

Specific repurchase of treasury shares

BACKGROUND

Pharmacare Ltd acquired various tranches of Aspen shares in July 2004 and June 2005 and held approximately 10% (38 931 499 shares) of the issued share capital in Aspen ("treasury shares"). These shares were acquired by Aspen following the granting of special resolution number 2 at the annual general meeting held on 27 November 2008. In terms of the capitalisation award to shareholders in October 2008, Pharmacare Ltd received 681 301 shares which were not taken into account in the repurchase of 38 931 499 shares. In order to reduce the number of treasury shares held to zero, the Board has resolved that Aspen should purchase the treasury shares derived from the capitalisation award from Pharmacare Ltd. The treasury shares will, following their purchase, be cancelled as issued shares and restored to the status of authorised shares. The cancellation of the treasury shares following their purchase will not place Aspen in breach of the spread regulations of JSE Ltd.

SPECIFIC REPURCHASE

The specific repurchase will be performed at a price of R62,50 per Aspen ordinary share, being the closing share price for Aspen on 22 October 2009. The specific repurchase will have no financial effect on Aspen or its shareholders other than in respect of transaction costs that are normally incurred in transactions of this nature, namely securities transfer tax, brokers' fees, JSE Ltd inspection fees and STRATE settlement fee. As this repurchase is intra-group there will be no cash outflow from the Group for the specific repurchase. Application will be made to JSE Ltd for the delisting of the treasury shares once they have been repurchased and the special resolution relating thereto has been registered with the Registrar of Companies. In terms of the Listings Requirements of JSE Ltd and the provisions of the Companies Act, Pharmacare Ltd will be excluded from voting on the special resolution of shareholders required to authorise this specific repurchase.

ADEQUACY OF CAPITAL

The directors of Aspen have considered the impact of the specific repurchase and are of the opinion that the:

- > Company and the Group will be able in the ordinary course of business to pay its debt for a period of 12 months after the date of approval of the special resolution;

- > assets of the Company and the Group will be in excess of the liabilities of the Company and the Group for a period of 12 months after the date of the approval of the special resolution. For this purpose the assets and liabilities were recognised and measured in accordance with the accounting policies used in the audited annual financial statements of the Group;
- > share capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the approval of the special resolution; and
- > working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the approval of the special resolution.

MATERIAL CHANGE

There has been no material change in the financial position of Aspen since the publication of the preliminary financial statements for the year ended 30 June 2009, other than disclosed under post-year-end events.

SHARE CAPITAL

The table below sets out the issued and authorised issued share capital of Aspen before and after the specific repurchase.

	R'million
Authorised	
700 000 000 ordinary shares with a par value of 13,90607 cents each	97,3
Issued – before the specific repurchase	
362 413 472* ordinary shares with a par value of 13,90607 cents each	50,4
Issued – after the specific repurchase	
361 732 171 ordinary shares with a par value of 13,90607 cents each	50,3

*Number of shares in issue at the date of approval of this annual report.

FINANCIAL EFFECTS

The repurchase of treasury shares will not have any effect on headline earnings per share and net asset value per share.

The repurchase of treasury shares will be effected from within the Group.

