UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2012

Cipla Medpro SOUTH AFRICA LTD.

Revenue
28%
R1,1 billion

Normalised HEPS and EPS
31%
35 cents

- Revenue of R1,080 billion – increased by 28%
- Normalised HEPS and EPS of 35,0 cents – increased by 31%
- Third largest pharmaceutical company in South Africa, by value*
- Fastest growing, of the top 10 pharmaceutical companies in South Africa, by value*
- Interim dividend of 8,5 cents (2011: 6,5 cents) per share

Source: IMS June 2012

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 6 months ended 30 June 2012 R'000	Unaudited 6 months ended 30 June 2011 R'000	Audited Year ended 31 December 2011 R'000
Revenue	**1 079 786**	842 812	1 767 561
Gross profit	**579 140**	490 250	1 055 516
Other income	**1 017**	79 712	121 264
Other operating expenses	**(366 571)**	(268 647)	(725 705)
Profit before finance costs and income tax	**213 586**	301 315	451 075
Finance costs	**(36 084)**	(31 030)	(58 212)
Finance income	**1 209**	4 131	15 586
Profit before income tax	**178 711**	274 416	408 449
Income tax expense	**(52 740)**	(81 803)	(121 462)
Profit for the period	**125 971**	192 613	286 987
Profit attributable to:			
Equity holders of the parent	**122 160**	190 084	281 961
Non-controlling interest	**3 811**	2 529	5 026
Profit for the period	**125 971**	192 613	286 987
Other comprehensive income for the period (net of income tax)	**–**	–	–
Total comprehensive income for the period	**125 971**	192 613	286 987
Total comprehensive income attributable to:			
Equity holders of the parent	**122 160**	190 084	281 961
Non-controlling interest	**3 811**	2 529	5 026
Total comprehensive income for the period	**125 971**	192 613	286 987
Number of shares ('000)			
In issue (including treasury shares)	**446 462**	454 027	446 462
Weighted average (excluding treasury shares)			
Basic	**440 023**	447 587	446 945
Diluted	**444 721**	450 055	449 264
Earnings per share (cents)			
Basic	**27,8**	42,5	63,1
Diluted	**27,5**	42,2	62,8

RECONCILIATION OF HEADLINE EARNINGS

	Unaudited 6 months ended 30 June 2012 R'000	Unaudited 6 months ended 30 June 2011 R'000	Audited Year ended 31 December 2011 R'000
Profit attributable to equity holders of the parent	**122 160**	190 084	281 961
Adjusted for:	**–**	(64)	215
Gain on disposals of property, plant and equipment	**–**	(74)	(72)
Loss on disposal of joint venture	**–**	–	385
Total tax effects of adjustments	**–**	10	(98)
Headline earnings	**122 160**	190 020	282 176
Headline earnings per share (cents)			
Basic	**27,8**	42,5	63,1
Diluted	**27,5**	42,2	62,8

CONDENSED CONSOLIDATED SEGMENTAL REPORT

	Unaudited 6 months ended 30 June 2012 R'000	Unaudited 6 months ended 30 June 2011 R'000	Audited Year ended 31 December 2011 R'000
Segment revenue – external customers			
SEP	**791 388**	607 826	1 258 717
OTC	**220 533**	186 482	391 955
Other operating segments	**67 865**	48 504	116 889
Total	**1 079 786**	842 812	1 767 561
Segment result			
SEP	**161 903**	235 961	440 836
OTC	**35 287**	54 482	100 641
Other operating segments	**16 396**	10 872	26 857
Unallocated item – legal settlement#	**–**	–	(117 259)
Total	**213 586**	301 315	451 075

The unallocated item relates to the RBSA settlement.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 30 June 2012 R'000	Unaudited 30 June 2011 R'000	Audited 31 December 2011 R'000
ASSETS			
Non-current assets	**2 073 741**	1 974 426	2 050 278
Property, plant and equipment	**437 473**	435 049	444 457
Intangible assets	**1 565 193**	1 507 557	1 535 443
Other investments	**10**	6	8
Loans receivable	**3 191**	–	3 191
Deferred tax assets	**67 874**	31 814	67 179
Current assets	**952 279**	805 316	786 857
Inventory	**401 153**	317 370	414 907
Income tax receivable	**8 110**	926	1 312
Trade and other receivables	**451 987**	363 635	350 264
Loans receivable	**3 778**	7 891	3 881
Cash and cash equivalents	**87 251**	115 494	16 493
Total assets	**3 026 020**	2 779 742	2 837 135
EQUITY AND LIABILITIES			
Capital and reserves	**2 043 966**	1 940 403	1 954 087
Non-controlling interest	**14 605**	9 501	12 544
Total equity	**2 058 571**	1 949 904	1 966 631
Non-current liabilities	**337 906**	315 685	340 134
Loans, borrowings and provisions	**320 117**	296 999	325 344
Deferred tax liabilities	**17 789**	18 686	14 790
Current liabilities	**629 543**	514 153	530 370
Trade and other payables	**497 245**	398 688	342 136
Loans, borrowings and provisions	**51 114**	10 054	51 976
Income tax payable	**1 648**	29 118	29 295
Bank overdrafts	**79 536**	76 293	106 963
Total liabilities	**967 449**	829 838	870 504
Total equity and liabilities	**3 026 020**	2 779 742	2 837 135

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited 6 months ended 30 June 2012 R'000	Unaudited 6 months ended 30 June 2011 R'000	Audited Year ended 31 December 2011 R'000
Total equity at beginning of the period	**1 966 631**	1 784 868	1 784 868
Total comprehensive income for the period	**125 971**	192 613	286 987
Share buy-back	**–**	–	(49 983)
IFRS 2 Share-based Payments	**1 204**	165	1 455
Changes in ownership interest	**–**	–	1 407
Dividends paid	**(35 235)**	(27 742)	(58 103)
Total equity at end of the period	**2 058 571**	1 949 904	1 966 631
Comprising:			
Capital and reserves	**2 043 966**	1 940 403	1 954 087
Non-controlling interest	**14 605**	9 501	12 544
Total equity	**2 058 571**	1 949 904	1 966 631

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 6 months ended 30 June 2012 R'000	Unaudited 6 months ended 30 June 2011 R'000	Audited Year ended 31 December 2011 R'000
Cash flows from operating activities	**145 004**	147 905	112 008
Cash flows from investing activities	**(38 317)**	(59 127)	(107 021)
Cash flows from financing activities	**(8 502)**	(24 729)	(70 609)
Net increase (decrease) in cash and cash equivalents	**98 185**	64 049	(65 622)
Cash and cash equivalents at beginning of the period	**(90 470)**	(24 848)	(24 848)
Cash and cash equivalents at end of the period	**7 715**	39 201	(90 470)

COMMENTARY

OVERVIEW

We present our interim results for the period ended 30 June 2012. The delays in registration of our medicines continue to impact on the growth of our company. We do, however, feel that this situation will improve during the second half of 2012. The difficult trading conditions persist with a volatile and weakening exchange rate and the implementation of the negligible Single Exit Price (SEP) price increase on certain products. As a result of our continuing policy to take out forward exchange contracts (FECs) to limit our exposure to the USD currency, we recorded unrealised losses on the mark to market valuation (fair valuation) of FECs of R34,2 million (2011: unrealised gains of R28,6 million), as required by International Financial Reporting Standards (IFRS). As a result of the exchange rate and the change in our product mix our gross profit margin has decreased; however, our trading results still reflect significant improvements due to the increase in revenue of more than 28%.

As reported on SENS on 22 June 2012 and 29 June 2012, our 2011 provisional annual results were restated before the approval of our 2011 Integrated Annual Report, to account for the subsequent event relating to the Reckitt Benckiser South Africa (Pty) Ltd (RBSA) settlement.

REVIEW OF OPERATIONS

Cipla Medpro Holdings (Pty) Ltd (Cipla Medpro), a wholly owned subsidiary of Cipla Medpro South Africa Ltd (CMSA or the group), continues its growth and was ranked third largest pharmaceutical company by value for the 12 months to June 2012. Cipla Medpro had the highest Evolution Index (EV) of the top 10 pharmaceutical companies in South Africa for the 12 months to June 2012 (104,4) as well as the six months to June 2012 (107,9) *(IMS, June 2012).*

Cipla Medpro's share in the total private market was 5,1% for the 12 months to June 2012 and 5,2% for the six months to June 2012. The total private market grew by 9,6% for the 12 months to June 2012 and by 8,2% for the six months to June 2012. Cipla Medpro's performance again outstripped the market and grew by 14,4% for the 12 months to June 2012 and by 16,8% for the six months to June 2012 *(IMS, June 2012).*

We remain focussed on growing our over-the-counter (OTC) business and can already see gains from the strategies in place.

Our oncology division is up and running and an exciting space to be in for the future.

Our small animal (Cipla Vet) business grew by 10,1% to R12,0 million (2011: R10,9 million) and our large animal (Cipla Agrimed) business grew by 46,8% to R49,9 million (2011: R34,0 million).

Cipla Medpro was awarded R353 million (excluding VAT) in the respiratory products tender and expects a further R100 million from other tenders, excluding antiretroviral's (ARVs).

Turnover of the factory (CMM) continues to improve and an increase of more than 65% was recorded when compared to the corresponding comparative period. We are pleased to report that a profit before interest and tax (PBIT) has been recorded at CMM of R1,9 million for the first six months (2011: loss before interest and tax of R10,1 million), which is a significant improvement of R12,0 million. The improvement is mainly attributable to the increased and more stable uptake from the State on the ARV tender.

REVIEW OF RESULTS

Statement of comprehensive income

Actual earnings per share (EPS) and headline earnings per share (HEPS) have decreased by 34,6% to 27,8 cents (2011: 42,5 cents) as a result of the inclusion of the non-recurring settlement income in 2011 of R68,8 million (2012: Rnil), the unrealised FEC gains in 2011 of R28,6 million (2012: unrealised FEC losses of R34,2 million) and RBSA legal expenses and notional interest of R10,0 million in 2012 (2011: Rnil). These calculations are based on 440,0 million (2011: 447,6 million) weighted average number of shares in issue for the first six months of 2012 (before the effects of dilution are taken into account). Headline earnings have decreased to R122,2 million (2011: R190,0 million). There were no items included in the 2012 reconciliation of headline earnings (2011: gain on disposal of property, plant and equipment of R0,1 million, net of tax).

On a normalised basis, after adjusting for the items referred to above, our normalised EPS and HEPS have increased by 30,6% to 35,0 cents (2011: 26,8 cents).

We are pleased to report an increase in revenue of 28,1% to R1,080 billion (2011: R842,8 million) despite the slow registrations at the Medicines Control Council (MCC), however, the gross profit margin has decreased to 53,6% from 58,2% at 30 June 2011, mainly due to the change in our product mix and exchange rate. This growth in revenue has been achieved organically with a significant increase in the demand of ARVs from the State. It is pleasing to note that the increased demand in ARVs has allowed CMM to reach satisfactory production levels which resulted in a small PBIT for the first six months.

PBIT for the period decreased by 29,1% to R213,6 million (2011: R301,3 million), with operating expenses increasing to R366,6 million (2011: R268,6 million) for the current period. Excluding the positive impact of the settlement income in 2011 and the unrealised FEC movements, PBIT grew by 21,5%. Profit after tax for the period was R126,0 million (2011: R192,6 million). The effective tax rate improved slightly to 29,5% (2011: 29,8%) and remains slightly higher than the statutory tax rate.

Net finance costs increased from R26,9 million to R34,9 million mainly as a result of the following:

- notional interest of R2,1 million (2011: Rnil) on the outstanding RBSA settlement amount (IFRS adjustment);
- notional interest on extended credit terms of R16,5 million (2011: R12,0 million) (IFRS adjustment); and
- interest on the Nedbank Ltd long-term loan facilities of R12,0 million (2011: R10,4 million).

Statement of financial position

Loans, borrowings and provisions, less the net cash position, have increased to R363,5 million (2011: R267,9 million) mainly as a result of the RBSA settlement amount. The group's net cash surplus decreased from R39,2 million at 30 June 2011 to R7,7 million at 30 June 2012 as a result of:

- the final dividend of R33,5 million paid in May 2012; and
- provisional tax payments of R73,0 million at the end of June 2012.

Debtors days have increased slightly, when compared to December 2011, to 67 days (31 December 2011: 64 days and 30 June 2011: 67 days). Creditors days are currently at 152 days (31 December 2011: 170 days and 30 June 2011: 185 days) with the reduction as a result of us continuing to settle certain invoices early to take advantage of the exchange rate, where possible. The inventory days have decreased to 148 days (31 December 2011: 181 days and 30 June 2011: 156 days) as the high levels of ARVs have normalised.

Statement of cash flows

Cash flows generated from operating activities are R145,0 million (2011: R147,9 million), after adjusting for the non-cash flow effects of depreciation of R14,6 million (2011: R11,5 million), IFRS 2 Share-based Payment expenses of R1,2 million (2011: R0,2 million) and FEC unrealised losses of R34,2 million (2011: unrealised gains of R28,6 million). The final dividend relating to 2011 of R33,5 million was paid to shareholders during May 2012.

Investing activities resulted in outflows of R38,3 million (2011: R59,1 million) due to acquisitions of property, plant and equipment and intangible assets. A net R8,5 million was utilised for financing activities (2011: R24,7 million), mainly for the working capital and instalment sale facilities at the factory.

BASIS OF PREPARATION

The condensed consolidated interim financial results have been prepared in accordance with the recognition and measurement criteria of all applicable standards and interpretations of IFRS, the disclosure requirements as set out in IAS 34 Interim Financial Reporting, the Companies Act of 2008, as amended, where applicable the AC 500 standards as issued by the Accounting Practices Board or its successor, and the Listings Requirements of the JSE Ltd.

The accounting policies and methods of computation applied in the preparation of these consolidated interim financial results are consistent with those followed in the preparation of the consolidated financial statements for the year ended 31 December 2011.

The condensed consolidated interim financial results for the six months ended 30 June 2012, have not been audited or reviewed by the group's external auditors.

C Aucamp (Chief Financial Officer) is responsible for these condensed consolidated financial results and has been involved with the preparation thereof in conjunction with MW Daly and E van der Merwe, all three of whom are qualified Chartered Accountants (South Africa).

DIRECTORATE

There have been no changes to the board and it continues to function in accordance with its approved charter.

SUBSEQUENT EVENTS

The directors are not aware of any matter or circumstance which is material to the financial affairs of the group, which has occurred subsequent to 30 June 2012, that has not been otherwise dealt with in these condensed consolidated interim financial results.

PCS Luthuli
Chairman

JS Smith
Chief Executive Officer

8 August 2012

DECLARATION OF ORDINARY DIVIDEND

Notice is hereby given that an interim cash dividend (dividend number 5) of 8,5 cents per share (gross) has been declared by the board in respect of the six months ended 30 June 2012, an increase of 30,8% when compared to the interim dividend of 6,5 cents in 2011 (before the effects of dividend withholding tax, where applicable). The company's policy to maintain a dividend cover of between four and five times, has been complied with when the results are analysed on a normalised basis. The dividend cover is based on normalised earnings due to the non-cash effect of the unrealised gains and losses on FECs that may or may not be realised in the future, as well as the effects of once-off items. The dividend has been declared out of income reserves.

The salient dates for the payment of the interim dividend are detailed below:

Last day to trade cum dividend	Friday, 28 September 2012
Shares trade ex dividend	Monday, 1 October 2012
Record date	Friday, 5 October 2012
Payment date	Monday, 8 October 2012

Share certificates may not be dematerialised or rematerialised between Monday, 1 October 2012 and Friday, 5 October 2012, both dates inclusive.

In terms of the new Dividends Tax effective 1 April 2012, the following additional information is disclosed:

1. Local dividend tax rate is 15%;
2. No STC credits have been utilised;
3. Net local dividend amount is 7,225 cents per share for shareholders liable to pay the new Dividends Tax and 8,5 cents per share for shareholders exempt from paying the new Dividends Tax;
4. The issued share capital of CMSA as at the date of this declaration is 446 461 759 ordinary shares; and
5. CMSA's tax reference number is 9987069144.

By order of the board

MW Daly
Company Secretary

Durban
8 August 2012

CORPORATE INFORMATION

Non-executive directors	PCS Luthuli *(Chairman)*; MB Caga; JvD du Preez; ND Mokone; MT Mosweu; SMD Zungu
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 (Pty) Ltd
Telephone	+27 31 451 3800
Facsimile	+27 31 451 3889
Email	investor@ciplamedpro.co.za
Whistle-blowing hotline	0800 21 21 51 (toll free)
Sponsor	Nedbank Capital
Auditors	Mazars
Legal advisors	Norton Rose South Africa (incorporated as Deneys Reitz Inc.)

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FORWARD-LOOKING STATEMENTS