Cipla
Cipla Ltd.
Mumbai Central
Mumbai 400 008

27th February 2013

To,

(a) BSE Limited
Listing Department
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400 001

(b) National Stock Exchange of India Limited
Listing Department
Exchange Plaza, Bandra Kurla Complex
Bandra (E)
Mumbai-400 051

(c) Societe De La Bourse De Luxemberg
Societe Anonyme
11, av de la Porte-Neuve
L-2227 Luxemberg

Sub: Joint announcement of the firm intention by Cipla Limited ("Company") and Cipla Medpro South Africa Limited ("Medpro") of the Company's proposal in relation to an acquisition of 100% equity stake in Medpro

Dear Sirs,

This is with reference to our previous intimation dated 21st November 2012, whereby, we had informed the exchanges that the Company is in preliminary discussions to acquire a 51% equity shareholding in Medpro.

We would like to now inform you that the Board of Directors of the Company at its meeting held today i.e. on 27th February, 2013 at 6.30 p.m. at the Registered Office of the Company, have decided to make and have made a firm offer to the Board of Directors of Medpro to acquire (either through itself or through its nominated subsidiary) 100% of the ordinary shares of Medpro at a price of ZAR 10.00 per share, and to settle all outstanding share options therein.

Based on Medpro's current shares and share options outstanding, the total consideration payable by the Company or its nominated subsidiary would be approximately $512 million[1].

[1] Considering current total ordinary shares outstanding and options outstanding of approximately 451.82 MM shares at price of ZAR 10.00 per share, converted to US$ using 1 US$ = 8.829 ZAR

Phone : (9122) 23082891, 23095521 • Fax : (9122) 23070013, 23070393, 23070385

Cipla
Cipla Ltd.
Mumbai Central
Mumbai 400 008

The Board of Directors of Medpro have recommended to its shareholders to vote in favour of the offer. Also, the independent expert appointed by the Independent Board of Medpro is of the opinion that the offer is fair and reasonable to the Medpro shareholders. Please find attached a copy of the joint announcement of the firm intention by the Company and Medpro in this regard.

The transaction is subject to various regulatory & other approvals including approval by Medpro shareholders.

We will keep the exchanges informed of any further material updates on the same.

Thank you,

Yours faithfully,
For Cipla Limited

Dr. Y. K. Hamied
Chairman and Managing Director

Encl.: as above

Phone : (9122) 23082891, 23095521 • Fax : (9122) 23070013, 23070393, 23070385

Cipla Medpro South Africa Ltd (Incorporated in the Republic of South Africa) Traded on the Johannesburg Securities Exchange Limited under the abbreviated name "CIPLAMED" and share code "CMP" Registration number 2002/018027/06 ISIN: ZAE000128179 ("**Medpro**" or "**the Company**")	**Cipla Limited** (Incorporated in India) Traded on the BSE Limited under the stock code "500087" and on the National Stock Exchange of India Limited under the stock code "CIPLA EQ" Registered Office: Mumbai Central, Mumbai 400 008, India ISIN Number:INE059A01026 **("Cipla")**

JOINT ANNOUNCEMENT OF A FIRM INTENTION BY CIPLA LIMITED ("CIPLA")TO MAKE AN OFFER TO ACQUIRE 100% OF THE ORDINARY SHARE CAPITAL OF CIPLA MEDPRO SOUTH AFRICA LIMITED ("MEDPRO")

1. EXECUTIVE SUMMARY

The definitions and interpretations used in this announcement but not defined in this Executive Summary apply to the Executive Summary section of this announcement.

- The boards of directors of Cipla and Medpro are pleased to announce the terms of a recommended cash offer to be made by Cipla, or a subsidiary nominated by it, to acquire 100% of Medpro's ordinary shares by way of a scheme of arrangement.
- Under the terms of the Offer, Medpro shareholders will receive R10.00 in cash per Medpro ordinary share acquired by Cipla.
- Existing holders of options to acquire Medpro shares under the terms of the Medpro employee share option plans will, pursuant to the existing terms of such plans, automatically have their options accelerated so as to allow them to participate in the Offer. In the alternative, Medpro option holders may (at Cipla's election) be offered the opportunity to terminate their share option rights in exchange for payment, on the operative date of the Scheme, of the "in the money" value of such Medpro options.
- The Offer represents a premium of 46.7% to the volume weighted average price per Medpro ordinary share for the 30 days up to and including 8 May 2012, being the trading day immediately preceding the publication of the first cautionary announcement related to a potential transaction between the parties, and a premium of 35.8% to the volume weighted average price per Medpro ordinary share for the 30 days up to and including 20 November 2012, being the trading day immediately preceding the publication of the second cautionary announcement related to such potential transaction.
- Should the Scheme be implemented, application will be made by Medpro to the JSE to terminate the listing of Medpro shares on the JSE.
- The Medpro Board has appointed Bridge Capital as its independent expert in terms of the Takeover Regulations to consider the terms of the Offer and to opine on whether or not the Offer is fair and reasonable to the holders of Medpro ordinary shares and that the acceleration of the share option holders rights and/or net cash cancellation basis alternative, which may be offered to Medpro option holders, is comparable to the offer to Medpro ordinary shareholders.

- Bridge Capital has determined that in its view the Offer is fair and reasonable to the Medpro shareholders and Medpro option holders.
- Accordingly, the Medpro Independent Board has approved the Offer and recommends to the Medpro shareholders, without qualification, that they support the Offer and vote in favour of the requisite resolutions to be passed to effect the Offer and furthermore the Medpro Board has unanimously resolved to support and to facilitate the Offer and therefore is recommending to Medpro shareholders that they vote in favour of all resolutions required to implement the Scheme.

2. INTRODUCTION

Medpro shareholders are advised that Cipla has delivered to the Medpro board of directors ("the Medpro Board") an offer ("Offer") as detailed below and subject to the conditions set out subsequently:

- To acquire 100% of the total issued ordinary share capital of Medpro ("Medpro ordinary shares") from the holders of Medpro ordinary shares registered as such on the record date for receipt of the consideration payable under the Scheme ("the Scheme Consideration Record Date") ("the Scheme Shares") by way of a scheme of arrangement in accordance with section 114 of the Companies Act, No. 71 of 2008, as amended ("the Companies Act") to be proposed between Medpro and the holders of Medpro ordinary shares ("the Scheme"). The Scheme includes any existing holders of options to acquire Medpro shares under the terms of the Medpro employee share option plans ("Medpro option holders") who acquire Medpro shares pursuant to the acceleration of their share options, but excludes any Medpro shareholders who validly exercise their appraisal rights under section 164 of the Companies Act and whose shares are thus repurchased by Medpro; and

- If Cipla elects, Cipla will offer to pay (or, alternatively, for Medpro to pay, funded by Cipla) to Medpro option holders an amount equivalent to the "in the money" value on a net cash cancellation basis (being an amount equal to the difference between the Offer Consideration and the strike price under the relevant options) as consideration for the cancellation of Medpro options held, upon the Scheme becoming operative, by way of a separate offer,

(together, "the Proposed Transaction")

The Offer will be made at a cash price of R10.00 per Medpro ordinary share to be acquired by Cipla ("the Offer Consideration"). The Offer is being made on the basis that (i) Medpro will not declare or pay any dividends or declare or make any other distributions to the holders of any securities between the signature date of the Implementation Agreement (as defined below) and the operative date of the Scheme and that the issued share capital of Medpro will not exceed 451,818,299 Medpro shares (with a 1% buffer in limited instances), representing the number of Medpro shares currently in issue together with the maximum number of Medpro shares which may be issued pursuant to the outstanding share options. In the event that such assumptions are breached, the Offer Consideration will be reduced by the amount of the dividend per Medpro share declared and/or paid and/or will be reduced *pro rata* to the dilution in the assumed Medpro share capital, as applicable.

Should the Scheme be implemented, application will be made by Medpro to the JSE Limited ("the JSE") to terminate the listing of Medpro shares on the JSE pursuant to paragraph 1.16(b) of the JSE Listings Requirements.

3. STRATEGIC RATIONALE

3.1. Cipla's rationale for the transaction

Cipla's business ethos has been to provide affordable and high quality medication to people around the world. Over the years, Cipla has emerged as one of the most respected names in the industry, not just in India, but worldwide. Its state-of-the-art R&D centre has given India and the world many "firsts", including the revolutionary "AIDS cocktail" for less than a dollar a day. The company has over 30 manufacturing facilities across India and manufactures more than 2,000 products in more than 50 therapeutic categories.

With a turnover of over US$1.4 billion, Cipla has a strong track record of partnering with local businesses in over 150 countries. One such successful partnership has been Cipla's relationship with Medpro spanning almost two decades, which has resulted in Medpro becoming a leading pharmaceutical company in South Africa and, in doing so, has enhanced the "Cipla" brand throughout the region.

Supplies from Cipla currently account for approximately 85% of Medpro's business. Cipla believes that closer integration across the value chain will benefit both Cipla and Medpro going forward. It is a key objective of the parties that any transaction will, amongst others, with the support of Cipla, further strengthen Medpro's position in the South African pharmaceutical market, support the optimisation of Medpro's manufacturing capability and support the Company's expansion into collaboratively identified African markets.

3.2. Benefits to Medpro shareholders

The Offer at R10.00 per Medpro ordinary share in cash enables Medpro shareholders the opportunity to realise an attractive premium on their investment.

3.3. Benefits to consumers, employees and communities

The Proposed Transaction is expected to result in benefits to consumers, employees, suppliers and communities. Since its establishment, Medpro has sought to satisfy customers' needs by providing excellent service, developing and marketing effective, safe, high-quality products and by offering its products at an affordable price to all patients. In the view of the Medpro Board, all facets of this mission will be buttressed through the proposed combination with Cipla.

It is anticipated that, particularly through Cipla's strengths in R&D, managing regulatory processes and manufacturing, the Proposed Transaction will bring tangible benefits to consumers in South Africa and, increasingly, the rest of Africa, as Medpro will be better positioned to launch a strong pipeline of products across key therapy areas. The Proposed Transaction is also expected to benefit Medpro's employees by enabling them to leverage the intellectual capital and financial resources of the global Cipla organization.

Furthermore, Cipla recognises the important contributions of Medpro's black economic empowerment shareholders to the business and will work closely with the Medpro Board and management team to ensure that Medpro continues to meaningfully promote black economic empowerment in the future.

4. CONDITIONS PRECEDENT TO THE SCHEME

The posting of the circular to Medpro shareholders ("Scheme circular") will be subject to the fulfilment or, where applicable, waiver of the following conditions precedent ("Posting Conditions") by 30 days after the issue of this Firm Intention Announcement ("Initial Expiry Date") or (i) such later date (not more than 30 days after the Initial Expiry Date) as Cipla may notify Medpro in

writing from time to time on or before the then current date for fulfilment of the Posting Conditions, or (ii) such later date (not more than 10 days after the Initial Expiry Date) as Medpro may notify Cipla in writing on or before the Initial Expiry Date, or (iii) such other later date as Medpro and Cipla may agree in writing from time to time:

4.1. the Medpro Board unanimously (or with such lesser majority (if any) as may have been approved by Cipla) recommending to the Medpro shareholders, without qualification, that they vote in favour of the Scheme;

4.2. the Medpro Independent Board unanimously recommending to the Medpro shareholders, without qualification, that they vote in favour of the Scheme;

4.3. the requisite approvals being received from the JSE, the Takeover Regulation Panel ("TRP") and the Financial Surveillance Department of the South African Reserve Bank (in each case to the extent necessary) for the posting of the circular in respect of the Proposed Transaction ("Circular"), such approvals being (i) unconditional, or (ii) containing only conditions of a procedural nature, customarily included in respect of such matters, or (iii) containing other conditions acceptable to Cipla and, in respect of such other conditions imposed on Medpro, acceptable to both Cipla and Medpro;

4.4. as of the date of the fulfilment or waiver of the last of the Posting Conditions in paragraphs 4.1, 4.2 and 4.3:

4.4.1. none of the irrevocable undertakings or expressions of support, if any, given on or before the issue of this Firm Intention Announcement being withdrawn or otherwise ceasing to be enforceable by Cipla;

4.4.2. the opinion of the independent expert referred to in 12, and recommendations of the Medpro Board and Medpro Independent Board referred to in 4.1 and 4.2 respectively, not being withdrawn or adversely amended; and/or

4.4.3. the Scheme Condition in 4.10 not having failed; and

4.5. as of the date of the fulfilment or waiver of the last of the Posting Conditions in paragraphs 4.1, 4.2 and 4.3, the Implementation Agreement (as defined below in 8) has not been terminated.

The Posting Conditions in 4.1, 4.2 and 4.4 are for the benefit of Cipla, and may be waived by it. The Posting Conditions in 4.3 and 4.5 are for the benefit of both Cipla and Medpro, and may only be waived by written agreement between them, to the extent they can be waived in law. If both Cipla and Medpro consent in writing to the posting of the Circular, the Posting Conditions shall, to the extent not yet fulfilled, be deemed *pro non scipto* such that the posting of the Circular shall be unconditional.

The Scheme will be subject to the fulfilment or, where applicable, waiver of the following conditions precedent (“Scheme Conditions”), by no later than:

(i) subject to (ii) below, 5 months from the signature date of the Implementation Agreement (“Initial End Date”) or (a) such later date (not later than 2 months after the Initial End Date) as Cipla may (from time to time on or before the then current Longstop Date) notify Medpro in writing, provided that such extension is reasonably required to obtain or procure fulfilment of any outstanding Scheme Condition, or (b) such later date after the Initial End Date as Medpro and Cipla may agree in writing from time to time on or before the then current Longstop Date;

(ii) if (and only if) and when the Scheme Conditions in 4.6, 4.7, 4.8 (excluding only 4.8.3) and 4.9 are timeously fulfilled or waived (such date being the "Partial Fulfilment Date"), the Longstop Date shall be the later of: (a) 3 months from the earlier of (X) the date by when the relevant merger filings with the COMESA Competition Commission, Board of Commissioners and/or the COMESA Court of Justice established in terms of the COMESA Treaty of 1982, as applicable and, to the extent determined by Cipla, (i) the Mauritius Competition Commission established under the Mauritius Competition Act No. 25 of 2007 and/or the Supreme Court of Mauritius, as applicable; and/or (ii) the Swaziland Competition Commission established under the Swaziland Competition Act No. 125 of 2007

and/or the High Court of Swaziland, as applicable, have been submitted and (Y) 21 days from the signature date of the Implementation Agreement and (b) 5 business days after the Partial Fulfilment Date and (c) such later date as Medpro and Cipla may agree in writing from time to time on or before the then current Longstop Date ("Longstop Date");

4.6. the Scheme having been approved by a resolution of Medpro shareholders (by the requisite majority), as contemplated in section 115(2) of the Companies Act, and, to the extent required pursuant to section 115(3) of the Companies Act, the approval of the implementation of such resolution by the court;

4.7. Medpro shareholders not having exercised appraisal rights by giving valid demands to this effect to Medpro, in terms of section 164(7) of the Companies Act, in respect of 15% or more of the issued share capital of Medpro within 30 business days following the meeting convened to approve the Scheme ("Scheme Meeting"), provided that, in the event that any Medpro shareholders give notice objecting to the Scheme, as contemplated in section 164(3) of the Companies Act, and all or some of those Medpro shareholders vote against the resolution proposed at the Scheme Meeting to approve the Scheme, but do so in respect of less than 15% of the issued share capital of Medpro, this condition shall be deemed to have been fulfilled at the time of the Scheme Meeting;

4.8. the receipt of the following unconditional approvals, consents or waivers (“Consents”) from governmental authorities necessary for the implementation of the Proposed Transaction (or if such Consent is conditional, such conditions being satisfactory to the party to the Proposed Transaction on whom such condition is imposed and for which purpose a condition imposed on Medpro shall be deemed to be imposed on both Medpro and Cipla):

4.8.1. the TRP (in terms of a compliance certificate to be issued in terms of the Companies Act);

4.8.2. the Competition Commission, Competition Tribunal and/or Competition Appeal Court established in terms of the Competition Act, 89 of 1998, as amended, as applicable and the Namibian Competition Commission established under the Namibia Competition Act No. 2 of 2003 and/or the High Court of Namibia, as applicable;

4.8.3. the COMESA Competition Commission, Board of Commissioners and/or the COMESA Court of Justice established in terms of the COMESA Treaty of 1982, as applicable, and, to the extent determined by Cipla (a) the Mauritius Competition Commission established under the Mauritius Competition Act No.25 of 2007, and/or the Supreme Court of Mauritius, as applicable; and/or (b) the Swaziland Competition Commission established under the Swaziland Competition Act No.125 of 2007 and/or the High Court of Swaziland, as applicable;

4.8.4. to the extent required, the Botswana Competition Authority and/or Competition Commission as contemplated in the Botswana Competition Act No. 17 of 2009, as applicable;

4.8.5. the Financial Surveillance Department of the South African Reserve Bank, or its duly authorised agent; and

4.8.6. The Reserve Bank of India, to the extent required;

4.9. receipt from each of Nedbank Limited and ABSA Bank Limited of a written waiver of, and confirmation that it will accordingly not exercise, any rights which it may have against any Medpro group company as a result of the implementation of the Proposed Transaction, which will be addressed to and accordingly be enforceable by each of Cipla (and its nominated subsidiary) and the relevant Medpro group company;

4.10. by the date on which the last of the Scheme Conditions in 4.6 to 4.9 is fulfilled or waived (as the case may be) ("MAE Reference Date") none of the following events or circumstances ("MAE Events") exists or has occurred or has arisen and in respect of which events or circumstances Cipla has given written notice thereof to Medpro within not less than 5 business days of the MAE Reference Date: an adverse effect, fact, circumstance or any potential adverse effect, fact or circumstance which exists, or has arisen or occurred, or is reasonably likely to arise or occur, (including without limitation any tax liability or liabilities, or potential tax liability or liabilities of Medpro or any Medpro group company, including any

interest and/or penalties which are or may be levied, and which arise from any non-compliance by such companies with any tax legislation at any time prior to the signature date of the Implementation Agreement and/or the MAE Reference Date ("Non-Compliance Liabilities")) which is not an "Expected Event" and which is or is reasonably likely (alone or together with any other such actual or potential adverse effect, fact or circumstance) to be, or is deemed, to be, (a) material with regard to the operations, continued existence, business, condition, assets and liabilities of the Medpro group taken as a whole (whether as a consequence of the Proposed Transaction or not), or (b) material to the implementation of the Proposed Transaction. For the purposes of this 4.10, to be material, the adverse effect, fact or circumstance must have (or be reasonably likely to have) any one of (i) an adverse impact on the fair value of Medpro in excess of R200 million or (ii) an adverse impact upon Medpro's annual profit before tax ("PBT") in any one year (current (financial year ended 31 December 2012) or future) in excess of R40 million, or (iii) render the implementation of the Proposed Transaction more expensive to Cipla by an amount exceeding 10% of the Offer Consideration; or (iv) cause Cipla to acquire less than 100% of the issued share capital of Medpro as at the operative date of the Scheme pursuant to the Proposed Transaction; or (v) in respect of any Non-Compliance Liability/ies, an aggregate liability to the Medpro group in excess of R40 million. For purposes of this 4.10, an "Expected Event" is an effect, fact or circumstance which, as at the signature date of the Implementation Agreement, is independently known by Cipla or which was fully and fairly disclosed by Medpro to Cipla and (A) which is so known by or disclosed to Cipla as being reasonably likely to arise and (B) the effect, scope and quantum of which arises within the reasonably anticipated (by Cipla) effect, scope and quantum. If the effect, scope or quantum of the relevant event is more adverse to Cipla (including in its capacity as prospective shareholder of Medpro) than that reasonably anticipated by it, the event will not be an "Expected Event" to the extent of any such additionally adverse effect, scope or quantum. Without derogating from Cipla's rights to assert the existence of an MAE Event, Cipla shall be entitled to assess the value of any Non-Compliance Liability as (X) the amount of any actual tax liability which has been conclusively determined between the relevant Medpro group company and the relevant revenue authority prior to the MAE Reference Date or (Y) in respect of any Non-Compliance Liability which has not been conclusively determined prior to the MAE Reference Date in an amount determined pursuant to a process set out in the Implementation Agreement; and

4.11. by the date on which the last of the Scheme Conditions in 4.6 to 4.10 is fulfilled or waived, the Implementation Agreement has not been terminated.

The Scheme Conditions in 4.7, 4.8.3, 4.8.4, 4.9, 4.10 and 4.11 are for the benefit of Cipla, and may be waived by it. The Scheme Conditions in 4.6 and 4.8 (other than 4.8.3 and 4.8.4) are for the benefit of both Cipla and Medpro, and may only be waived by written agreement between them; provided that no such waiver shall be permissible where the effect thereof would be to waive a statutory pre-requisite for the lawful implementation of the Scheme in circumstances where that pre-requisite has not been satisfied. Without prejudice to the other rights Cipla or Medpro may have, the Scheme Conditions and the Posting Conditions shall be deemed *pro non scripto* upon due implementation of the Scheme.

5. PROPOSED MECHANICS OF THE OFFER

The Offer will be implemented as detailed below.

5.1. Medpro ordinary shareholders

The Offer in relation to the Scheme Shares will be implemented by way of the Scheme. Subject to the Scheme becoming operative, holders of Medpro ordinary shares on the Scheme Consideration Record Date will be deemed to have disposed of their Scheme Shares to Cipla in exchange for payment by Cipla of the aggregate Offer Consideration to Medpro. The Scheme will not include Medpro ordinary shareholders (i) who, before the Scheme Consideration Record

Date, validly exercise their appraisal rights under section 164 of the Companies Act by demanding, in terms of sections 164(5) to 164(8) of the Companies Act, that Medpro pay them the fair value of all their Medpro shares and (ii) in respect of whom, as at the Scheme Record Consideration Date, none of the circumstances contemplated in section 164(9) of the Companies Act have occurred ("Dissenting Shareholders"). The Scheme will include Dissenting Shareholders whose rights in respect of their Medpro shares are reinstated in terms of section 164(10) of the Companies Act (or otherwise in law), save that such Medpro shareholders shall be paid the Offer Consideration on the later of: (i) the operative date of the Scheme and (ii) the date which is five business days after that Dissenting Shareholder's rights in respect of its Medpro shares are so reinstated and (iii) if that Dissenting Shareholder is a certificated Medpro shareholder, the date which is five business days after that Dissenting Shareholder surrenders its documents of title and associated documents in terms of the Circular. Medpro will administer and effect payment of the Offer Consideration to the Scheme participants.

5.2. Medpro option holders

Pursuant to the terms of the currently operative Medpro share incentive schemes (being the Cipla Medpro South Africa Share Option Scheme, adopted on or about 20 May 2005, and the Cipla Medpro South Africa Employee Share Option Scheme, adopted on or about 20 January 2011), subject to the Scheme becoming unconditional, all of the existing, unexercised (vested and unvested) share options will be accelerated prior to the Scheme Consideration Record Date so as to vest in full in order to enable Medpro option holders to exercise their share options and to thus participate in the Scheme. Medpro will procure that the Medpro Board will direct (i) that such accelerated options shall be exercisable before the Scheme Consideration Record Date and (ii) that such accelerated options will lapse on the commencement of the Scheme Consideration Record Date unless exercised prior to such date. Medpro option holders that timeously exercise their accelerated share options will be issued and/or delivered (as applicable under the relevant Medpro share incentive scheme) the requisite Medpro shares, which will then be acquired by Cipla pursuant to the Scheme.

As an alternative mechanism to settle the existing, unexercised (vested and unvested) share options, Cipla may elect to direct a separate offer ("Option Holder Offer") to each Medpro option holder to pay (or, alternatively, for Medpro to pay, provided that Cipla has put it in funds to do so) such Medpro option holder an amount equivalent to the "in the money" value of the option (being an amount equal to the difference between the Offer Consideration and the strike price of the option) as consideration for the termination by such Medpro option holder of his or her Medpro options. Such payment will, subject to the Scheme becoming unconditional, be made on the operative date of the Scheme.

Medpro has undertaken, prior to the signature date of the Implementation Agreement, as part of their terms of employment, to Mark Sardi, Skhumbuzo Ngozwana and Mark Daly to offer them respectively share options in respect of 2,206,740, 550,000, and 350,000 Medpro shares when they are lawfully able to do so. Medpro has confirmed to Cipla that, subject only to the Proposed Transaction being implemented, each such employee has terminated his rights to be granted options and thus to be issued shares in Medpro, and has agreed with Medpro to be paid the fair value of his surrendered rights (consistent with that of a comparable offer under the Takeover Regulations).

Save for the issue of Medpro share options in respect of 300,000 shares which Medpro had previously committed to certain members of Medpro management, Medpro has agreed not to issue, or undertake to issue, any further share options following the date of this Firm Intention Announcement, without the prior written consent of Cipla.

6. FUNDING AND CASH CONFIRMATION

The aggregate Offer Consideration will be funded through Cipla's existing cash resources and, where necessary, facilities.

FirstRand Bank Limited (acting through its Rand Merchant Bank division) and The Hongkong and Shanghai Banking Corporation Limited, Johannesburg Branch, have furnished confirmations to the TRP, in compliance with Regulation 111(4) and (5) of the Takeover Regulations, that Cipla has resources available sufficient to satisfy full implementation of the Scheme.

7. EFFECTS OF THE OFFER ON A MEDPRO ORDINARY SHAREHOLDER

The table below sets out the effects of the Offer on a Medpro ordinary shareholder:

	Before the Offer (R / share)	The Offer (R / share)	Premium (%)
Closing price on 26-Feb-2013 (a)	9.67	10.00	3.4%
30 Day VWAP prior to 26-Feb-2013 (b)	9.13	10.00	9.6%
Closing price on 8 May 2012 (c)	7.34	10.00	36.2%
30 Day VWAP to 8 May 2012 (d)	6.82	10.00	46.7%
Closing price on 20 November 2012 (e)	7.69	10.00	30.0%
30 Day VWAP to 20 November 2012 (f)	7.37	10.00	35.8%

Notes:

a) The "before" column reflects the closing JSE market value per Medpro ordinary share on 26 February 2013, being the trading day immediately preceding the publication of this Firm Intention Announcement.
b) The "before" column reflects the 30 day volume weighted average JSE market value per ordinary Medpro share calculated for the trading days during the 30 day period up to and including the trading day immediately preceding the publication of this Firm Intention Announcement.
c) The "before" column reflects the closing JSE market value per Medpro ordinary share on 8 May 2012, being the trading day immediately preceding the publication of the cautionary announcement regarding a potential offer by Cipla.
d) The "before" column reflects the 30 day volume weighted average JSE market value per ordinary Medpro share calculated for the trading days during the 30 day period up to and including 8 May 2012.
e) The "before" column reflects the closing JSE market value per Medpro ordinary share on 20 November 2012, being the trading day immediately preceding the publication of the second cautionary announcement regarding a potential offer by Cipla.
f) The "before" column reflects the 30 day volume weighted average JSE market value per ordinary Medpro share calculated for the trading days during the 30 day period up to and including 20 November 2012.

8. INTER - COMPANY AGREEMENTS BETWEEN CIPLA AND MEDPRO IN RELATION TO THE OFFER

In order to regulate the implementation of the Scheme, the Option Holder Offer and treatment of the holders of Medpro share options, Cipla and Medpro have entered into an Implementation Agreement on 27 February 2013 which regulates, *inter alia*, the conditions precedent and the mechanics of the fulfilment thereof, the activities of Medpro until the implementation of the Scheme, representations and warranties by the parties, non-solicitation undertakings, break fee and termination ("Implementation Agreement"). Further details in respect of the Implementation Agreement will be set out in the Circular.

9. THIRD PARTY APPROACHES

During the period from the signature date of the Implementation Agreement and continuing until the earlier of the operative date of the Scheme or the termination of the Implementation Agreement, Medpro has agreed that it will not, and (subject to the proviso's hereunder) shall procure that no other member of its group nor any director, officer, employee, adviser, agent or representative of it or any of them shall, directly or indirectly:

(a) solicit, initiate, encourage or otherwise seek to procure discussions, negotiations, agreement or arrangement in connection with any expression of interest, inquiry, proposal or offer (or possible expression of interest, inquiry, proposal or offer) (i) howsoever structured or effected; (ii) as revised, varied, extended or renewed from time to time; (iii) whether or not subject to any pre-condition/s and (iv) whether or not legally binding, regarding any merger, amalgamation, share exchange, business combination, take-over bid, sale or other disposition of all or substantially all of its assets, recapitalisation, reorganisation, liquidation, material sale or issue of treasury securities or rights or interests therein or thereto or rights or options to acquire any material number of treasury securities or any type of similar transaction, or series of transactions, which would or could constitute a change of control (as defined in the Takeover Regulations) or reasonably be considered to be likely to preclude or be inconsistent with the Proposed Transaction or its implementation, other than the Proposed Transaction itself (each an “Alternative Proposal”);

(b) participate in any discussions, negotiations, communication or correspondence regarding or which would or might reasonably be expected to lead to any Alternative Proposal (unless it constitutes or might reasonably be expected to lead to constituting a Superior Proposal (as defined below));

(c) agree to, approve or recommend an Alternative Proposal (unless it constitutes a Superior Proposal); and/or

(d) enter into any agreement related to an Alternative Proposal (unless it constitutes a Superior Proposal),

provided, however, that nothing shall prevent Medpro from furnishing non-public information to, or entering into a confidentiality agreement and/or discussions with, any person in response to a *bona fide* Alternative Proposal that is submitted by such person after the date hereof which is not withdrawn and which is reasonably capable of being a Superior Proposal, provided: (i) the Medpro Board concludes, acting in good faith, that such action is required in order for them to comply with their fiduciary obligations under applicable law or their obligations under the Companies Act and (ii) Medpro first gives Cipla advance written notice of its intention to furnish such non-public information or discussions, along with the name of such person and copies of all other due diligence materials exchanged between such person and Medpro to the extent not already provided to Cipla; and provided further that Medpro will not be responsible for (and

accordingly there will be no breach by Medpro of the provisions of this 9 in respect of) any action which, but for this proviso, would result in a breach of Medpro's obligations under this 9 by an employee, adviser, agent or representative who acts without a mandate to do so by Medpro or relevant member of the Medpro group and where Medpro has, should such unmandated action occur, subsequently taken reasonable steps to terminate such unmandated action as expeditiously as possible after becoming aware thereof. A "Superior Proposal" is a *bona fide* Alternative Proposal received by Medpro which the Medpro Board, acting in the exercise of its fiduciary duties, determines in good faith after consultation with its advisors would, if implemented in accordance with its terms, result in a transaction more favourable to the Medpro shareholders than the Proposed Transaction, taking into account, *inter alia*, the nature of the consideration, the likelihood of such a transaction being completed within a reasonable period of time and the financing risks relating thereto.

Medpro has further agreed to promptly (and in any event within 2 days) notify Cipla in writing of (i) any approach that is made to Medpro or any other member of its group (or any of the directors, officers, employees, advisers, agents or representatives of Medpro or any other member of its group) in relation to any Alternative Proposal, in which case the notification shall include a copy of and other relevant details of the Alternative Proposal and the terms proposed (including but not limited to the identity of the person making or proposing to make the Alternative Proposal, price, timetable and conditionality) (and Medpro will keep Cipla informed of any material changes thereto) and (ii) any request for information received by Medpro under the Takeover Code, in which case the notification shall include details of the identity of the person requesting the information and of the nature of the information being requested.

Medpro may receive, negotiate and furnish information to any person who makes a Superior Proposal, and recommend a Superior Proposal to Medpro shareholders, provided that (*inter alia*) it gives Cipla 10 business days notice of its intention to recommend such Superior Proposal and Cipla does not, within 8 business days thereafter, revise the terms of its Offer to provide for financial and/or other terms equivalent to, or more favourable than, those in the Superior Proposal.

10. BREAK FEE

Subject to the relevant exchange control approvals, where applicable, Medpro undertakes to pay Cipla a break fee of R33.75 million, plus value-added tax (if any) (“Break Fee”) if at any time after the signature date of the Implementation Agreement:

(a) Medpro breaches its obligations in relation to third party approaches / non-solicitation;
(b) Medpro fails to incorporate into the Circular a recommendation of the Offer (other than in changed circumstances which by law require the Medpro Board to express a different view or Medpro treats the Scheme resolution as a nullity as contemplated in section 115(5)(b) of the Companies Act or fails to convene the Scheme Meeting;
(c) within 6 months of this Firm Intention Announcement being issued, an Alternative Proposal (whether or not it constitutes a Superior Proposal) is proposed and becomes unconditional in accordance with its terms;
(d) Medpro materially breaches any of the provisions of the Implementation Agreement which breach materially prejudices or would be reasonably likely to materially prejudice the implementation of the Proposed Transaction on the terms envisaged by Cipla and Medpro (“Medpro Material Breach”) and the Medpro Material Breach, if capable of being remedied is not cured by Medpro, to the reasonable satisfaction of Cipla, within 30 days (“Medpro Cure Period”) of written notice of such Medpro Material Breach by Cipla to Medpro, provided that the Scheme subsequently does not become effective for reasons other than any act or omission of Cipla in breach of the Implementation Agreement;
(e) this Firm Intention Announcement has been issued and the Medpro Board and/or the Medpro Independent Board, having initially resolved to support the Scheme thereafter (i) fail

to propose the Scheme; or (ii) fail to recommend to Medpro Shareholders, without qualification, to vote in favour of the Scheme, or subsequently withdraw or adversely qualify any such recommendation, other than in changed circumstances which by law require the Medpro Board to express a different view, provided that in the event that (a) the independent expert referred to in 12 determines that the Offer Consideration is not fair and/or reasonable to Medpro shareholders and the Medpro Board and/or Medpro Independent Board, as the case may be, resolve for that reason not to propose the Scheme or not to recommend to Medpro Shareholders to vote in favour of the Scheme or (b) Cipla unilaterally withdraws the offer (embedded in the Scheme) to acquire the Scheme Shares other than in accordance with the provisions of the Implementation Agreement, no break fee will be payable by Medpro in terms of this 10(e).

Subject to the relevant exchange control approvals, where applicable, Cipla undertakes to pay Medpro a break fee of R33.75 million, plus value-added tax (if any) ("Cipla Break Fee") if, at any time after the signature date of the Implementation Agreement, the Scheme fails as a result of any breach by Cipla of its obligations under the Implementation Agreement and/or the Scheme.

11. IMPLEMENTATION THROUGH A SUBSIDIARY

Cipla may, subject to regulations applicable to it, elect to implement the Offer though a subsidiary nominated by it prior to the Scheme Consideration Record Date ("Cipla Subsidiary"). In such event, the relevant rights and obligations of Cipla under the Scheme and Implementation Agreement will vest in the Cipla Subsidiary. Under the Implementation Agreement, Cipla guarantees the due and punctual performance by Cipla Subsidiary of its obligations under the Scheme and the Implementation Agreement.

12. OPINIONS, RECOMMENDATIONS AND UNDERTAKINGS

Bridge Capital Advisors (Pty) Limited ("Bridge Capital") has been appointed as the Independent Expert to advise the independent board of Medpro, which consists of the following members of the Medpro Board: Nthabiseng Mokone, Mpho Mosweu and Sandile Zungu being directors of the Company whom the board has indicated are independent directors in terms of regulation 81(j) of the Takeover Regulations ("Medpro Independent Board"), as to whether the Offer is fair and reasonable to Medpro shareholders and Medpro option holders. Bridge Capital is of the opinion that, as at the date of the firm intention letter, the terms of the Offer are fair and reasonable to holders of Medpro ordinary shares and Medpro option holders.

The Medpro Board and Medpro Independent Board have both considered the terms of the Scheme and the Option Holder Offer and have considered the fair and reasonable opinion of Bridge Capital, and are of the unanimous opinion that the terms of the Scheme and the Option Holder Offer are fair to Medpro ordinary shareholders and Medpro option holders, respectively.

The Medpro Board:

- Unanimously recommends that Medpro ordinary shareholders support the Proposed Transaction and vote in favour of the requisite resolutions to be proposed at the Scheme Meeting to approve the Proposed Transaction and, to the extent that the Medpro Board members are holders of Medpro ordinary shares, such Medpro Board members undertake to vote in favour of the Proposed Transaction; and
- Undertake to facilitate the Scheme and Option Holder Offer to the extent that a board of directors will normally be required for purposes of the implementation of a scheme of arrangement in terms of the Companies Act, and related offer to Medpro option holders.

The Medpro Independent Board has unanimously approved the Offer and recommended to the Medpro shareholders, without qualification, that they support the Offer and vote in favour of the requisite resolutions to be passed to effect the Offer.

Cipla has received an irrevocable undertaking from Majestic Silver Trading 223 (Pty) Ltd. ("Majestic Silver") to support the Proposed Transaction. Majestic Silver is the beneficial owner of 8,000,000 Medpro shares.

13. DE-LISTING OF MEDPRO

Should the Scheme be implemented, application will be made by Medpro to the JSE to terminate the listing of Medpro shares on the JSE in terms of section 1.16(b) of the JSE Listing Requirements.

14. EXISTING HOLDING OF SECURITIES IN MEDPRO

As at the date of this announcement, neither Cipla nor any directors of Cipla owns or controls, or has the option to purchase, any securities in Medpro.

15. DOCUMENTATION AND TIMING

Full details of the Offer (including all terms and conditions of the Scheme) will be included in the Circular to be posted to Medpro shareholders, containing *inter alia* a notice of general meeting to convene a meeting of Medpro shareholders to consider and if deemed fit pass the requisite resolutions to approve and implement the Scheme. Subject to the fulfilment of the Posting Conditions contained in 4 above, the Circular is expected to be posted to Medpro shareholders on or before 28 March 2013 and will contain further salient dates and times applicable to the Scheme.

16. AMENDMENT OR VARIATION OF THE OFFER

No amendment to, or variation of, the Offer or the Scheme shall be valid unless it is agreed to by Cipla in writing and, where required, approved by the TRP.

17. GOVERNING LAW

The Offer, and this Firm Intent Announcement, are governed by South African law.

18. WITHDRAWAL OF CAUTIONARY

Medpro securities holders are advised that, following the release of this announcement, the cautionary announcement on 21 November 2012 (and subsequent renewals of the announcement dated 8 January 2013 and 19 February 2013) has been withdrawn and caution is no longer required to be exercised by Medpro shareholders when dealing in Medpro shares.

19. RESPONSIBILITY STATEMENT

Cipla and Medpro accept responsibility for the information contained in the Firm Intention Announcement in so far as it relates to Cipla and Medpro respectively. To the best of their respective knowledge, the information contained in the Firm Intention Announcement is true; and the Firm Intention Announcement does not omit anything likely to affect the importance of the information.

Johannesburg

27 February 2013

Financial Advisor and Transaction Sponsor to Medpro ABSA (acting through its Corporate and Investment Banking division)	**Legal Advisor to Medpro** Norton Rose South Africa
Financial Advisor to Cipla Morgan Stanley South Africa (Pty) Limited	**Legal Advisor to Cipla** Webber Wentzel
Merchant Bank to Cipla Rand Merchant Bank	**Sponsor to Medpro** Nedbank Capital
Independent Expert to the Medpro Independent Board Bridge Capital Advisors (Pty) Limited	

CAUTIONARY STATEMENT CONCERNING FORWARD LOOKING STATEMENTS

Certain statements within this announcement may be considered forward looking, including without limitation those statements concerning timing; fulfilment of Scheme Conditions and implementation of the Offer; the value of the Offer Consideration; expectations regarding operating and financial performance; and other benefits anticipated from the Offer. Although Medpro and Cipla believe that the expectations reflected in such forward looking statements are reasonable, no assurance can be given that such expectations will prove to be correct.

Medpro and Cipla do not undertake any obligation to publicly update or revise any of the information given in this announcement that may be deemed to be forward looking.

ADDITIONAL INFORMATION

Absa Bank Limited (acting through its Corporate and Investment Bank division) ("Absa"), which is authorised and regulated in South Africa by the Financial Services Board, along with its affiliates, is acting as financial advisor and transaction sponsor to Medpro and no one else in connection with the Offer and will not be responsible to anyone other than the Board of Directors of Medpro in accordance with the provisions of its mandate.

Morgan Stanley South Africa (Pty) Limited (“Morgan Stanley”) along with its affiliates is acting as financial advisor to Cipla and no one else in connection with the Offer and will not be responsible to anyone other than the Board of Directors and Senior Management of Cipla for providing the protections afforded to clients of Morgan Stanley South Africa (Pty) Limited and its affiliates with the Offer or for providing advice in relation to the Offer.