Unaudited interim results

for the six-month period ended 31 March 2010

CELEBRATING 120 Years OF ADDING VALUE TO LIFE

adcock ingram

"We remain committed to our vision of growing Adcock Ingram, both organically and by prudent acquisition, into a leading, world-class branded healthcare company that creates long-term value for our shareholders".

CEO, Jonathan Louw

About Adcock Ingram

Adcock Ingram provides an extensive portfolio of branded and generic medicines, has a strong presence in over-the-counter brands, is South Africa's largest supplier of hospital and critical-care products and supplies established brand name consumables and equipment to medical, research and servicing pathology laboratories.

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Unaudited interim results

for the six-month period ended 31 March 2010

Salient features

- **Turnover increased 7% to R2,0 billion**
- **Profit before tax increased 9% to R546 million**
- **HEPS improved 11% to 226,5 cents**
- **Cash on hand: R918 million**
- **Dividend per share increased 11% to 78 cents**

Consolidated statements of comprehensive income

	Note	Unaudited six months ended 31 Mar 2010 R'000	Change	Unaudited six months ended 31 Mar 2009 R'000	Audited year ended 30 Sep 2009 R'000
REVENUE	2	**2 105 494**	8%	1 955 720	4 115 265
TURNOVER	2	**2 028 398**	7%	1 896 599	4 005 153
Cost of sales		**(977 969)**		(961 632)	(1 968 238)
Gross profit		**1 050 429**	12%	934 967	2 036 915
Selling and distribution expenses		**(241 681)**		(201 669)	(421 969)
Marketing expenses		**(81 076)**		(53 864)	(130 026)
Research and development expenses		**(31 528)**		(31 688)	(64 472)
Fixed and administrative expenses		**(161 681)**		(145 525)	(375 619)
Operating profit		**534 463**	6%	502 221	1 044 829
Finance income	2	**70 665**		49 653	100 493
Finance costs		**(65 374)**		(59 513)	(118 224)
Dividend income	2	**6 431**		9 468	9 619
Profit before taxation		**546 185**	9%	501 829	1 036 717
Taxation		**(147 470)**		(142 845)	(246 835)
Net profit for the period		**398 715**	11%	358 984	789 882
Other comprehensive income		**3 716**		(5 073)	(12 910)
Exchange differences on translation of foreign operations		**1 560**		2 323	(5 045)
Movement in cash flow hedge accounting reserve, net of tax		**2 156**		(7 396)	(7 865)
Total comprehensive income for the period, net of tax		**402 431**		353 911	776 972
Net profit attributable to:					
Owners of the parent		**393 744**		354 858	782 396
Minority interests		**4 971**		4 126	7 486
		398 715		358 984	789 882
Total comprehensive income attributable to:					
Owners of the parent		**397 460**		349 785	769 486
Minority interests		**4 971**		4 126	7 486
		402 431		353 911	776 972
Number of ordinary shares in issue (000's)		**173 849**		173 289	173 626
Weighted average number of ordinary shares on which headline earnings and basic earnings per share are based (000's)		**173 766**		173 224	173 206
Diluted number of shares (000's)		**174 231**		174 154	173 810
Basic earnings per ordinary share (cents)		**226,6**	11%	204,9	451,7
Diluted basic earnings per ordinary share (cents)		**226,0**	11%	203,8	450,1
Headline earnings per ordinary share (cents)		**226,5**	11%	204,8	450,0
Diluted headline earnings per ordinary share (cents)		**225,9**	11%	203,7	448,4
Reconciliation between earnings and headline earnings:					
Earnings as reported		**393 744**		354 858	782 396
Adjustments					
Profit on disposal of property, plant and equipment		**(238)**		(142)	(3 050)
Headline earnings		**393 506**	11%	354 716	779 346

Consolidated group statement of changes in equity

	Attributable to holders of the parent						
	Share capital R'000	Share premium R'000	Retained income R'000	Non-distri-butable reserves R'000	Total attributable to ordinary share-holders R'000	Minority interests R'000	Total R'000
Balance at 30 September 2008	17 306	1 193 662	340 117	77 306	1 628 391	22 612	1 651 003
Share issue	23	6 091			6 114		6 114
Share-based payment expense				5 966	5 966		5 966
Dividends						(5 155)	(5 155)
Total comprehensive income			354 858	(5 073)	349 785	4 126	353 911
Net profit for the period			354 858		354 858	4 126	358 984
Other comprehensive income				(5 073)	(5 073)		(5 073)
Balance at 31 March 2009	17 329	1 199 753	694 975	78 199	1 990 256	21 583	2 011 839
Share issue	34	4 101			4 135		4 135
Share-based payment expense				7 132	7 132		7 132
Dividends			(120 571)		(120 571)		(120 571)
Total comprehensive income			427 538	(7 837)	419 701	3 360	423 061
Net profit for the period			427 538		427 538	3 360	430 898
Other comprehensive income				(7 837)	(7 837)		(7 837)
Balance at 30 September 2009 (audited)	17 363	1 203 854	1 001 942	77 494	2 300 653	24 943	2 325 596
Share issue	22	2 383			2 405		2 405
Share-based payment expense				133	133		133
Dividends			(138 922)		(138 922)	(838)	(139 760)
Total comprehensive income			393 744	3 716	397 460	4 971	402 431
Net profit for the period			393 744		393 744	4 971	398 715
Other comprehensive income				3 716	3 716		3 716
Balance at 31 March 2010 (unaudited)	**17 385**	**1 206 237**	**1 256 764**	**81 343**	**2 561 729**	**29 076**	**2 590 805**

Consolidated statements of financial position

	Unaudited 31 Mar 2010 R'000	Unaudited 31 Mar 2009 R'000	Audited 30 Sep 2009 R'000
ASSETS			
Property, plant and equipment	**679 128**	540 584	599 746
Deferred tax	**19 241**	12 123	20 030
Investments	**138 037**	162 488	138 037
Investment in associate	**12 200**	–	12 200
Intangible assets	**334 869**	216 862	304 240
Non-current assets	**1 183 475**	932 057	1 074 253
Inventories	**553 392**	616 855	583 704
Trade and other receivables	**1 047 007**	1 051 284	1 036 605
Cash and cash equivalents	**918 007**	426 558	692 938
Current assets	**2 518 406**	2 094 697	2 313 247
Total assets	**3 701 881**	3 026 754	3 387 500
EQUITY AND LIABILITIES			
Capital and reserves			
Issued share capital	**17 385**	17 329	17 363
Share premium	**1 206 237**	1 199 753	1 203 854
Non-distributable reserves	**81 343**	78 199	77 494
Retained income	**1 256 764**	694 975	1 001 942
Total shareholders' funds	**2 561 729**	1 990 256	2 300 653
Minority interests	**29 076**	21 583	24 943
Total equity	**2 590 805**	2 011 839	2 325 596
Long-term liabilities	**206 431**	213 009	117 076
Post-retirement medical liability	**15 487**	14 685	14 298
Deferred tax	**7 023**	5 960	6 683
Non-current liabilities	**228 941**	233 654	138 057
Bank overdraft	**–**	–	221
Trade and other payables	**607 496**	533 808	630 743
Short-term borrowings	**215 899**	171 870	194 405
Provisions	**38 107**	25 809	68 752
Taxation payable	**20 633**	49 774	29 726
Current liabilities	**882 135**	781 261	923 847
Total equity and liabilities	**3 701 881**	3 026 754	3 387 500

Consolidated abridged statements of cash flows

	Note	**Unaudited six months ended 31 Mar 2010 R'000**	Unaudited six months ended 31 Mar 2009 R'000	Audited year ended 30 Sep 2009 R'000
Cash flows from operating activities				
Operating profit before working capital changes		**549 061**	558 926	1 176 280
Working capital changes		**666**	(232 634)	(46 120)
Cash generated from operations		**549 727**	326 292	1 130 160
Finance income		**70 665**	49 653	100 493
Finance costs		**(65 374)**	(59 513)	(118 224)
Dividend income		**6 431**	9 468	9 619
Dividends paid		**(139 760)**	(5 155)	(125 726)
Taxation paid		**(154 646)**	(111 166)	(242 635)
Net cash inflow from operating activities		**267 043**	209 579	753 687
Cash flows from investing activities				
Purchase of intangible assets		**–**	–	(11 025)
Cost of business acquired	6	**(35 000)**	–	(79 049)
Purchase of property, plant and equipment		**(118 877)**	(125 512)	(228 609)
Proceeds on disposal of property, plant and equipment		**708**	225	4 163
Cost of investment in associate		**–**	–	(12 200)
Net cash outflow from investing activities		**(153 169)**	(125 287)	(326 720)
Cash flows from financing activities				
Proceeds from issue of share capital		**2 405**	6 114	10 249
Loans raised/(repayment of borrowings)		**109 138**	(54 073)	(138 966)
Net cash inflow/(outflow) from financing activities		**111 543**	(47 959)	(128 717)
Net increase in cash and cash equivalents		**225 417**	36 333	298 250
Net foreign exchange difference on cash and cash equivalents		**(127)**	–	(831)
Movement in reserves		**–**	(5 073)	–
Cash and cash equivalents at beginning of period		**692 717**	395 298	395 298
Cash and cash equivalents at end of period		**918 007**	426 558	692 717

Notes to the consolidated financial statements

1 BASIS OF PREPARATION

1.1 Introduction

The abridged interim results have been prepared in accordance with International Financial Reporting Standards (IFRS), IAS 34 *Interim financial reporting*, the South African Companies Act, the Listings Requirements of the JSE Limited as well as the AC500 standards as issued by the Accounting Practices Board or its successor.

1.2 Changes in accounting policies

The accounting policies and the methods of computation are consistent with those of the previous annual financial statements except for the adoption of the following new and amended IFRS interpretations during the year:

* IFRS 2 (Revised) *Share-based Payment – Vesting Conditions and Cancellations*
* IFRS 3 *Business Combinations*
* IFRS 7 (Revised) *Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments*
* IAS 23 *Borrowing Costs*
* IAS 27 *Consolidated and Separate Financial Statements*
* Improvements to IFRS May 2008 and April 2009 (improvements effective for the current financial year)

The adoption of the standards and interpretations above did not have any effect on the financial performance or position of the group. They did however give rise to additional disclosures.

	Unaudited six months ended 31 Mar 2010 R'000	Unaudited six months ended 31 Mar 2009 R'000	Audited year ended 30 Sep 2009 R'000
2 REVENUE			
Revenue comprises			
– Turnover	**2 028 398**	1 896 599	4 005 153
– Finance income	**70 665**	49 653	100 493
– Dividend income	**6 431**	9 468	9 619
	2 105 494	1 955 720	4 115 265
3 SEGMENTAL REPORTING			
Turnover			
Over the Counter	**634 817**	592 011	1 288 966
Prescription	**748 696**	700 303	1 466 736
Pharmaceuticals	**1 383 513**	1 292 314	2 755 702
Hospital Products	**644 885**	604 285	1 249 451
	2 028 398	1 896 599	4 005 153
Operating income			
Over the Counter	**207 900**	189 402	402 448
Prescription	**203 810**	202 813	421 788
Pharmaceuticals	**411 710**	392 215	824 236
Hospital Products	**122 753**	110 006	220 593
	534 463	502 221	1 044 829
4 INVENTORY			
The amount of inventories written down recognised as an expense in cost of inventories	**20 279**	17 278	27 900
5 PROPERTY PLANT AND EQUIPMENT			
Capital commitments			
– contracted	**552 414**	68 270	143 693
– approved	**291 054**	253 056	789 091
	843 468	321 326	932 784

	31 Mar 2010 R'000

6 BUSINESS COMBINATIONS

Unique Formulations

On 17 November 2009, the group acquired 100% of the assets of Unique Formulations, a vitamin and mineral supplement company based in Cape Town, as a going concern.

The fair value of the identifiable assets as at the date of acquisition was:	31 Mar 2010 R'000
Property, plant and equipment	196
Intangible assets	17 427
Inventories	2 024
Accounts receivable	2 669
Accounts payable	(2 541)
Fair value of net assets	19 775
Goodwill	15 225
Net cash purchase price	35 000

7 POST BALANCE SHEET EVENTS

7.1 Ayrton Drug Manufacturing Limited (Ayrton)

The company completed the acquisition of a 65,59% stake in a leading Ghanaian drugs company, Ayrton, on 1 April 2010 for R121 million. The determination of the fair value of the identifiable assets as at the date of acquisition, in accordance with IFRS 3 *Business Combinations* is in the process of being determined.

7.2 Broad-based Black Economic Empowerment (BEE) Transaction

At the general meeting of Adcock Ingram ordinary shareholders held on 9 April 2010, all of the ordinary and special resolutions required to authorise the implementation of the BEE Transaction were duly passed by the requisite majority of votes. The BEE Transaction is implemented through a specific issue of 25,9 million "A" and "B" shares with a R93,75 million unencumbered equity contribution. All conditions precedent to the implementation of the BEE Transaction were subsequently fulfilled.

7.3 Indigenous Systems (Pty) Limited

On 1 April 2010, the group acquired 100% of the assets of Indigenous Systems (Pty) Limited as a going concern, for R13 million. The determination of the fair value of the identifiable assets as at the date of acquisition, in accordance with IFRS 3 *Business Combinations* is in the process of being determined.

7.4 Call option process by Baxter Healthcare SA (Baxter) in respect of Adcock Ingram Critical Care (Pty) Limited (AICC)

On 8 February 2010, Adcock Ingram received formal notification from Baxter of its intention to initiate the call option process in terms of which Baxter is entitled to purchase 50% +1 share of the share capital of AICC. Baxter has completed its due diligence investigation and the parties are in the process of finalising the terms of a shareholders' agreement. The parties have been unable to agree the fair market value of AICC, and according to the procedure outlined in the option agreement have referred the determination thereof to an independent expert, KPMG. This valuation will be final and binding upon both parties. It is expected that KPMG will make its determination on or about 10 June 2010. Thereafter, Baxter has up to two months in which it is entitled to exercise its call option. In the event the exercise is not forthcoming, control of the business shall remain with Adcock Ingram. In the event that Baxter does exercise its call option and the transaction is successfully implemented, Adcock Ingram has a put option in respect of its 49% shareholding. The put option process includes a valuation request period of up to four months and a valuation agreement or independent expert arbitration process of up to two months.

SALIENT FEATURES

- ↑ Turnover increased 7% to R2,0 billion
- ↑ Profit before tax increased 9% to R546 million
- ↑ HEPS improved 11% to 226,5 cents
- ↑ Cash on hand: R918 million
- ↑ Dividend per share increased 11% to 78 cents

FINANCIAL REVIEW

Headline earnings

During a period in which our markets recovered slowly from recessionary conditions, Adcock Ingram achieved headline earnings for the six months ended 31 March 2010 of R393,5 million. This represents a 10,9% increase over the comparable figure for 2009 of R354,7 million. This translates into an improvement of 10,6% at both the headline earnings per share (HEPS) and earnings per share (EPS) level.

Turnover

The impact of our acquisitions of TLC and Unique Formulations supported turnover growth of 7% to R2,028 million (2009: R1,897 million), with growth in existing businesses of 4% despite the loss of contract manufacturing revenue.

Price increases averaged 5% across all business segments. Government granted a 13,2% Single Exit Price (SEP) increase in March 2009. In the Prescription segment the SEP increase was implemented only on products where market conditions allowed, and the division experienced price decreases on much of the generics portfolio. Consequently the segment realised an overall price rise of 6%. Over-the-counter (OTC) turnover growth reflects an 8% price increase and the Hospital Products division achieved a 3% increase in pricing.

Continued volume growth in anti-retrovirals (ARVs) and the Hospital Products division was off-set by declining volumes in the OTC segment as a result of continued consumer down-trading. The value of contract manufacturing also declined from R38,7 million in 2009 to R5,4 million.

Profits

Gross profit for the six months increased by 12% to R1,050 million (2009: R935 million) with overall margins improving from 49,3% to 51,8% (September 2009: 50,9%).

The gross margin percentage in Prescription and OTC improved to 56,5% (September 2009: 53,9%) and 59,7% (September 2009: 58,1%) respectively, while in the Hospital Products division it reduced slightly to 38,6% (September 2009: 39,8%). Gross margins across all businesses benefited from the strengthening of the Rand, which affected imported raw materials and finished products, but this was partially offset by a higher proportion of lower margin ARVs and continued pricing pressure in the generic portfolio.

Factory upgrades at Clayville and Aeroton have adversely affected production with periods of significant downtime to ensure product safety, and overtime costs to make up production levels. These costs have negatively impacted the business to the extent of R11,0 million in the period under review.

Operating profit improved by 6% to R535 million (2009: R502 million) with the percentage on sales reducing slightly from 26,5% to 26,4% (September 2009: 26,1%). Operating expenses increased by 19% to R516 million (2009: R433 million), the primary drivers being increased distribution costs as a result of an additional facility and staff in Midrand, and higher marketing spend. IFRS 2 expenses increased from R10,3 million in the comparable period to R22,9 million in the current period.

After net finance income and dividends received, profit before tax grew 9% to R546 million (2009: R502 million). The effective tax rate for the period was 27,0%, resulting in profit after tax growing 11% to R399 million (2009: R359 million).

Cash flows and financial position

Cash generated from operations was a very satisfactory R550 million (2009: R326 million). This is reflective of sound working capital management in the period under review, with overall levels remaining virtually flat.

Trade and other accounts receivable increased by just R9 million from September 2009 with trade debtors' days at the end of the period at approximately 58 days, an improvement from the 62 days reported in September 2009. This was achieved despite a large increase in amounts due from national and provincial governments on state tender business. The company and government are engaged in a constructive process to facilitate collection of overdue balances.

Inventory decreased by R33 million in the six-month period, now representing 103 days' purchases, compared with 105 days at September 2009. This improvement results from some planned inventory reductions, the strength of the Rand and Aeroton producing inventory marginally below optimal levels.

After net finance income, dividends and taxation, cash generated was R267 million (2009: R210 million).

The Group secured facilities of R800 million during the period to fund the extensive regulatory upgrade at the Aeroton operation and the construction of the high-volume liquids facility at Clayville. Total capital expenditure across the various sites during the six months was R119 million.

During the period, cash equivalents increased by R225 million, giving the business a gross cash position of R918 million (September 2009: R692 million) and net cash of R496 million (September 2009: R382 million).

Dividends

We are pleased to announce an interim dividend of 78 cents per share (March 2009: 70 cents) representing an increase of 11%.

BUSINESS OVERVIEW

Pharmaceutical Division

We continued with the upgrading of all of our facilities during the period under review and, with limited disruption to supply, this has unlocked additional capacity, which is much needed for the winter season. The new integrated distribution infrastructure is now operating effectively and enabling us to offer a differentiated delivery service both to customers' warehouses and to individual stores, although at an incremental cost over the prior period. Management expects further efficiencies from the distribution system without compromising customer service, including distribution for some of our strategic partners.

During the period under review, it was evident in both pharmacy and fast moving consumer goods (FMCG) sales that the consumer has continued to come under financial pressure. In the FMCG channel, sales of analgesics and cough and cold remedies have declined. However, we have seen growth in tonics and supplements in the FMCG channel as consumers have personally selected products that meet their basic healthcare needs. In the pharmacy channel, we have experienced growth in the economy brands as consumers and funders have opted for lower priced products in the trade-off between efficacy and price. There has, however, been some improvement in sales of the premium brands towards the end of the second quarter. Competitive pressures on the price of Simvastatin negatively affected turnover, but volumes increased over the prior year. Demand from the public sector for ARVs continues to grow and Adcock Ingram was able to meet the strict service requirements of the State.

The acquisition of Ayrton Drug Manufacturing (Ayrton) in Ghana was finalised, effective 1 April 2010. The next six months will focus on deploying Adcock Ingram's expertise in the operations and leveraging synergies.

Tender Loving Care (TLC) and Unique are being integrated into our pharmaceutical business across all functional areas in order to improve operating efficiencies. Growth strategies have been developed and are being rolled out, resulting in increased investment in the brands. The benefit of these initiatives will be evident in the next financial year.

The Kenyan operation is showing good growth, particularly from its strong pharmaceutical brands. In particular, Dawanol sales are showing encouraging growth in Kenya and the product is now available in Uganda and other East African markets via local distribution partners. Good growth is expected in the next period as new Prescription and OTC products are registered.

The pharmaceutical business has also attracted new principal business, both in South Africa and Kenya, and these are being integrated into the current business operations.

Hospital Products Division

This division is comprised of Adcock Ingram Critical Care (AICC) and The Scientific Group.

Adcock Ingram Critical Care

Review of operations

The financial performance for the six months ended 31 March 2010 reflects an increase in market share and improved operating efficiencies.

The 11,1% increase in turnover was achieved despite the late start of tender business and registration delays for new plasma expanders and the oncology range, now scheduled for launch at the end of May. Particularly pleasing was volume growth of 7% in a challenging market.

Turnover in the transfusion therapy business has grown by 29% over last year. AICC has actively endorsed various drives undertaken by the South African National Blood Service (SANBS) and has successfully secured a three year agreement with SANBS effective from 1 April 2010.

AICC has been engaged in dialogue with the Department of Health over SEP, following the Company's application for exemption from the price per millilitre regulations. A submission for the 2010 increase has been made and AICC is awaiting the outcome of those applications.

AICC successfully tendered for more than 85% of the national state tender for intravenous fluids – delayed until March of this year. AICC has also been awarded more than 95% of the tender for renal products. However, tender delays have resulted in deferral of sales for two months and the benefits of these tender successes will now be seen in the second half and are well set to run until end February 2012.

The Scientific Group

The first half of 2010 has been a difficult trading period. Turnover declined by 6,5%, but improved margins and well controlled expenses have resulted in growth in operating profit over the comparative period. The decline in revenue was a result of reduced sales in the biosciences and export divisions, delayed funding for local research projects and reduced donor funding into sub-Saharan Africa. The strengthening of the Rand also required that price decreases be passed onto customers. On the positive side our medical equipment sales into hospitals have shown double digit growth.

In line with our strategy to increase presence in the medical devices market, we have completed the acquisition on 1 April 2010 of the Indigenous Systems business, which specialises in electro-surgery and other surgical medical devices and consumables. The acquisition brings a reputable product portfolio and a team with strong relationships within the private hospital groups.

We expect to see an improved performance from bioscience and export over the second half, and we will continue to look for growth opportunities in the larger medical devices market as we start to integrate Indigenous Systems into The Scientific Group.

REGULATORY ENVIRONMENT

Adcock Ingram expresses sympathy to the family and colleagues of the former Deputy Minister of Health, Dr. Molefi Sefularo, whose passing is a tragic loss to the healthcare industry.

Adcock Ingram welcomes President Jacob Zuma's announcement on the implementation of the new HIV/AIDS treatment guidelines. We support this policy shift focused on both treatment and prevention. Adcock Ingram also supports Government's HIV counselling and testing campaign launched recently. We continue to engage actively with Government on the need to support local manufacture of ARVs.

The Department of Health has announced an SEP increase of 7,4% on scheduled pharmaceutical products, which will be implemented in the Pharmaceutical Division in June 2010.

TRANSFORMATION

Adcock Ingram remains committed to meaningful broad-based black economic empowerment (BBBEE). At the general meeting held on 9 April 2010, the Company's shareholders voted overwhelmingly in favour of the R1,3 billion BEE ownership transaction. This means that qualifying black employees and Adcock Ingram's selected BEE strategic partners (Kagiso Strategic Investments III (Pty) Limited, Kurisani Youth Development Trust and Mookodi Pharma Trust) have acquired 13% of the total enlarged issued share capital of Adcock Ingram. The BEE partners were chosen for their business and broad-based empowerment credentials, as well as for healthcare and education initiatives they provide in our communities. Post the implementation of this transaction, Adcock Ingram has effective black ownership of more than 25%, if mandated investments and foreign operations are excluded from Adcock Ingram's enlarged issued share capital, thus achieving Level 4 BEE contributor status.

PROSPECTS

Despite lower volumes in our OTC segment during the period under review, we have grown market share and remain positive about our growth prospects in this sector. The successful integration of Tender Loving Care and Unique Formulations into our OTC portfolio will boost this segment in the future.

We are encouraged by the steady and growing demand for ARVs by the public sector and we believe this will continue to be a key growth driver. We look forward to the next ARV tender in the coming months as we remain committed to supporting government in its rollout of ARVs. Adcock will offer a range of new generation ARV-molecules and combination ARVs before the next South African government tender. We are confident that our recent pipeline innovations obtained through partnerships with multi-national partners including Celltrion, Lilly, Novartis and Norgine will bear fruit.

Adcock Ingram was well received by the Ghanaian market following the acquisition of Ayrton. Integration of Ayrton as a subsidiary is progressing well and we are confident that we now have a platform to grow sales in Ghana and other West African markets.

We are very pleased to see the volume growth in AICC, driven in part by national tender business and we remain confident that volume growth in the business will improve further in the coming months.

The upgrades and international accreditation to our manufacturing facilities and the improvements in our distribution network are yielding positive results in efficiencies, customer service levels and attracting further multi-national partnerships.

Adcock Ingram continues to seek opportunities to access high growth markets and expects to further diversify its earnings beyond the borders of South Africa. We remain committed to our vision of growing Adcock Ingram both organically and by prudent acquisition, into a leading world-class branded healthcare company. We will leverage our capacity in the supply chain, as well as our extensive product pipeline and competence in brand building in new markets and we are well placed for acquisitive growth, given our significant financial capacity.

Whilst current economic conditions remain challenging, we expect volume growth in our core businesses in the second half of the year. We are seeing improved trading activity across all sectors and we expect gross margins to be maintained provided the Rand remains at current levels.

The financial information, on which the above prospects statement is based, has not been reviewed or reported on by the Company's external auditors.

For and on behalf of the board

KDK Mokhele
Chairman

JJ Louw
Chief Executive Officer

DECLARATION OF ORDINARY DIVIDEND

Notice is hereby given that an interim cash dividend of 78 cents per share has been declared in respect of the six months ended 31 March 2010.

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

Last date to trade:	Thursday, 10 June 2010
Shares trade "ex" dividend:	Friday, 11 June 2010
Record date:	Friday, 18 June 2010
Payment date:	Monday, 21 June 2010

Share certificates may not be dematerialised or rematerialised between Friday, 11 June 2010 and Friday, 18 June 2010, both dates inclusive.

By order of the board

R Naidoo
Company Secretary

Johannesburg
25 May 2010

ADCOCK INGRAM HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2007/016236/06)
Share code: AIP ISIN: ZAE000123436
("Adcock Ingram" or "the company" or "the Group")

Directors:
K D K Mokhele *(Chairman)**
J J Louw (*Chief Executive Officer)*
E K Diack*
A G Hall *(Chief Financial Officer)*
T Lesoli*
C D Raphiri*
L E Schönknecht*
R I Stewart*
A M Thompson*
*Non-executive

Company secretary:
R Naidoo

Registered office:
1 New Road, Midrand, 1682

Postal address:
Private Bag X69, Bryanston, 2021

Transfer secretaries:
Computershare Investor Services (Pty) Limited
70 Marshall Street, Johannesburg, 2001

Postal address:
PO Box 61051, Marshalltown, 2107

Auditors:
Ernst & Young Inc.
Wanderers Office Park, 52 Corlett Drive, Illovo, 2196

Sponsor:
Deutsche Securities (SA) (Pty) Limited
3 Exchange Square, 87 Maude Street, Sandton, 2146

Bankers:
Nedbank Limited, 135 Rivonia Road, Sandown, Sandton, 2146
Rand Merchant Bank, 1 Merchant Place, cnr Fredman Drive and Rivonia Road, Sandton, 2196

Attorneys:
Read Hope Phillips, 30 Melrose Boulevard, Melrose Arch, 2196

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