



Enaleni Pharmaceuticals Limited
(Incorporated in the Republic of South Africa)
(Registration number 2002/018027/06)
(JSE code: ENL ISIN: ZAE000067740)
("Enaleni" or "the company")

**UNAUDITED
INTERIM RESULTS
FOR THE
SIX MONTHS ENDED
30 JUNE 2005**

we deliver on our promise

Warning: The listing of ordinary shares in the company is on ALT^x. Investors are advised of the risks of investing in a company listed on ALT^x. Investors are advised that the JSE does not guarantee the viability or the success of a company listed on ALT^x. In terms of the Listings Requirements, the company is obliged to appoint and retain a Designated Adviser, which is required to, *inter alia*, attend all board meetings held by the company to ensure that all the Listings Requirements and applicable regulations are complied with, approve the Financial Director of the company and guide the company in a competent, professional and impartial manner. If the company fails to retain a Designated Adviser, it must make arrangements to appoint a new Designated Adviser within 10 business days, failing which the company faces suspension of trading of its securities. If a Designated Adviser is not appointed within 30 days of its suspension, the company faces the termination of its listing without the prospect of an appropriate offer to minority shareholders.

COMMENTARY ON HISTORICAL RESULTS

Enaleni increased its sales by 103% and profits after tax by 52% compared with comparative period.

The company has established its four focused divisional platforms to target specific markets being pharmaceuticals, consumer care, vitality and wellness and contract manufacturing, including tenders.

The contract manufacturing and pharmaceutical divisions exceeded sales and profit forecast during the first six months, with slower than budgeted sales for the consumer and vitality and wellness divisions with the overall performance of the group in line with the profit forecast as set out in the prospectus dated 26 May 2005. The trading conditions of Enaleni are traditionally more buoyant in the second half of the financial year.

Enaleni has recently consolidated a number of businesses into one operating platform, and most of the synergies, cost savings and economies of scale will be unlocked over the short to medium term. The company has a solid platform to evolve into a brand owner with more than 50% of its revenues being generated from own brands.

The successful JSE Limited ("JSE") listing on 10 June 2005 with the capital raising and private placing of R30 million, reduced borrowings and strengthened the Enaleni balance sheet and cash flow position, enabling substantial future growth.

ACHIEVEMENTS OF ENALENI SUBSEQUENT TO THE REPORTING PERIOD

- In August 2005 Government awarded tenders to the amount of R54 million to Enaleni and its joint venture partners over a two year period.
- Acquisition of Xeragen Laboratories (Pty) Limited trading as FirstPharm, a branded generic pharmaceutical company for R32 million, with effect from 1 September 2005.
- Acquisition of Cipla Medpro Holdings (Pty) Limited ("Cipla Medpro"), the third largest generic pharmaceutical company in South Africa for R1,2 billion, with effect from 1 November 2005, subject to certain conditions precedent.
- Acquisition of Specpharm (Pty) Limited and the Westbury Group (Pty) Limited for R17 million, both companies which specialise in the development of strategic products for the generic markets, subject to certain conditions precedent.

The management of all acquisitions who were instrumental to the successes of their respective organisations will remain unchanged.

FUTURE PROSPECTS

- Enaleni is acknowledged as South Africa's leading Black Economic Empowerment ("BEE") pharmaceutical company with BEE shareholding of approximately 35%, including all permanent employees being shareholders. Enaleni has substantial local manufacturing capabilities (approximately the sixth largest manufacturing operation in South Africa) and it is expected that further government tenders and contract manufacturing contracts will be awarded to the company.
- The directors of the company are committed to increasing the BEE shareholding from the current 35% in line with the proposals of the imminent Healthcare Sector Charter.
- Enaleni will continue to explore strategic acquisitions and joint venture opportunities in the pharmaceutical and vitality and wellness sectors to ensure that it becomes a well-established long-term player in these exciting and fast growing markets.
- The Enaleni group is poised to grow significantly into Africa.
- Enaleni will continue to invest significantly in human capital and Capex.
- The acquisition of Cipla Medpro will result in the enlarged group being one of the top ten pharmaceutical companies in South Africa with a combined annual turnover of approximately R750 million expected in the 2006 financial year. Enaleni will also be the third largest supplier of generic medicines in volume terms in the South African private market.
- The enlarged group is considering the cost of converting its current local manufacturing facilities to achieve FDA (US) standards that will allow it to supply significant antiretroviral ("ARV") volumes.

GROUP BALANCE SHEETS

		31 December 2004	
		31 December 2004	As previously
		As restated	reported under
	30 June 2005	under IFRS	SA GAAP
	unaudited	audited	audited
	R'000	R'000	R'000
ASSETS			
Fixed assets	17 578	8 753	8 596
Intangible assets	9 301	7 900	7 900
Goodwill on acquisitions	12 216	–	–
Investments in other companies	–	1 984	1 984
Deferred taxation	11 158	1 044	1 091
Current assets	65 657	39 763	39 763
Total assets	115 910	59 444	59 334
EQUITY AND LIABILITIES			
Ordinary shareholders' equity	55 383	5 153	5 043
Minority interests	(1 266)	(277)	(277)
Total shareholders' funds	54 117	4 876	4 766
Non-interest bearing debt	5 642	5 467	5 467
Long-term debt	7 037	13 692	13 692
Current liabilities	49 114	35 409	35 409
Total equity and liabilities	115 910	59 444	59 334

UNAUDITED GROUP INCOME STATEMENTS

	30 June 2005 unaudited 6 months R'000	30 June 2004 As restated under IFRS unaudited 6 months R'000	30 June 2004 As previously reported under SA GAAP unaudited 6 months R'000
Revenue	87 413	43 136	43 136
Gross profit	40 057	12 528	12 528
Less:			
Staff costs	(14 258)	(4 843)	(4 843)
Share-based payments	(574)	–	–
Retrenchment costs	(366)	–	–
Other operating expenses	(19 664)	(5 444)	(5 327)
EBITDA	5 195	2 241	2 358
Depreciation	(949)	(101)	(139)
Profit before interest and taxation	4 246	2 140	2 219
Net interest paid	(1 059)	(204)	(204)
Profit before taxation	3 187	1 936	2 015
Taxation	(1 135)	(582)	(605)
Profit after taxation	2 052	1 354	1 410
Minority interests	395	(73)	(73)
Add: Net non-recurring costs for headline earnings ⁽²⁾	940	–	–
Headline earnings attributable to ordinary shareholders	3 387	1 281	1 337
Less: Net non-recurring costs for earnings ⁽²⁾	(940)	–	–
Earnings attributable to ordinary shareholders	2 447	1 281	1 337
Weighted average shares in issue (000)	65 433	47 770 ⁽¹⁾	47 770
Shares in issue at period end (000)	113 545	47 770	47 770
Earnings per share (cents)	3,7	2,7	2,8
Headline earnings per share (cents)	5,2	2,7	2,8

Notes:

- (1) Pro forma calculation for 30 June 2004 is based on the conversion of the original 100 weighted number of ordinary shares in issue to 47 770 700 on 19 May 2005.
- (2) The additional non-recurring costs incurred in 2005 refer to share-based payments and restructuring costs.

STATEMENT OF CHANGES IN EQUITY

	30 June 2005	30 June 2004	30 June 2004
	unaudited	As restated	As previously
	R'000	under IFRS	reported under
		unaudited	SA GAAP
		R'000	unaudited
			R'000
Balance at 1 January 2005	4 876	1 865	2 057
Total earnings after minorities	2 447	1 281	1 337
Issue of share capital	47 351	–	–
Purchase of Bioharmony (Pty) Limited	(557)	–	–
Shareholders' funds at 30 June 2005	54 117	3 146	3 394

GROUP CASH FLOW STATEMENTS

	30 June 2005	30 June 2004	30 June 2004
	unaudited	As restated	As previously
	R'000	under IFRS	reported under
		unaudited	SA GAAP
		R'000	unaudited
			R'000
Cash flows from operating activities	(11 412)	546	546
Cash flow from investing activities	(6 694)	(6 342)	(6 342)
Cash flow from financing activities	8 743	260	260
Net decrease in cash and cash equivalents	(9 363)	(5 536)	(5 536)
Cash and cash equivalents at beginning of period	7 800	5 586	5 586
Cash and cash equivalents at end of period	(1 563)	50	50

ACCOUNTING POLICIES AND PRESENTATION

The interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) effective at 30 June 2005 as well as the South African Companies Act, 1973.

These are Enaleni's first IFRS interim financial statements and the provisions of IFRS 1 *First-time adoption of International Financial Reporting Standards*, have been applied. The condensed interim financial statements have been prepared in accordance with IAS 34.

AUDIT OPINION

The 30 June 2004 restatements are unaudited. The restatements of financial information for the opening 2004 and 2005 balance sheets, financial information for the year ended 31 December 2004 have been audited by the group's auditors, KPMG Inc., and their audit opinion is available for inspection at the group's registered office. Their report includes an emphasis of matter that the scope of their review does not include the presentation and disclosure aspects of IFRS and was limited to the recognition and measurement criteria of IFRS only. They further note that amendments to the interpretive guidance issued by the IASB, between the date of this announcement and the finalisation of the financial statements for the year ending 31 December 2005, may result in changes to the restatements published.

S'bu Luthuli

Chairman

Trevor Edwards

Chief Executive Officer

26 September 2005

Transfer Secretaries

Computershare Investor Services 2004 (Pty) Limited
(Registration number: 2004/003647/07)
Ground Floor, 70 Marshall Street, Johannesburg, 2000
PO Box 61051, Marshalltown, 2107

Designated Adviser



These results and an overview of the Enaleni Group are available at www.enaleni.com.

PHARMACEUTICAL DIVISION



THE WESTBURY GROUP (PTY) LTD



Universal

GASTROLYTE

ZEDCHEM

VITALITY AND WELLNESS DIVISION



Bioharmony

CONSUMER DIVISION



Kamillen



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CRÉME



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