AUDITED GROUP RESULTS

for the year ended 31 December 2005

ENALENI PHARMACEUTICALS

- Successfully listed on the JSE
- Revenues increased by 113% to R245 million
- PBIT increased by 364% to R24,9 million
- Headline EPS 9,0 cents per share – exceeded forecast
- Top JSE empowerment pharmaceutical company – Financial Mail
- R1,2 billion successful acquisition of Cipla Medpro
- Achieved top 10 pharmaceutical company status in South Africa

INCOME STATEMENT

	Year ended 31 December 2005 Audited R'000s	Year ended 31 December 2004 Audited* R'000s
Revenue	**245 078**	115 202
Gross profit	**109 070**	37 207
Other operating income	**4 016**	2 333
Other operating expenses	**(88 157)**	(34 173)
Staff costs	**(38 748)**	(14 007)
Depreciation	**(2 013)**	(608)
Other operating expenses	**(47 396)**	(19 558)
Operating profit before financing costs and tax	**24 929**	5 367
Net finance costs	**(6 850)**	(1 118)
Profit before tax	**18 079**	4 249
Taxation	**(5 541)**	(895)
Profit after tax	**12 538**	3 354
Attributable to:		
Equity holders of the parent	**13 204**	3 632
Minority interest	**(666)**	(278)
Profit for the period	**12 538**	3 354

*Restated under IFRS

	Year ended 31 December 2005 Audited R'000s	Year ended 31 December 2004 Audited* R'000s
Reconciliation of headline earnings		
Profit attributable to ordinary shareholders	**13 204**	3 632
Adjusted for non-trading items	**(3 101)**	–
Restructuring costs	**830**	–
Profit on sale of fixed assets	**(75)**	–
Excess of assets acquired over purchase price	**(3 856)**	–
Headline earnings	**10 103**	3 632
Weighted average shares in issue on which earnings are based ('000)	**112 119**	47 771
Weighted average fully diluted shares in issue on which diluted earnings per share are based ('000)	**113 988**	47 771
Earnings per share (cents)		
Basic	**11,8**	7,6
Diluted	**11,6**	7,6
Headline earnings per share (cents)		
Basic	**9,0**	7,6
Diluted	**8,9**	7,6

BALANCE SHEET

	31 December 2005 Audited R'000s	31 December 2004 Audited* R'000s
ASSETS		
Total non-current assets	**1 209 779**	19 681
Property, plant and equipment	**22 950**	8 753
Intangible assets	**1 170 001**	7 900
Investments	**5 010**	–
Loans receivable	**1 917**	1 984
Deferred tax assets	**9 901**	1 044
Total current assets	**287 530**	39 763
Inventories	**60 796**	13 507
Trade and other receivables	**114 546**	18 456
Cash and cash equivalents	**112 188**	7 800
Total assets	**1 497 309**	59 444
EQUITY AND LIABILITIES		
Capital and reserves	**891 566**	5 154
Minority interest	**(1 559)**	(278)
Total equity	**890 007**	4 876
Total non-current liabilities	**124 448**	19 159
Long-term loans and borrowings	**123 853**	19 159
Deferred tax liabilities	**595**	–
Total current liabilities	**482 854**	35 409
Bank overdraft	**4 768**	–
Short-term loans and borrowings	**307 711**	4 382
Income tax payable	**21 813**	1 940
Trade and other payables	**145 254**	29 087
Forward exchange contracts	**3 308**	–
Total liabilities	**607 302**	54 568
Total equity and liabilities	**1 497 309**	59 444

*Restated under IFRS

CASH FLOW STATEMENT

	Year ended 31 December 2005 Audited R'000s	Year ended 31 December 2004 Audited* R'000s
Cash generated from operations	**7 918**	8 153
Net finance costs	**(6 850)**	(1 118)
Net dividends paid	**(478)**	(343)
Taxation paid	**(22 049)**	(882)
Secondary tax on companies paid	**(263)**	–
Cash flows from operating activities	**(21 722)**	5 810
Expenditure to maintain operating capacity		
Acquisitions of property, plant and equipment	**(7 908)**	(9 099)
Acquisition of intangible assets	**(4 249)**	(7 900)
Proceeds on disposals of plant and equipment	**4 991**	52
Expenditure for expansion		
Acquisition of subsidiaries	**(1 122 824)**	–
Acquisition of unlisted investments	**(5 001)**	(1 984)
Decrease in loans receivable	**36 076**	–
Increase in director's loan receivable	**(887)**	–
Cash flows from investing activities	**(1 099 802)**	(18 931)
Proceeds from the issue of share capital	**875 621**	–
Acquisition of treasury shares	**(2 651)**	–
Loans raised	**348 174**	15 335
Cash flows from financing activities	**1 221 144**	15 335
Net increase in cash and cash equivalents	**99 620**	2 214
Cash and cash equivalents at beginning of the year	**7 800**	5 586
Cash and cash equivalents at end of the year	**107 420**	7 800

*Restated under IFRS

SEGMENTAL ANALYSIS OF EARNINGS

	Year ended 31 December 2005 Audited R'000s	Year ended 31 December 2004 Audited* R'000s
Pharmaceutical	**11 208**	3 909
Consumer and vitality	**1 996**	(277)
Attributable to equity holders of the parent	**13 204**	3 632

*Restated under IFRS

STATEMENT OF CHANGES IN EQUITY

	Share capital R'000s	Share premium R'000s	Treasury shares R'000s	Retained income* R'000s	Total R'000s	Minority interest* R'000s	Total equity R'000s
Balance at 1 January 2004	–	–	–	1 865	**1 865**	–	**1 865**
Net profit for the year	–	–	–	3 632	**3 632**	(278)	**3 354**
Dividends paid	–	–	–	(343)	**(343)**	–	**(343)**
Balance at 1 January 2005	–	–	–	5 154	**5 154**	(278)	**4 876**
Issue of share capital	403	875 218	–	–	**875 621**	–	**875 621**
Shares held by share incentive trust	–	–	(2 651)	–	**(2 651)**	–	**(2 651)**
Net profit for the year	–	–	–	13 204	**13 204**	(666)	**12 538**
IFRS 2 Share based payments	–	–	–	238	**238**	–	**238**
Minority interest acquired	–	–	–	–	**–**	(615)	**(615)**
Balance at 31 December 2005	**403**	**875 218**	**(2 651)**	**18 596**	**891 566**	**(1 559)**	**890 007**

*Restated under IFRS

RECONCILIATION OF PREVIOUS SA GAAP TO IFRS

	Equity IFRS transition date 1 January 2004 R'000s	Equity Audited 31 December 2004 R'000s	Earnings Audited 31 December 2004 R'000s
As previously reported under SA GAAP	**2 057**	**5 044**	**3 330**
IAS 16 Property, plant and equipment			
Reduction in depreciation	–	157	157
Taxation effect	–	(47)	(47)
Restated under IFRS	**2 057**	**5 154**	**3 440**
IAS 17 Leases			
Straight lining of lease rentals	(192)	–	192
Restated after IFRS and operating leases	**1 865**	**5 154**	**3 632**

PRO FORMA STATEMENT OF EARNINGS

The unaudited summary of group earnings is included for illustrative purposes.

The unaudited headline earnings for the year ended 31 December 2005 would have been R70 660 000 if all the subsidiaries had been owned for the full accounting year.

The forecast headline earnings for the year ended 31 December 2006, as stated in the circular issued to shareholders on 28 November 2005, are R102 946 000.

	Notes	Unaudited 31 December 2005 R'000s	Forecast 31 December 2006 R'000s
Revenue		**625 746**	**730 949**
Gross profit		**306 767**	**405 282**
Other operating expenses		**(162 625)**	(226 805)
Staff costs		**(92 354)**	(97 607)
Depreciation		**(4 884)**	(3 571)
Other		**(65 387)**	(125 627)
Operating profit before financing costs and tax		**144 142**	**178 477**
Net finance costs	1	**(38 061)**	(29 128)
Profit before tax		**106 081**	**149 349**
Taxation		**(33 733)**	(45 184)
Profit after tax		**72 348**	**104 165**
Minority interests		**1 413**	(1 219)
Headline earnings adjustment	2	**(3 101)**	–
Headline earnings attributable to ordinary shareholders		**70 660**	**102 946**
Headline earnings adjustment		**3 101**	–
Earnings attributable to ordinary shareholders		**73 761**	**102 946**
Weighted average shares in issue ('000)		**400 360**	400 360
Weighted average fully diluted shares in issue ('000)		**407 491**	407 491
Earnings per share (cents)			
Basic		**18,4**	25,7
Diluted		**18,1**	25,3
Headline earnings per share (cents)			
Basic		**17,6**	25,7
Diluted		**17,3**	25,3

Notes:

1. The net finance costs for the year ended 31 December 2005 includes an estimate for net finance costs of R33 066 000 to fairly compare with the forecast net finance costs for the year ended 31 December 2006.
2. Included in the headline earnings adjustment and taken to profit and loss for the year in terms of IFRS 3 are the following:

Restructuring costs,	**(830)**
Profit on sale of fixed assets and	**75**
Excess of assets acquired over purchase price	**3 856**

COMMENTS

The board of directors is pleased to report a 113% growth in revenues to R245 million for the year ended 31 December 2005. The group's operating profit before net finance costs and tax increased on the previous year by 364% to R24,9 million.

These figures include the consolidation of Cipla Medpro for only one month and exclude the annualisation of other Enaleni subsidiaries which were acquired during the year. The group headline earnings of 9,0 cents per share has exceeded the forecast published in the circular to shareholders dated 28 November 2005.

The pharmaceutical industry has, notwithstanding the constantly changing regulatory environment in South Africa and its resultant challenges, continued to show resilience. We are pleased to announce that Enaleni was able to significantly increase its market share during this period. Being the fastest growing large pharmaceutical company in South Africa, Enaleni has become a substantial player in the pharmaceutical industry.

The successful acquisition of Cipla Medpro for R1,2 billion was one of the largest industry transactions in recent times. The listing of Enaleni on the JSE in June 2005 has been both beneficial to the company and well received by the market, strategically positioning the company to capitalise on the emerging opportunities in the pharmaceutical industry.

The R270 million BEE transaction, which formed part of the Cipla Medpro acquisition, has firmly secured Enaleni's position as the leading empowerment pharmaceutical company in Southern Africa, well positioned to capitalise on the soon to be finalised Health Charter.

The twelve BEE consortiums which have invested in Enaleni were carefully selected to ensure alignment with the strategies and objectives of Enaleni. The criteria for selection favoured those parties with the following attributes:

- Truly broad-based.
- Womens' groupings.
- Significant experience in the wider health care sector.
- Ability to contribute meaningfully on a strategic and operational level to ensure the continued success and growth of the Enaleni group.

During the year, the company, which has recently attained an AA Empowerdex rating, managed to achieve a variety of prestigious awards:

- The Financial Mail's top JSE listed BEE company in the Health Sector.
- The Financial Mail's fourth most empowered company on the JSE.
- Third place in the Business Report/Business Map Awards in the category, Top BEE Market Performer.
- Best Investor Relations by an AltX listed company in the IR Magazine – Investor Relations awards.
- The Black Business Quarterly's (BBQ) – Best Established Black Business Award.

OPERATIONAL REVIEW

Enaleni's strategy is to build a well balanced portfolio of two business units, being the Pharmaceutical division and the Consumer and vitality division.

Pharmaceutical division

The pharmaceutical division includes Cipla Medpro, FirstPharm and the contract manufacturing business. The division continues to perform well and increased its market share during 2005. The division increased its market rating by three places to 10th position (source IMS December 2005 – total Rand sales).

Cipla Medpro:

- Has increased its market share in the key therapeutic chronic medicine markets of respiratory and cardiovascular.
- Has registered twelve ARVs. It is anticipated that Cipla Medpro will become a significant player in the ARV market in the years ahead.
- Has launched 27 molecules during 2005, and achieved the shortest average turnaround time with the Medicines Control Council.
- Is now the fifth largest pharmaceutical marketer by volume in South Africa and has developed a significant pharmaceutical dossier pipeline, which is expected to result in increased future revenues.

The pharmaceutical division has secured substantial tenders and is one of the larger suppliers of medicines to the state. The division has also entered into a number of strategic partnerships and relationships with large multi-nationals which has had a significant positive impact on revenues. Enaleni has invested in additional pharmaceutical manufacturing capabilities and currently has 50% capacity available.

Consumer and vitality division

The consumer business continued to focus on affordable healthcare through its power brand, Hercules. The Consumer factory was recently sold for R8,5 million and has been relocated to a 5 500m^2 site adjacent to the group's pharmaceutical manufacturing facility in Mobeni, KwaZulu-Natal. The close physical proximity of the group facilities will ensure operational synergies. The group will be investing in growing market share to ensure that the consumer business will be a significant contributor to profit in the medium term. The company continues to explore acquisition opportunities.

Bioharmony and Muscle Science have increased their market share during the period and continue to show significant growth.

GROUP SHORT-TERM LOANS

The balance sheet item of "Short-term loans and borrowings" at 31 December 2005 includes a R300 million loan which was repayable in January 2006. This loan was substituted in January 2006 with a five year term loan of R300 million.

PROSPECTS

In the circular issued to shareholders on 28 November 2005, Enaleni announced forecast sales of R731 million for 2006 and forecast profit before interest and tax of R178,5 million. The board is pleased to announce that for the first two months of 2006, the group is trading in line with the projected forecast. The board anticipates this growth will continue for the rest of the year on the assumption that the current market conditions endure.

In terms of the acquisition agreement of Cipla Medpro, further capital of between R100 million and R300 million will be paid to the vendors of Cipla Medpro by 31 March 2007, should Cipla Medpro contribute profit before taxation in excess of R150 million for the year ended 31 December 2006. Whilst the initial intention was to fund such payment through a combination of debt and equity, it should be noted that accumulated cash reserves of R100 million have been set aside for payment to the vendors as and when required.

The Enaleni group remains focused on providing health and vitality for all South Africans, and is committed to building a significant pharmaceutical company in Africa. This will include a strategy focusing on organic growth and strategic acquisitions to strengthen the existing core businesses.

BASIS OF PREPARATION OF THE RESULTS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). These are the group's first IFRS consolidated financial statements and the provisions of IFRS 1 (first time adoption of IFRS) have been applied.

AUDITED RESULTS

The results for the year ended 31 December 2005 have been audited by KPMG Inc. Their unqualified audit opinion is available for inspection at the registered office of the company.

DIVIDEND POLICY

Initially all earnings generated by the group will be utilised to repay debt and fund future growth and development. It is the intention of the company to commence paying dividends within three years after 31 December 2005 subject to prevailing future cash flow requirements.

CHANGES TO BOARD OF DIRECTORS

The company has announced the restructuring of its board with the appointment of two new non executive board members with immediate effect:

- Dr Gil Mahlati, a well respected businessman who has considerable experience and knowledge in the pharmaceutical industry; and
- Thembisa Dingaan, a merchant banker with an international legal background, who has extensive business experience in acquisitions and mergers, empowerment transactions, and structured corporate finance. Thembisa sits on a number of high profile boards.

CORPORATE INFORMATION

Non executive directors: PCS Luthuli (Chairman), DDT Tambo
Executive directors: TD Edwards (CEO), U Parusnath, P Pillay, NM Sithole, S Whitfield (CFO), DE Wolfson
Registration number: 2002/018027/06 **JSE Code:** ENL **ISIN:** ZAE000067740
Registered address: 1474 South Coast Road Mobeni KwaZulu-Natal 4060
Postal address: PO Box 32003 Mobeni 4060
Transfer secretaries: Computershare Investor Services (2005) (Proprietary) Limited
Telephone: 031 451 3800 **Facsimile:** 031 469 2674
Sponsor: Nedbank Capital Please view these results on **www.enaleni.com**

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