreciation					740
Normalised EBITDA					12 031
Adjusted for:					
Depreciation					(740)
Amortisation					(632)
Loss on sale of assets					(4)
Impairment of assets					(872)
Reversal of impairment					130
Restructuring costs					(199)
Transaction costs					(160)
Product litigation costs					(317)
Operating profit					9 237
Gross profit (%)	58,0	44,8	51,2	45,1	50,7
Selling and distribution expenses (%)			16,7	28,5	17,5
Contribution profit (%)			34,5	16,6	33,2
Administrative expenses (%)					7,3

Normalised EBITDA (%)					**28,2**

	2017				
	Therapeutic Focused Brands R'million	Other Pharmaceuticals R'million	Total Pharmaceuticals R'million	Nutritionals R'million	Total R'million
Revenue	17 417	20 572	37 989	3 224	41 213
Cost of sales	(8 438)	(11 047)	(19 485)	(1 832)	(21 317)
Gross profit	8 979	9 525	18 504	1 392	19 896
Selling and distribution expenses			(5 880)	(840)	(6 720)
Contribution profit			12 624	552	13 176
Administrative expenses					(2 780)
Net other operating income					320
Depreciation					700
Normalised EBITDA					11 416
Adjusted for:					
Depreciation					(700)
Amortisation					(567)
Loss on sale of assets					(196)
Impairment of assets					(726)
Reversal of Impairment					4
Restructuring costs					(494)
Transaction costs					(208)
Product litigation costs					(208)
Operating profit					8 321
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

	% Change				
	Therapeutic Focused Brands	**Other Pharmaceuticals**	**Total Pharmaceuticals**	**Nutritionals**	**Total**
Revenue	**9**	**0**	**4**	**(4)**	**3**
Cost of sales	**(6)**	**3**	**(1)**	**(7)**	**(2)**
Gross profit	**22**	**(3)**	**9**	**0**	**9**
Selling and distribution expenses			**12**	**5**	**11**
Contribution profit			**8**	**(7)**	**7**
Administrative expenses					**12**
Net other operating income					**(22)**
Depreciation					**6**
Normalised EBITDA					**5**

Summarised Group revenue segmental analysis

for the year ended 30 June 2018

	2018 R'million	2017 R'million	Change %
Commercial Pharmaceuticals by customer geography	**33 270**	31 437	6
Sub-saharan Africa	**8 127**	7 459	9
Developed Europe	**7 434**	6 817	9
Australasia	**4 816**	4 799	0
Latin America	**2 929**	2 722	8
Developing Europe & CIS	**2 780**	2 589	7
China	**2 415**	1 753	38
Japan	**1 930**	1 932	0
Other Asia	**1 401**	1 206	16
MENA	**877**	1 117	(21)
USA & Canada	**561**	1 043	(46)
Manufacturing revenue by geography of manufacture			
Manufacturing revenue – finished dose form	**1 644**	2 141	(23)
Developed Europe	**636**	638	0
Sub-Saharan Africa	**532**	1 031	(48)
Australasia	**464**	472	(2)
Latin America	**12**	—	100
Manufacturing revenue – active pharmaceutical ingredients	**4 591**	4 411	4
Developed Europe	**4 259**	3 976	7
Sub-Saharan Africa	**332**	435	(24)
Total Manufacturing revenue	**6 235**	6 552	(5)
Total Pharmaceuticals	**39 505**	37 989	4
Nutritionals by customer geography	**3 091**	3 224	(4)
Latin America	**1 290**	1 462	(12)
Sub-saharan Africa	**1 017**	967	5
Australasia	**715**	795	(10)
China	**65**	—	100
MENA	**4**	—	100
Total revenue	**42 596**	41 213	3
Summary of regions			
Developed Europe	**12 329**	11 431	8
Sub-saharan Africa	**10 008**	9 892	1
Australasia	**5 995**	6 066	(1)
Latin America	**4 231**	4 184	1
Developing Europe & CIS	**2 780**	2 589	7
China	**2 480**	1 753	41
Japan	**1 930**	1 932	0
Other Asia	**1 401**	1 206	16
MENA	**881**	1 117	(21)
USA & Canada	**561**	1 043	(46)
Total revenue	**42 596**	41 213	3

Commercial Pharmaceuticals therapeutic area analysis

2018	Anaesthetics Brands R'million	Thrombosis Brands R'million	High Potency & Cytotoxic Brands R'million	Therapeutic Focused Brands R'million	Regional Brands R'million	Total R'million
By customer geography						
Commercial Pharmaceuticals						
Sub-saharan Africa	**143**	**9**	**99**	**251**	**7 876**	**8 127**
Developed Europe	**2 170**	**3 471**	**1 417**	**7 058**	**376**	**7 434**
Australasia	**713**	**21**	**477**	**1 211**	**3 605**	**4 816**
Latin America	**762**	**71**	**790**	**1 623**	**1 306**	**2 929**
Developing Europe & CIS	**434**	**1 876**	**406**	**2 716**	**64**	**2 780**
China	**1 779**	**616**	**20**	**2 415**	**—**	**2 415**
Japan	**1 213**	**48**	**372**	**1 633**	**297**	**1 930**
Other Asia	**658**	**151**	**262**	**1 071**	**330**	**1 401**
MENA	**156**	**159**	**193**	**508**	**369**	**877**
USA & Canada	**304**	**8**	**136**	**448**	**113**	**561**
Total Commercial Pharmaceuticals	**8 332**	**6 430**	**4 172**	**18 934**	**14 336**	**33 270**

2017	Anaesthetics Brands R'million	Thrombosis Brands R'million	High Potency & Cytotoxic Brands R'million	Therapeutic Focused Brands R'million	Regional Brands R'million	Total R'million
By customer geography						
Commercial Pharmaceuticals						
Sub-saharan Africa	144	7	126	277	7 182	7 459
Developed Europe	1 700	3 168	1 472	6 340	477	6 817
Australasia	639	25	483	1 147	3 652	4 799
Latin America	605	92	838	1 535	1 187	2 722
Developing Europe & CIS	317	1 714	472	2 503	86	2 589
China	1 453	252	48	1 753	—	1 753
Japan	1 293	46	408	1 747	185	1 932
Other Asia	429	176	258	863	343	1 206
MENA	231	169	275	675	442	1 117
USA & Canada	254	16	307	577	466	1 043
Total commercial pharmaceuticals	7 065	5 665	4 687	17 417	14 020	31 437

Summarised Group revenue segmental analysis continued

for the year ended 30 June 2018

	% Change					
	Anaesthetics Brands %	Thrombosis Brands %	High Potency & Cytotoxic Brands %	Therapeutic Focused Brands %	Regional Brands %	Total %
By customer geography						
Commercial Pharmaceuticals						
Sub-saharan Africa	(1)	29	(21)	(9)	10	9
Developed Europe	28	10	(4)	11	(21)	9
Australasia	12	(16)	(1)	6	(1)	0
Latin America	26	(23)	(6)	6	10	8
Developing Europe & CIS	37	9	(14)	9	(26)	7
China	22	>100	(58)	38	0	38
Japan	(6)	4	(9)	(7)	61	0
Other Asia	53	(14)	2	24	(4)	16
MENA	(32)	(6)	(30)	(25)	(17)	(21)
USA & Canada	20	(50)	(56)	(22)	(76)	(46)
Total commercial pharmaceuticals	18	14	(11)	9	2	6

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Summarised Group supplementary information

for the year ended 30 June 2018

		2018 R'million	2017 R'million
A.	**Capital expenditure**		
	Incurred	**8 228**	2 631
	– Property, plant and equipment	**2 145**	1 484
	– Intangible assets	**6 083**	1 147
	Contracted	**1 812**	818
	– Property, plant and equipment	**1 786**	735
	– Intangible assets	**26**	83
	Authorised but not contracted for	**4 184**	5 967
	– Property, plant and equipment	**3 829**	5 573
	– Intangible assets	**355**	394
B.	**Operating profit has been arrived at after charging**		
	Depreciation of property, plant and equipment	**740**	700
	Amortisation of intangible assets	**632**	567
	Net impairment of tangible and intangible assets	**742**	723
	Impairment of tangible assets	**68**	275
	Impairment of intangible assets	**623**	448
	Impairment of assets classified as held-for-sale	**51**	—
	Loss on the sale of tangible and intangible assets	**4**	126
	Transaction costs	**160**	208
	Restructuring costs	**199**	494
	Product litigation costs	**317**	208
	Loss on sale of subsidiary	**—**	70
C.	**Investment income**		
	Interest received	**343**	287
D.	**Financing costs**		
	Interest paid	**(1 884)**	(1 818)
	Debt raising fees on acquisitions	**(209)**	(112)
	Net gains/(losses) on financial instruments	**88**	(237)
	Foreign exchange losses	**(16)**	(200)
	Fair value gains/(losses) on financial instruments	**104**	(37)
	Notional interest on financial instruments	**(408)**	(339)
	Foreign exchange gain on acquisitions	**178**	137
		(2 235)	(2 369)
E.	**Currency translation gains/(losses)**		
	Currency translation gains/(losses) 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 weaker closing Rand translation rate has increased the Group net asset value.	**2 372**	(3 521)
F.	**Guarantees to financial institutions**		
	Material guarantees given by Group companies for indebtedness of subsidiaries to financial institutions	**70 545**	55 119

Summarised Group supplementary information continued

for the year ended 30 June 2018

G. Acquisition of subsidiaries and business

June 2018

Alphamed business acquisition

With effect from 12 June 2018, Aspen Pharmacare acquired control of 100% of the share capital of Alphamed for a consideration of R164 million. The estimated post-acquisition operating profits is not material to the Group. Due to Alphamed being a standalone company, incorporating manufacturing and development operations, Aspen is accounting for its acquisition as a business combination. Due to the timing of the transaction Aspen has not yet completed the detailed exercise to identify and value the separately identifiable intangible assets acquired and thereafter the goodwill, if any, arising as a result of the transaction. This will be completed as part of the finalisation of the accounting for the acquisition. Legal ownership of the shares finally transferred to Aspen Pharmacare on 18 September 2018, after the transaction was ratified by the outgoing shareholders following approval of the transaction by the Reserve Bank of India.

	R'million
Fair value of assets and liabilities acquired	
Property, plant and equipment	85
Non-current financial receivables	1
Inventories	19
Receivables and prepayments	33
Cash and cash equivalents at acquisition	2
Non-current borrowings	(3)
Deferred tax liabilities	(3)
Trades and other payables	(41)
Current borrowings	(7)
Fair value of net assets	**86**
Goodwill	78
Cash and cash equivalents at acquisition	(2)
Consideration outstanding at year-end	(10)
Cash outflow on acquisition	**152**

June 2017

The business combinations set out below were finalised by December 2017. The cash flow movements for the business combinations were as follows:

	AstraZeneca anaesthetics portfolio R'million	Fraxiparine and Arixtra in China, Pakistan and India R'million	GSK anaesthetics portfolio R'million	Total R'million
Fair value of assets and liabilities acquired				
Intangible assets	11 062	731	4 387	16 180
Deferred tax liabilities	(331)	(22)	(132)	(485)
Fair value of net assets acquired	10 731	709	4 255	15 695
Goodwill acquired	331	22	132	485
Net gains from cash flow hedging in respect of business acquisition	—	(40)	(167)	(207)
Deferred and contingent consideration	(5 045)	—	(1 500)	(6 545)
Cash outflow on acquisition	**6 017**	**691**	**2 720**	**9 428**

H. Potential disputed manner – European commission

In May 2017, 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.

I. Potential disputed manner – UK competition markets authority

In October 2017 the UK Competition and Markets ("CMA") opened an investigation of Aspen in respect of alleged anti-competitive conduct and pricing pracrelation to the supply of fludrocortisone acetate 0,1mg tablets and dexamethasone 2mg tablets in the UK. The CMA has subsequently advised that it will not be proceeding with its investigation in relation to the dexamethasone 2mg tablets.

A high level of co-operation and diligence is being afforded to the investigation team by Aspen and its advisers.

The CMA's decision whether to formally open a case is only likely to be made by November 2018 after conclusion of its investigation.

The outcome of the CMA matter is unknown at this stage and therefore no liability has been raised in the statement of financial position.

J. Acquisition of residual rights relating to AZ anaesthetics portfolio

In the prior year Aspen Global Incorporated ("AGI") acquired the exclusive rights to commercialise the anaesthetics portfolio of AstraZeneca globally (excluding the USA) ("the AZ anaesthetics"). With effect from 1 November 2017, AGI acquired the remaining rights to the intellectual property and manufacturing know-how related to the AZ anaesthetics ("the Residual Rights"). The fair value of the residual rights capitalised to intangible assets in the year was R8 060 million and R5 202 million of consideration has been paid in the current year. The balance of R2 858 million included in other non-current and current liabilities, comprises the present value of future deferred fixed and performance-related milestone payments. Management has determined that this transaction should be treated as a business combination and not as an asset acquisition. Management evaluated whether the transaction resulted in the acquisition of inputs and processes that had the ability to create outputs in addition to those acquired in the previous year (treated as a business combination). Management came to the conclusion that no additional outputs, nor employees, were acquired and therefore treated this transaction as an asset acquisition rather than a business combination.

Additional Group financial information

for the year ended 30 June 2018

K. 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 2018. 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:

	2018 average rates	2017 average rates
EUR – Euro	**15,326**	14,840
AUD – Australia Dollar	**9,965**	10,261
USD – US Dollar	**12,856**	13,612
CNY – Chinese Yuan Renminbi	**1,975**	1,999
JPY – Japanese Yen	**0,116**	0,125
MXN – Mexican Peso	**0,686**	0,700
BRL – Brazilian Real	**3,867**	4,198
GBP – British Pound	**17,291**	17,271
CAD – Canadian Dollar	**10,126**	10,262
RUB – Russian Ruble	**0,218**	0,224
PLN – Polish Zloty	**3,620**	3,440

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.

Interest paid net of investment income

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.

	Reported June 2018 (At 2018 average rates) R'million	Reported June 2017 (At 2017 average rates) R'million	Change at reported exchange rates %	Illustrative constant exchange rates June 2017 (At 2018 average rates) R'million	Change at constant exchange rates %
Revenue	**42 596**	41 213	3	40 690	5
Gross profit	**21 605**	19 896	9	19 777	9
Normalised EBITDA	**12 031**	11 416	5	11 427	5
Operating profit	**9 237**	8 321	11	8 342	11
Normalised headline earnings	**7 325**	6 678	10	6 675	10
Earnings per share (cents)	**1 316,6**	1 123,4	17	1 116,2	18
Headline earnings per share (cents)	**1 468,8**	1 299,5	13	1 288,1	14
Normalised headline earnings per share (cents)	**1 604,9**	1 463,2	10	1 462,5	10

	Reported June 2018 (At 2018 average rates) %	Reported June 2017 (At 2017 average rates) %
Revenue Currency mix		
EUR – Euro	**27**	26
ZAR – South African Rand	**20**	20
AUD – Australia Dollar	**13**	14
USD – US Dollar	**7**	11
CNY – Chinese Yuan Renminbi	**6**	4
JPY – Japanese Yen	**5**	5
MXN – Mexican Peso	**3**	3
BRL – Brazilian Real	**3**	3
GBP – British Pound	**2**	2
CAD – Canadian Dollar	**1**	1
RUB – Russian Ruble	**1**	2
PLN – Polish Zloty	**1**	1
Other currencies	**11**	8
Total	**100**	100

Additional Group financial information continued

for the year ended 30 June 2018

Summarised Group segmental analysis

	Reported June 2018 (At 2018 average rates) R'million	Reported June 2017 (At 2017 average rates) R'million	Illustrative constant exchange rates June 2017 (At 2018 average rates) R'million	Change at constant exchange rates %
Commercial Pharmaceuticals by customer geography	**33 270**	31 437	30 947	8
Sub-saharan Africa	**8 127**	7 459	7 402	10
Developed Europe	**7 434**	6 817	6 941	7
Australasia	**4 816**	4 799	4 658	3
Latin America	**2 929**	2 722	2 577	14
Developing Europe & CIS	**2 780**	2 589	2 611	6
China	**2 415**	1 753	1 748	38
Japan	**1 930**	1 932	1 812	7
Other Asia	**1 401**	1 206	1 148	22
MENA	**877**	1 117	1 049	(16)
USA & Canada	**561**	1 043	1 001	(44)
Manufacturing revenue by geography of manufacture				
Manufacturing revenue – finished dose form	**1 644**	2 141	2 100	(22)
Developed Europe	**636**	638	667	(5)
Sub-saharan Africa	**532**	1 031	975	(45)
Australasia	**464**	472	458	1
Latin America	**12**	—	—	100
Manufacturing revenue – active pharmaceutical ingredients	**4 591**	4 411	4 480	2
Developed Europe	**4 259**	3 976	4 263	—
Sub-saharan Africa	**332**	435	217	53
Total manufacturing revenue	**6 235**	6 552	6 580	(5)
Total pharmaceuticals	**39 505**	37 989	37 527	5
Nutritionals by customer geography	**3 091**	3 224	3 163	(2)
Latin America	**1 290**	1 462	1 414	(9)
Sub-saharan Africa	**1 017**	967	977	4
Australasia	**715**	795	772	(7)
China	**65**	—	—	100
MENA	**4**	—	—	100
Total revenue	**42 596**	41 213	40 690	5
Summary of regions				
Developed Europe	**12 329**	11 431	11 871	4
Sub-saharan Africa	**10 008**	9 892	9 571	5
Australasia	**5 995**	6 066	5 888	2
Latin America	**4 231**	4 184	3 991	6
Developing Europe & CIS	**2 780**	2 589	2 611	6
Japan	**2 480**	1 753	1 748	42
China	**1 930**	1 932	1 812	7
Other Asia	**1 401**	1 206	1 148	22
MENA	**881**	1 117	1 049	(16)
USA & Canada	**561**	1 043	1 001	(44)
Total revenue	**42 596**	41 213	40 690	5

Summarised Group segmental analysis

Commercial pharmaceuticals therapeutic area analysis

Reported June 2018 (At 2018 average rates)

	Anaesthetic Brands R'million	Thrombosis Brands R'million	High Potency & Cytotoxic Brands R'million	Therapeutic Focused Brands R'million	Regional Brands R'million	Total R'million
By customer geography						
Commercial Pharmaceuticals						
Sub-saharan Africa	143	9	99	251	7 876	8 127
Developed Europe	2 170	3 471	1 417	7 058	376	7 434
Australasia	713	21	477	1 211	3 605	4 816
Latin America	762	71	790	1 623	1 306	2 929
Developing Europe & CIS	434	1 876	406	2 716	64	2 780
China	1 779	616	20	2 415	—	2 415
Japan	1 213	48	372	1 633	297	1 930
Other Asia	658	151	262	1 071	330	1 401
MENA	156	159	193	508	369	877
USA & Canada	304	8	136	448	113	561
Total Commercial Pharmaceuticals	8 332	6 430	4 172	18 934	14 336	33 270

Reported June 2017 (At 2017 average rates)

	Anaesthetic's Brands R'million	Thrombosis Brands R'million	High Potency & Cytotoxic Brands R'million	Therapeutic Focused Brands R'million	Regional Brands R'million	Total R'million
By customer geography						
Commercial Pharmaceuticals						
Sub-saharan Africa	144	7	126	277	7 182	7 459
Developed Europe	1 700	3 168	1 472	6 340	477	6 817
Australasia	639	25	483	1 147	3 652	4 799
Latin America	605	92	838	1 535	1 187	2 722
Developing Europe & CIS	317	1 714	472	2 503	86	2 589
China	1 453	252	48	1 753	—	1 753
Japan	1 293	46	408	1 747	185	1 932
Other Asia	429	176	258	863	343	1 206
MENA	231	169	275	675	442	1 117
USA & Canada	254	16	307	577	466	1 043
Total Commercial Pharmaceuticals	7 065	5 665	4 687	17 417	14 020	31 437

Additional Group financial information continued

for the year ended 30 June 2018

Summarised Group segmental analysis continued

Commercial pharmaceuticals therapeutic area analysis continued

Illustrative constant exchange rate June 2017 (June 2017 at 2018 average rates)

	Anaesthetic Brands R'million	Thrombosis Brands R'million	High Potency & Cytotoxic Brands R'million	Therapeutic Focused Brands R'million	Regional Brands R'million	Total R'million
By customer geography						
Commercial Pharmaceuticals						
Sub-saharan Africa	145	7	126	278	7 124	7 402
Developed Europe	1 732	3 204	1 529	6 465	476	6 941
Australasia	621	25	467	1 113	3 545	4 658
Latin America	571	87	803	1 461	1 116	2 577
Developing Europe & CIS	307	1 760	464	2 531	80	2 611
China	1 435	266	47	1 748	–	1 748
Japan	1 204	57	379	1 640	172	1 812
Other Asia	412	166	246	824	324	1 148
MENA	228	166	242	636	413	1 049
USA & Canada	251	15	293	559	442	1 001
Total Commercial Pharmaceuticals	6 906	5 753	4 596	17 255	13 692	30 947

% Change constant exchange rates

	Anaesthetic Brands %	Thrombosis Brands %	High Potency & Cytotoxic Brands %	Therapeutic Focused Brands %	Regional Brands %	Total %
By customer geography						
Commercial Pharmaceuticals						
Sub-saharan Africa	(1)	29	(21)	(10)	11	10
Developed Europe	25	8	(7)	9	(21)	7
Australasia	15	(16)	2	9	2	3
Latin America	33	(18)	(2)	11	17	14
Developing Europe & CIS	41	7	(13)	7	(20)	6
China	24	>100	(57)	38	0	38
Japan	1	(16)	(2)	0	73	7
Other Asia	60	(9)	7	30	2	22
MENA	(32)	(4)	(20)	(20)	(11)	(16)
USA & Canada	21	(47)	(54)	(20)	(74)	(44)
Total Commercial Pharmaceuticals	21	12	(9)	10	5	8

Three-year review

	10-year CAGR %	IFRS Year ended 30 June 2018 R'million	Year ended 30 June 2017 R'million	Year ended 30 June 2016 R'million
Group income statements				
Revenue	27	**42 596**	41 213	35 559
Gross profit	27	**21 605**	19 896	17 900
Normalised EBITDA		**12 031**	11 416	10 105
Total amortisation, depreciation and non-trading adjustments	37	**(2 794)**	(3 095)	(1 136)
Operating profit	24	**9 237**	8 321	8 969
Net financing costs	40	**(1 892)**	(2 082)	(2 866)
Profit before tax	22	**7 396**	6 252	6 121
Profit after tax	24	**6 011**	5 128	4 328
Group statements of financial position				
Assets				
Non-current assets				
Intangible assets		**72 163**	60 006	49 067
Property, plant and equipment		**11 368**	9 749	9 670
Goodwill		**6 126**	5 940	6 020
Deferred tax assets		**966**	987	1 093
Other non-current assets		**1 991**	1 548	1 288
Total non-current assets		**92 614**	78 230	67 138
Current assets				
Inventories		**14 496**	13 611	14 396
Trade and other receivables		**14 421**	13 592	11 729
Cash and cash equivalents		**11 170**	10 707	10 934
Total operating current assets		**40 087**	37 910	37 059
Assets classified as held-for-sale		**135**	200	87
Total current assets		**40 222**	38 110	37 146
Total assets		**132 836**	116 340	104 284
Equity and liabilities				
Ordinary shareholders' equity		**50 067**	43 111	42 508
Non-controlling interests		**28**	27	27
Total shareholders' equity		**50 095**	43 138	42 535
Non-current liabilities				
Borrowings		**46 725**	28 978	32 653
Other non-current financial liabilities		**5 594**	7 333	6 270
Deferred tax liabilities		**2 213**	2 085	1 753
Total non-current liabilities		**54 532**	38 396	40 676
Current liabilities				
Borrowings		**11 225**	18 860	10 975
Trade and other payables		**10 414**	10 257	8 184
Other current financial liabilities		**6 570**	5 689	1 914
Total current liabilities		**28 209**	34 806	21 073
Total equity and liabilities		**132 836**	116 340	104 284

Additional Group financial information continued

for the year ended 30 June 2018

Three-year review continued

		10-year CAGR %	**Year ended 30 June 2018 R'million**	Year ended 30 June 2017 R'million	Year ended 30 June 2016 R'million
Group statements of cash flows					
Cash operating profit		25	**11 907**	10 817	9 794
Working capital movements		16	**(1 579)**	(915)	(3 381)
Cash generated from operations		27	**10 328**	9 902	6 413
Net financing costs paid			**(2 077)**	(2 200)	(1 993)
Tax paid		26	**(1 495)**	(1 502)	(1 505)
Cash generated from operating activities			**7 017**	6 487	3 225
Cash (used in)/generated from investing activities			**(12 813)**	(11 617)	1 063
Cash generated from/(used in) financing activities			**6 333**	4 956	(3 123)
Translation effects on cash and cash equivalents of foreign operations			**389**	(526)	(136)
Movement in cash and cash equivalents			**926**	(700)	1 029
Cash and cash equivalents at the beginning of the year			**7 188**	7 888	6 859
Cash and cash equivalents at the end of the year			**8 114**	7 188	7 888
Share performance					
Earnings per share	cents	20	**1 316,6**	1 123,4	945,4
Diluted earnings per share	cents	21	**1 316,6**	1 123,4	945,2
Headline earnings per share	cents	21	**1 468,8**	1 299,5	889,0
Diluted headline earnings per share	cents	22	**1 468,8**	1 299,5	888,8
Normalised headline earnings per share	cents	23	**1 604,9**	1 463,2	1 263,7
Diluted normalised headline earnings per share	cents	23	**1 604,9**	1 463,2	1 263,4
Capital distribution/dividend per share	cents	17	**287,0**	248,0	216,0
Net asset value per share	cents	33	**10 980,3**	9 453,7	9 320,5
Operating cash flow per share	cents	22	**1 537,3**	1 421,4	706,7
Share information					
Number of shares in issue – at year-end	million		**456,5**	456,4	456,4
Number of shares in issue (net of treasury shares) – at year-end	million		**456,0**	456,0	456,1
Weighted number of shares in issue	million		**456,5**	456,4	456,4
Diluted weighted number of shares in issue	million		**456,5**	456,4	456,5
Market capitalisation at year-end	R'billion	25	**117,9**	130,9	165,3

	10-year CAGR %	**Year ended 30 June 2018**	Year ended 30 June 2017	Year ended 30 June 2016
JSE statistics				
Number of shares traded	million	**324,1**	410,0	268,8
Number of shares traded as % of weighted average number of shares	%	**71,0**	89,8	58,9
Market price per share				
– year-end	cents	**25 822**	28 710	36 228
– highest	cents	**32 759**	38 849	37 824
– lowest	cents	**22 987**	25 564	23 802
Key market performance ratios				
Earnings yield	%	**6,2**	5,1	3,5
Price:earnings ratio	times	**16,1**	19,6	28,7
Business performance				
Profitability – measures financial performance of the Group				
Return on ordinary shareholders' equity	%	**12,2**	12,2	10,6
Return on total assets	%	**10,3**	11,5	11,1
Return on net assets	%	**15,1**	14,9	14,8
Revenue growth	%	**3,4**	15,9	(1,6)
Gross margin	%	**50,7**	48,3	50,3
Normalised EBITDA margin	%	**28,2**	27,7	28,4
Effective tax rate	%	**18,7**	18,0	29,3
Liquidity – measures the Group's ability to meet its maturing obligations and unexpected cash needs in the short term				
Current ratio	times	**1,4**	1,1	1,8
Quick ratio	times	**0,9**	0,7	1,1
Cash ratio	times	**0,4**	0,3	0,6
Working capital as % of revenue	%	**42,6**	49,9	49,9
Debt indicators – measures the Group's ability to meet capital and interest payments over the long term				
Net borrowings	R'million	**46 780**	37 131	32 694
Leverage ratio	times	**3,78**	3,25	3,31
Net interest cover	times	**6,4**	5,8	6,1
Gearing ratio	%	**48**	47	44

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

Additional Group financial information continued

for the year ended 30 June 2018

Definitions and formulas

Cash ratio

$$\frac{\text{Cash and cash equivalents}}{\text{Current liabilities (excluding liabilities associated with assets held-for-sale) – bank overdrafts}}$$

Current ratio

$$\frac{\text{Current assets (excluding assets classified as held-for-sale)}}{\text{Current liabilities (excluding liabilities associated with assets held-for-sale)}}$$

Earnings yield (%)

$$\frac{\text{Normalised headline earnings per share}}{\text{Market price per share at year-end}}$$

EBITDA growth (%)

$$\frac{\text{Normalised EBITDA (current year) – Normalised EBITDA (prior year)}}{\text{Normalised EBITDA (prior year)}}$$

Effective tax rate (%)

$$\frac{\text{Tax}}{\text{Profit before tax}}$$

Gearing ratio (%)

$$\frac{\text{Net borrowings}}{\text{Total shareholders' equity – non-controlling interests + total debt (net of cash)}}$$

Gross margin (%)

$$\frac{\text{Gross profit}}{\text{Revenue}}$$

Leverage ratio^

$$\frac{\text{Net debt\^{}}}{\text{Normalised EBITDA\^{}}}$$

^Calculated in accordance of the Group's long-term debt agreements.

Market capitalisation

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

Net asset value per share (cents)

$$\frac{\text{Ordinary shareholders' equity}}{\text{Number of shares in issue (net of treasury shares)}}$$

Net borrowings

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

Net interest cover (times)

$$\frac{\text{Operating profit before amortisation}}{\text{Interest paid – interest received (excluding capital raising fees)}}$$

Normalised EBITDA

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.

Normalised EBITDA margin (%)

$$\frac{\text{Normalised EBITDA}}{\text{Revenue}}$$

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, net monetary adjustments and currency devaluations relating to hyperinflationary economies and significant once-off tax provision charges or credits arising from the resolution of prior year matters

Operating cash flow per share (cents)

$$\frac{\text{Cash generated from operating activities}}{\text{Weighted number of shares in issue}}$$

Price:earnings ratio

$$\frac{\text{Market price per share at year-end}}{\text{Normalised headline earnings per share}}$$

Quick ratio

$$\frac{\text{Current assets (excluding assets classified as held-for-sale) – inventories}}{\text{Current liabilities (excluding liabilities associated with assets held-for-sale)}}$$

Return on net assets (%)

$$\frac{\text{Profit before tax}}{\text{Total weighted average assets – total weighted average liabilities}}$$

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 (%)

$$\frac{\text{Normalised EBITDA}}{\text{Total weighted average assets (excluding cash and cash equivalents)}}$$

Revenue growth (%)

$$\frac{\text{Revenue (current year) – revenue (prior year)}}{\text{Revenue (Prior year)}}$$

Working capital as % of revenue

$$\frac{\text{Inventories + trade and other receivables – trade and other payables}}{\text{Annualised net revenue}}$$

Unaudited share statistics

Analysis of shareholders at 30 June 2018

	Number of shareholders	% of shareholders	Number of shares	% of total shareholding
Ordinary shares				
Size of holding				
1 – 2 500	44 066	91,8%	17 140 221	3,8
2 501 – 12 500	2 612	5,4%	13 731 519	3,0
12 501 – 25 000	447	0,9%	8 029 069	1,7
25 001 – 50 000	305	0,7%	10 808 462	2,4
50 001 and over	566	1,2%	406 742 270	89,1
	47 996	100,0%	456 451 541	100,0

Major shareholders

Institutional shareholders

According to the register of shareholders at 30 June 2018, the following are the top 10 registered institutional shareholders:

	Number of shares	% of total shareholding
Institutional shareholder		
Public Investment Corporation	43 561 029	9,5
Coronation Asset Management (Pty) Ltd	24 406 749	5,4
Harding Loevner LLC	22 820 150	5,0
BlackRock Inc	16 879 849	3,7
Foord Asset Management	16 247 596	3,6
The Vanguard Group Inc	15 588 311	3,4
Investec Asset Management	13 444 613	2,9
Sanlam Investment Management	11 829 488	2,6
Investec Securities (Pty) Limited	10 936 708	2,4
GIC Asset Management Pte Ltd	10 820 296	2,4
	186 534 789	40,9

Top 10 beneficial shareholders

According to the register of shareholders at 30 June 2018, the following are the top 10 registered beneficial shareholders. The shareholdings of all directors are disclosed on pages 117 and 118 of the Remuneration Report.

	Number of shares	% of total shareholding
Shareholder		
Government Employees Pension Fund	55 735 872	12,2
Saad, SB	55 366 536	12,1
Attridge, MG	18 889 890	4,1
Government of Singapore Investment Corporation	10 921 808	2,4
Ceppwawu Investments (Pty) Ltd	10 053 368	2,2
Alexander Forbes Investments	9 773 074	2,2
Harding Loevner International Equity Fund	6 673 552	1,5
Saudi Arabian Monetary Agency	6 426 996	1,4
Vanguard Emerging Markets Stock Index Fund	6 392 372	1,4
Old Mutual Life Assurance Co Ltd	6 306 897	1,4
	186 540 365	40,9

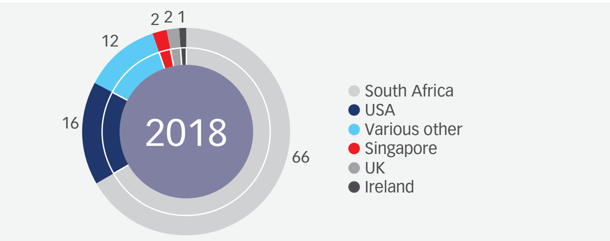
Shareholders' spread

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 2018 was as follows:

	Number of shareholders	Number of shares	% of total shareholding
Non-public shareholders	**13**	**130 280 488**	**28,5**
Directors of the Company and directors of material subsidiaries	11	74 432 744	16,3
Government Employees Pension Fund	1	55 366 536	12,1
Employee share trusts – treasury shares	1	481 208	0,1
Public shareholders	**47 983**	**326 171 053**	**71,5**
Total shareholdings	**47 996**	**456 451 541**	**100,0**

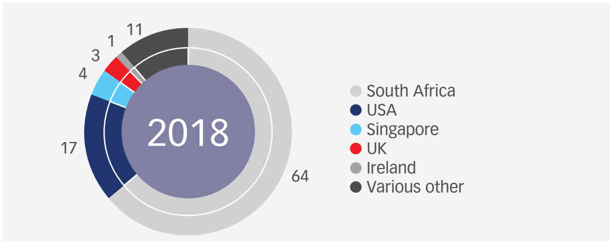
Beneficial shareholders – country

(%)



Institutional shareholders – country

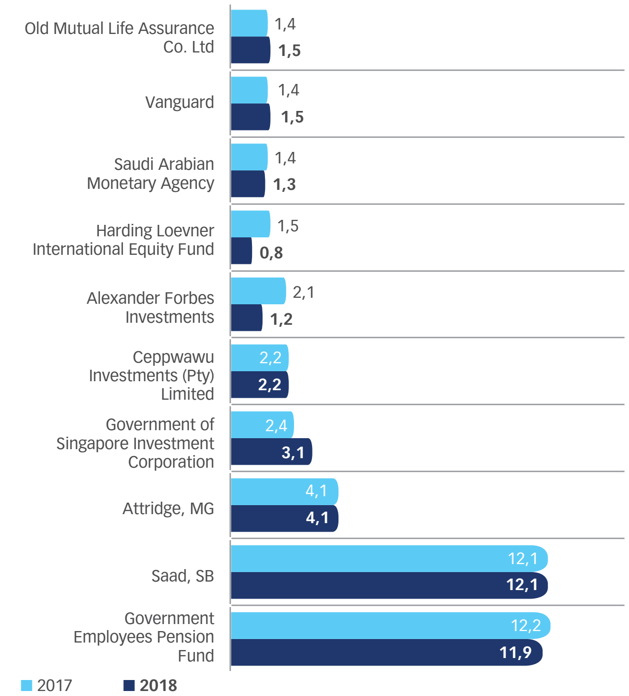
(%)



The geographical split of Beneficial and Institutional Shareholders above is based on shareholders who own more that 25 000 Aspen shares.

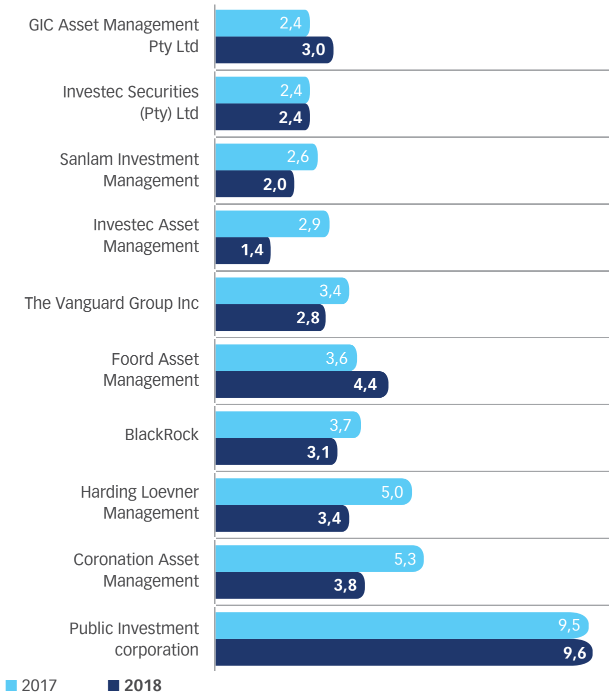
Top 10 beneficial shareholders

(% 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.

celebrating 20 years

Shareholders' diary

Financial year-end	30 June 2018
Dividend paid to shareholders	8 October 2018
Annual general meeting	6 December 2018

Reports and Group results announcement for the 2019 financial year

Interim results for the 6 months ended 31 December 2018	March 2019
Provisional results for the year	September 2019
Integrated Report and Annual Financial Statements	October 2019

Administration

Company Secretary & Group Governance Officer
Riaan Verster
BProc, LLB, LLM (Labour Law)

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Abbreviations of pharmaceutical regulatory authorities and acronyms (manufacturing capabilities)

AIFA	Italian Medicines Agency
ANDA	Abbreviated new drug application
ANSM	French National Agency for Medicinal and Health Product Safety
ANVISA	Brazilian National Health Surveillance Agency
ASN	Nuclear Safety Authority for E-beam
CFDA	China Food and Drug Administration
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
EMA	European Medicines Agency
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
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	New drug application
UNDA	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
Russian MoIT	Ministry of Industry and Trade of the Russian Federation
SANAS	South African National Accreditation System
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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