UNAUDITED RESULTS

FOR THE 6 MONTHS ENDED 30 JUNE 2009

Fourth largest pharmaceutical company by value
Fastest growing pharmaceutical company (EV 121,7)
Cipla Medpro division revenue up 24%
PBIT increases 8% to R117,3 million
HEPS up 8% to 15,6 cents
Normalised HEPS up 29% to 15,3 cents

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	6 months ended 30 June 2009 Unaudited R'000	6 months ended 30 June 2008 Unaudited R'000	Year ended 31 December 2008 Audited R'000
Revenue	**555 365**	463 433	994 892
Gross profit	**257 868**	223 116	493 339
Other income	**5 703**	3 602	7 256
Other operating expenses	**(146 257)**	(118 289)	(273 075)
Profit before finance costs and income tax	**117 314**	108 429	227 520
Finance costs	**(18 561)**	(19 781)	(64 897)
Finance income	**3 357**	11 449	30 024
Profit before income tax	**102 110**	100 097	192 647
Income tax expense	**(33 008)**	(35 061)	(62 593)
Profit for the period	**69 102**	65 036	130 054
Profit attributable to:			
Equity holders of the parent	**68 576**	64 622	128 679
Non-controlling interest	**526**	414	1 375
Profit for the period	**69 102**	65 036	130 054
Other comprehensive income for the period (net of income tax)	**–**	–	–
Total comprehensive income for the period	**69 102**	65 036	130 054
Total comprehensive income attributable to:			
Equity holders of the parent	**68 576**	64 622	128 679
Non-controlling interest	**526**	414	1 375
Total comprehensive income for the period	**69 102**	65 036	130 054
Number of shares ('000)			
Weighted average (basic)	**440 015**	439 550	439 784
Weighted average (diluted)	**440 706**	439 909	439 974
Earnings per share (cents)			
Basic	**15,6**	14,7	29,3
Diluted	**15,6**	14,7	29,2
Reconciliation of headline earnings			
Profit attributable to ordinary shareholders	**68 576**	64 622	128 679
Adjusted for:	**(3)**	(1 130)	(657)
(Gain) loss on disposals of property, plant and equipment	**(4)**	213	172
Gain on disposals of intangible assets	**–**	(1 087)	(1 087)
(Gain) loss on disposals of discontinued operations	**–**	(440)	151
Total tax effects of adjustments	**1**	184	107
Headline earnings	**68 573**	63 492	128 022
Headline earnings per share (cents)			
Basic	**15,6**	14,4	29,1
Diluted	**15,6**	14,4	29,1

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	30 June 2009 Unaudited R'000	30 June 2008 Unaudited R'000	31 December 2008 Audited R'000
ASSETS			
Non-current assets	**1 770 538**	1 578 337	1 697 023
Property, plant and equipment	**341 190**	196 424	287 174
Intangible assets	**1 415 153**	1 374 610	1 402 745
Other investments	**4**	7	4
Deferred tax assets	**14 191**	7 296	7 100
Current assets	**479 422**	470 953	458 272
Inventories	**200 901**	119 390	190 542
Income tax receivable	**1 135**	1 117	1 135
Trade and other receivables	**261 228**	197 589	222 839
Loans receivable	**3 824**	2 682	3 505
Cash and cash equivalents	**12 334**	150 175	40 251
Total assets	**2 249 960**	2 049 290	2 155 295
EQUITY AND LIABILITIES			
Capital and reserves	**1 474 877**	1 336 734	1 404 284
Non-controlling interest	**2 166**	566	1 640
Total equity	**1 477 043**	1 337 300	1 405 924
Non-current liabilities	**341 389**	378 377	346 818
Loans and borrowings	**335 485**	369 843	345 024
Deferred tax liabilities	**5 904**	8 534	1 794
Current liabilities	**431 528**	333 613	402 553
Bank overdraft	**36 256**	–	8 542
Loans and borrowings	**5 946**	992	1 926
Income tax payable	**48 181**	57 613	15 298
Trade and other payables	**341 145**	275 008	376 787
Total liabilities	**772 917**	711 990	749 371
Total equity and liabilities	**2 249 960**	2 049 290	2 155 295

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	6 months ended 30 June 2009 Unaudited R'000	6 months ended 30 June 2008 Unaudited R'000	Year ended 31 December 2008 Audited R'000
Cash flows from operating activities	**1 894**	114 608	142 503
Cash flows from investing activities	**(52 006)**	(47 564)	(170 380)
Cash flows from financing activities	**(5 519)**	(76 518)	(100 063)
Net decrease in cash and cash equivalents	**(55 631)**	(9 474)	(127 940)
Cash and cash equivalents at beginning of the period	**31 709**	159 649	159 649
Cash and cash equivalents at end of the period	**(23 922)**	150 175	31 709

CONDENSED CONSOLIDATED SEGMENTAL REPORT

	6 months ended 30 June 2009 Unaudited R'000	6 months ended 30 June 2008 Unaudited R'000	Year ended 31 December 2008 Audited R'000
Segment revenue			
Cipla Medpro	**543 929**	437 754	937 385
CMM	**11 436**	25 679	57 507
Head office	**–**	–	–
Total	**555 365**	463 433	994 892
Segment result			
Cipla Medpro	**143 662**	126 880	255 106
CMM	**(20 644)**	(15 971)	(15 335)
Head office	**(5 704)**	(2 480)	(12 251)
Total	**117 314**	108 429	227 520

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent						
	Share capital R'000	Share premium R'000	Treasury shares R'000	Retained income R'000	Total R'000	Non-controlling interest R'000	Total equity R'000
Balance at 1 January 2008	443	1 019 296	(8 707)	259 190	1 270 222	152	1 270 374
Total comprehensive income for the year	–	–	–	128 679	128 679	1 375	130 054
Shares issued from Share Incentive Trust	–	–	737	–	737	–	737
IFRS 2 Share-based Payments	–	–	–	4 646	4 646	–	4 646
Acquisition of non-controlling interest	–	–	–	–	–	113	113
Balance at 1 January 2009	**443**	**1 019 296**	**(7 970)**	**392 515**	**1 404 284**	**1 640**	**1 405 924**
Total comprehensive income for the period	**–**	**–**	**–**	**68 576**	**68 576**	**526**	**69 102**
IFRS 2 Share-based Payments	**–**	**–**	**–**	**2 017**	**2 017**	**–**	**2 017**
Balance at 30 June 2009	**443**	**1 019 296**	**(7 970)**	**463 108**	**1 474 877**	**2 166**	**1 477 043**

CORPORATE INFORMATION

Non-executive directors	PCS Luthuli (Chairman); Dr GS Mahlati; MT Mosweu; MB Caga; ND Mokone
Executive directors	JS Smith (Chief Executive Officer); C Aucamp (Chief Financial Officer)
Company secretary	MW Daly
Registration number	2002/018027/06
JSE code	CMP
ISIN	ZAE000128179
Registered address	1474 South Coast Road, Mobeni, KwaZulu-Natal, 4052
Postal address	PO Box 32003, Mobeni, 4060
Transfer secretaries	Computershare Investor Services (Proprietary) Limited
Telephone	+27 31 451 3800
Facsimile	+27 31 451 3889
Sponsor	Nedbank Capital
Auditors	Mazars Moores Rowland
Legal advisors	Deneys Reitz Incorporated
Website	www.ciplamedsa.co.za

COMMENTARY

FINANCIAL PERFORMANCE

The Cipla Medpro division succeeded in growing revenues by 24,3%, and PBIT by 14,1%. This growth was achieved under trying circumstances given the fact that the focus of management was diverted to dealing with the Adcock bid process. Furthermore, the uncertainty and concern experienced by staff and customers cannot be underestimated.

Despite the above, Cipla Medpro achieved the highest Evolution Index (121,7) (June 2009 IMS) of the top 10 pharmaceutical companies in South Africa.

The SEP increase came into effect in February 2009, but the positive effect was only felt in April 2009 due to stock piling that took place prior to the increase.

The Adcock offer placed restrictions on the business as a whole, and had a negative impact on the manufacturing division, which was unable to negotiate and conclude contracts with third parties due to the uncertainty. Furthermore, discussions to consolidate our business for the future had to be put on hold.

The group achieved growth despite the economic recession and the costs incurred in the Adcock bid. Revenues grew by 19,8% to R555,4 million (2008: R463,4 million) mainly attributable to the volume growth achieved in the Cipla Medpro division.

The gross margin declined slightly to 46,4% (2008: 48,1%). This decrease in margin is mainly attributable to the adverse exchange rate experienced, however the SEP increase negated some of the unfavourable exchange rate impact.

Profit before financing costs and income tax (PBIT) for the period is R117,3 million (2008: R108,4 million), an increase of 8,2%. The operating profit includes exchange rate gains of R5,5 million (2008: loss of R5,6 million).

The net finance costs increased to R15,2 million (2008: R8,3 million) mainly due to the movement on interest rate swaps of R12,4 million and the use of overdraft facilities during the period. Finance income of R3,4 million (2008: R11,4 million) includes swap settlements of R2,8 million (2008: R4,7 million).

After an improvement in the effective tax rate to 32,3% (2008: 35,0%), a profit after tax for the period of R69,1 million (2008: R65,0 million) was achieved, resulting in basic and fully diluted EPS of 15,6 cents (2008: basic and fully diluted EPS of 14,7 cents), an increase of 6,1%. Basic and fully diluted HEPS increased 8,3% to 15,6 cents (2008: 14,4 cents).

Normalised EPS for the period, after adjusting for the full effect of the interest rate swap settlements, increased 26,4% to 15,3 cents (2008: 12,1 cents). Normalised HEPS for the period increased 28,6% to 15,3 cents (2008: 11,9 cents).

The reconciliation to headline earnings includes the following amounts:

- Gains on the disposal of property, plant and equipment in 2009 of R4 000 (2008: loss of R0,2 million);
- 2008 also included gains on the disposal of intangibles of R1,1 million and gains on the disposal of discontinued operations of R0,4 million (2009: no adjustments).

When the effects of cash on hand are excluded, interest-bearing borrowings increased to R377,7 million (2008: R370,8 million). At 30 June 2009 the group is overdrawn to the extent of R23,9 million, compared to a net cash surplus of R150,2 million at 30 June 2008 primarily due to the factory upgrade and working capital requirements.

Cash flows generated from operating activities, due to working capital requirements, are R1,9 million (2008: R114,6 million), while R52,0 million (2008: R47,6 million) was invested in the group, mainly in the upgraded facility. A net R5,5 million (2008: R76,5 million) was utilised to repay debt in the group.

BOARD OF DIRECTORS

With two executive directors and five non-executive directors the board remains stable and unchanged. The stability and experience of the board proved an invaluable asset in dealing with the unsolicited offer by Adcock.

OPERATIONAL REVIEW

Cipla Medpro Holdings (Pty) Limited (Cipla Medpro)

This business continues its growth and by June 2009 was ranked the fourth largest pharmaceutical company. While the Total Private Market in SA was growing at 15,0% (Rand value) by June 2009, Cipla Medpro's growth was 39,9% and its Evolution Index was 121,7, the highest of the top 10 pharmaceutical companies. The company's Total Private Market share by Rand value at June 2009 was 4,3%, and by units, 6,0%.

Cipla Medpro accounted for 100% of the group's profits, with revenues of R543,9 million (2008: R437,8 million) and PBIT of R143,7 million (2008: R126,0 million). Cipla Medpro's growth strategy remains focused on growing the Cipla brands (more than 90% are still growing despite certain brands being launched some fourteen (14) years ago), diversifying into allied businesses (small and large animal veterinary products, crop care – herbicides, insecticides etc.), being competitive in its generic low priced model and focussing on building its Over the Counter (OTC) business. Furthermore, Cipla Medpro embarked on an expansion programme into Africa and Europe. We are glad to announce an ongoing exciting programme for our exports department with partnerships that have already been cemented and some that are close to being concluded.

Cipla India continues to deliver on their promise of being the best partner possible. Our exclusive access to Cipla India's strong pipeline of products and dossiers has resulted in over 400 dossiers being made available to South Africa since 1996. Currently 167 dossiers await MCC registration, a further 63 are due for submission to the MCC, and Cipla India will be delivering an additional 39 dossiers in the next 12 months.

The animal health businesses, although small by comparison to the pharmaceutical business, continue to perform well. While subject to seasonal sales fluctuations on some lines, the Cipla Vet business (targeting small and companion animals) increased its market shares across all product lines, unlike many competitors. It boasts the market leading position in both the equine and dog deworming markets. The Cipla Agrimed business (targeting livestock and production animals) recorded a 40% year to date growth over the same period last year and 75% of its own brands marketed occupy top ten positions in their respective categories. Combined with further launches, growth is expected in the second half of the year.

Like the animal health businesses, the Cipla Agricare business (the new agrichemicals division launched early 2009) is also seasonal, so initial orders were low during the winter months. With 22 products registered, many of which are maize herbicides, this six month old business is expected to achieve the bulk of its first year targets during the latter half of 2009. Cipla Agricare currently has four dossiers awaiting registration and a further 17 on the way from Cipla for commencement of trials and the registration process.

Cipla Medpro Manufacturing (Pty) Limited (CMM)

As predicted, this division posted a loss before interest and tax of R20,6 million for the period under review. The manufacturing facility is currently producing some of the group's own products – Laxette, Pynmed, AlkaFizz, Gastrolyte and Abflex.

To date, third party manufacturing agreements have been concluded with two local companies. While the initial contract values are conservative we are optimistic that as these relationships grow, sales volumes will increase. More than that, CMM has tendered for a significant portion of the RT 289 Government tender.

STRATEGY FOR THE GROUP

Our unique product mix, an ever-expanding range within challenging disease categories and valuable markets, diversification into new categories, as well as consistent and swift product registrations ensures continued growth of the business.

The launch of a specialised oncology division is on track for early 2010.

BASIS OF PREPARATION OF THE UNAUDITED RESULTS

The interim consolidated financial statements consist of a statement of comprehensive income, statement of financial position, statement of changes in equity, condensed statement of cash flows and condensed segmental report for the period ended 30 June 2009.

The interim financial statements have been prepared in accordance with IAS 34: Interim Financial Reporting, and in accordance with the Companies Act in South Africa. The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those followed in the preparation of the group's annual financial statements for the year ended 31 December 2008.

DIVIDENDS

Currently all earnings generated by the group are utilised to repay debt, fund the remainder of the factory upgrade and fund growth opportunities.

PCS Luthuli
Chairman

JS Smith
Chief Executive Officer

20 August 2009