



Contents

	Page
Chairman's Overview	2
Chief Executive Officer's Operating Review	3
Consolidated Income Statement for the six months ended 30 September 2009	5
Consolidated Statement of Comprehensive Income for the six months ended 30 September 2009	6
Consolidated Balance Sheet as at 30 September 2009	7
Consolidated Cash Flow Statement for the six months ended 30 September 2009	8
Consolidated Statement of Changes in Equity	9
Notes to the Interim Financial Statement	10
Independent review report to Goldshield Group plc	20

Chairman's Overview

I am pleased to report that our half year results are in line with expectations. Sales and margins in our Pharmaceutical division continued to grow and losses in Consumer Health division have reduced.

Much of this success is due to the significant changes we have made to our systems which have been introduced over the last two years. Whilst completion of this programme of work has slipped, partly due to the diversion of the management team in preparing their bid for the Company, the benefit it has brought to our efficiency and effectiveness is apparent. It is highly unlikely to continue to have the same level of impact on the bottom line in the years to come.

To continue on an upward path of sales and profit growth, we need to invest in new products. I am disappointed to report that we have failed to do so during the period under review. The operational constraints placed upon the Company following the announcement of a bid by the management team and another bidder undoubtedly contributed to this as did the uncertainty created in the minds of would be vendors.

My final remarks are to the employees of Goldshield who I thank for their loyal support and professionalism during a time of great uncertainty.



Dr. Keith Hellawell QPM
Chairman
27 November 2009

Chief Executive Officer's Operating Review

Overview

I am pleased to report that the Group has achieved another solid trading performance during the period with growth in sales across both the Pharmaceuticals and Consumer Health divisions.

The Group delivered 7.4% growth in sales with turnover rising to £53.9 million (2008: £50.2 million) and a 55.7% growth in profits with profit before tax rising to £13.7 million (2008: £8.8 million). Our pre-exceptional earnings before tax, amortisation and impairment losses (EBTA) have also grown to £15.1 million (2008: £11.1 million). Earnings Per Share (EPS) are up 60.6% to 25.7 pence (2008: 16.0 pence).

As I have stated before, strengthening the internal infrastructure and building a skilled senior management team has been an important part of the Group's strategy over the last two years. We have strengthened our Regulatory and Quality teams to manage compliance with the Medicines and Healthcare products Regulatory Agency requirements and successfully launched SAP in July 2009 to deliver more internal operational efficiencies across the Group. I expect the SAP systems to be fully implemented by the end of the financial year.

Pharmaceuticals division

Our Pharmaceuticals division has enjoyed a good period of growth. It reported a net increase in sales of 9.9% to £41.0 million (2008: £37.3 million). Our operating profit was £16.5 million (2008: £10.3 million). The 60.2% increase in operating profit has been achieved by streamlined and improved operational efficiencies and a diverse mix of high margin products.

Our European retail business experienced a 15.0% increase in sales to £25.3 million (2008: £22.0 million) in spite of enforced price decreases by government authorities. As previously reported, the Pharmaceutical Pricing Regulation Scheme (PPRS) has put a margin pressure on our branded pharmaceutical products. A further PPRS 1.9% price reduction is expected at the beginning of 2010.

Sales in our European Hospitals business were constant at £6.3 million (2008: £6.3 million).

Our Retail Generics business delivered a good performance with a 6.6% increase in sales at £6.5 million (2008: £6.1 million) on the basis of an improved product mix, tighter cost controls and operational efficiencies.

Our Country Distributors business achieved total sales for the six months of £2.8 million (2008: £2.9 million) a decrease of 3.4%.

Consumer Health division

Revenue in the Consumer Health division remained constant at £12.3 million (2008: £12.3 million). The business experienced an operating loss of £0.7 million (2008: loss of £2.1 million).

Our European Consumer Health division achieved sales of £7.8 million (2008: £9.1 million), a 14.3% decrease. Nevertheless, Our Weight Management product category has performed well despite strong competition in the respective market segment. The key products - Lipobind and Appesat - drove sales up 8%, achieving positions two and four respectively in terms of the market share in Retail. Appesat achieved this position six months after its launch.

Our US Consumer Health division achieved sales of £4.4 million (2008: £2.9 million) a 51.7% increase. The business has focused on distributor and customer recruitment and has benefited from a change in management structure to ensure a more efficient work flow. The business has been impacted by the strengthening of the dollar rate.

The Independent Directors have recommended to Shareholders to accept the Company's buy-out led by the Management Team (myself, Kirti Patel, Ajay Patel and Ram Swamy). I acknowledge that the last months have been a period of uncertainty and concern to the Group's employees. On behalf of the Management team I would like to thank the entire staff at Goldshield Group plc for their commitment and support and look forward to the continuing success of our Group in the future.

Chief Executive Officer's Operating Review

(continued)

Statement of Directors' responsibilities

The Directors of Goldshield Group plc confirm that to the best of their knowledge this condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union, and the Chief Executive Officer's Operating Review includes a true and fair view of the assets, liabilities, financial position and profits of Goldshield Group plc as required by the Disclosure and Transparency Rules (DTR) 4.2.4 and a fair view of the information required by DTR 4.2.7 and DTR 4.2.8.



Rakesh Patel
Chief Executive Officer
27 November 2009

Note: Earnings before tax, amortisation, impairment losses and exceptional legal and professional costs are calculated as follows:-

	<i>Six months ended 30 September 2009 (unaudited) £'000</i>	<i>Six months ended 30 September 2008 (unaudited) £'000</i>	<i>Year ended 31 March 2009 (audited) £'000</i>
Revenue	53,935	50,151	98,397
Profit before tax	13,666	8,795	21,329
Amortisation	1,913	2,148	4,299
Impairment losses	–	112	749
Exceptional legal and professional costs	(455)	–	(2,100)
Earnings before tax, amortisation, impairment and exceptional legal and professional costs	15,124	11,055	24,277

Consolidated Income Statement for the six months ended 30 September 2009

	Notes	Before exceptional items £'000	Exceptional items £'000	Total Six months ended 30 September 2009 (unaudited) £'000	Total Six months ended 30 September 2008 (unaudited) £'000	Total Year ended 31 March 2009 (audited) £'000
Revenue	2	53,935	–	53,935	50,151	98,397
Cost of sales		(14,972)	–	(14,972)	(15,034)	(30,162)
Gross profit		38,963	–	38,963	35,117	68,235
Distribution costs		(2,580)	–	(2,580)	(3,043)	(5,519)
Impairment losses	6,7	–	–	–	(112)	(749)
Exceptional legal and professional costs		–	455	455	–	2,100
Other administrative expenses		(23,436)	–	(23,436)	(23,722)	(43,830)
Administrative expenses		(23,436)	455	(22,981)	(23,834)	(42,479)
Operating profit		12,947	455	13,402	8,240	20,237
Finance costs		–	–	–	–	(4)
Finance income		264	–	264	555	1,096
Profit before tax		13,211	455	13,666	8,795	21,329
Income tax expense	3	(4,572)	(127)	(4,699)	(3,167)	(7,447)
Profit after tax attributable to shareholders of parent		8,639	328	8,967	5,628	13,882
Earnings per share						
Basic (pence)	5			25.7	16.0	39.7
Diluted (pence)	5			25.7	16.0	39.7
Dividends						
Dividends paid during the period (pence)	4			5.8	5.5	8.4
Dividends paid during the period (£'000)	4			2,023	1,936	2,948

The accompanying accounting policies and notes form an integral part of the interim financial statement.

Consolidated Statement of Comprehensive Income for the six months ended 30 September 2009

	<i>Total six months ended 30 September 2009 (unaudited) £'000</i>	<i>Total six months ended 30 September 2008 (unaudited) £'000</i>	<i>Total year ended 31 March 2009 (audited) £'000</i>
Transactions with owners			
Profit for the period	8,967	5,628	13,882
Currency translation differences	(807)	(595)	3,024
Deferred tax on translation reserve	226	167	(847)
Other comprehensive income for the period	(581)	(428)	2,177
Total comprehensive income for the period	8,386	5,200	16,059

The accompanying accounting policies and notes form an integral part of the interim financial statement.

Consolidated Balance Sheet as at 30 September 2009

	Notes	As at 30 September 2009 (unaudited) £'000	As at 30 September 2008 (unaudited) £'000	As at 31 March 2009 (audited) £'000
Assets				
Non-current				
Intangible assets	6	12,907	15,192	14,906
Property, plant and equipment	7	4,651	4,003	4,803
Held to maturity investments		–	350	–
Deferred tax assets		660	702	602
		<u>18,218</u>	<u>20,247</u>	<u>20,311</u>
Current				
Inventories		11,857	12,529	14,229
Trade and other receivables		16,978	13,782	14,558
Cash and cash equivalents		37,804	24,946	27,462
		<u>66,639</u>	<u>51,257</u>	<u>56,249</u>
Total assets		<u>84,857</u>	<u>71,504</u>	<u>76,560</u>
Liabilities				
Current				
Provisions		–	2,554	–
Trade and other payables		17,783	19,364	19,428
Other liabilities		1,676	1,848	1,411
Current tax liabilities		5,966	5,173	2,638
		<u>25,425</u>	<u>28,939</u>	<u>23,477</u>
Non-current				
Deferred tax liabilities		890	644	1,116
		<u>890</u>	<u>644</u>	<u>1,116</u>
Total liabilities		<u>26,315</u>	<u>29,583</u>	<u>24,593</u>
Net assets		<u>58,542</u>	<u>41,921</u>	<u>51,967</u>
Equity				
Equity attributable to shareholders of Goldshield Group plc				
Share capital	8	1,919	1,919	1,919
Share premium	8	22,274	22,274	22,274
Treasury shares		(4,667)	(4,667)	(4,667)
Shares held by employee benefit trust		(2,762)	(2,761)	(2,762)
Translation reserve		2,287	263	2,868
Retained earnings		39,491	24,893	32,335
Total equity		<u>58,542</u>	<u>41,921</u>	<u>51,967</u>

The accompanying accounting policies and notes form an integral part of the interim financial statement.

Consolidated Cash Flow Statement for the six months ended 30 September 2009

	<i>Six months ended 30 September 2009 (unaudited) £'000</i>	<i>Six months ended 30 September 2008 (unaudited) £'000</i>	<i>Year ended 31 March 2009 (audited) £'000</i>
Cashflows from operating activities			
Result for the period before tax	13,666	8,795	21,329
Depreciation	320	289	614
Amortisation	1,913	2,148	4,299
Impairment losses			
– intangible assets	–	112	505
– property, plant and equipment	–	–	244
Equity settled share options/rewards	212	109	309
Profit/(loss) on disposal of assets			
– property, plant and equipment	10	(26)	15
Finance costs	–	–	4
Finance income	(264)	(555)	(1,096)
	<u>15,857</u>	<u>10,872</u>	<u>26,223</u>
Increase in inventories	2,372	(843)	(2,543)
Increase in trade and other receivables	(2,420)	(1,029)	(1,805)
Increase/(decrease) in provisions, trade payables and other liabilities	(1,470)	1,918	713
Taxes paid	(1,463)	(2,532)	(9,734)
<i>Net cash from operating activities</i>	<u>12,876</u>	<u>8,386</u>	<u>12,854</u>
Cash flows from investing activities			
Additions			
– intangible assets	(441)	(4)	(950)
– property, plant and equipment	(350)	(466)	(1,381)
Proceeds on disposal of assets			
– property, plant and equipment	16	36	44
Proceeds on maturity of held to maturity investments	–	–	377
Interest received	264	555	1,096
<i>Net cash from investing activities</i>	<u>(511)</u>	<u>121</u>	<u>(814)</u>
Cash flows from financing activities			
Purchase of shares by employee benefit trust	–	(822)	(823)
Interest paid	–	–	(4)
Dividends paid	(2,023)	(1,936)	(2,948)
<i>Net cash from financing activities</i>	<u>(2,023)</u>	<u>(2,758)</u>	<u>(3,775)</u>
Net increase in cash and cash equivalents	10,342	5,749	8,265
Cash and cash equivalents at beginning of period	27,462	19,197	19,197
Cash and cash equivalents at end of period	<u><u>37,804</u></u>	<u><u>24,946</u></u>	<u><u>27,462</u></u>

The accompanying accounting policies and notes form an integral part of the interim financial statement.

Consolidated Statement of Changes in Equity

	<i>Equity attributable to equity holders of Goldshield Group plc</i>					
	<i>Share capital</i>	<i>Share premium</i>	<i>Own shares</i>	<i>Translation reserve</i>	<i>Retained earnings</i>	<i>Total equity</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Balance 1 April 2008	1,919	22,274	(6,606)	691	21,092	39,370
Purchase of shares held by employee benefit trust	–	–	(822)	–	–	(822)
Employee share based compensation	–	–	–	–	109	109
Dividends paid	–	–	–	–	(1,936)	(1,936)
Transactions with owners	–	–	(822)	–	(1,827)	(2,649)
Profit for the period	–	–	–	–	5,628	5,628
Other comprehensive income						
Currency translation differences	–	–	–	(595)	–	(595)
Deferred tax on translation reserve	–	–	–	167	–	167
Total comprehensive income for the period	–	–	–	(428)	5,628	5,200
Balance at 30 September 2008	1,919	22,274	(7,428)	263	24,893	41,921
Balance 1 April 2008	1,919	22,274	(6,606)	691	21,092	39,370
Purchase of shares held by employee benefit trust	–	–	(823)	–	–	(823)
Employee share based compensation	–	–	–	–	309	309
Dividends paid	–	–	–	–	(2,948)	(2,948)
Transactions with owners	–	–	(823)	–	(2,639)	(3,462)
Profit for the period	–	–	–	–	13,882	13,882
Other comprehensive income						
Currency translation differences	–	–	–	3,024	–	3,024
Deferred tax on translation reserve	–	–	–	(847)	–	(847)
Total comprehensive income for the period	–	–	–	2,177	13,882	16,059
Balance at 31 March 2009	1,919	22,274	(7,429)	2,868	32,335	51,967
Balance 1 April 2009	1,919	22,274	(7,429)	2,868	32,335	51,967
Employee share based compensation	–	–	–	–	212	212
Dividends paid	–	–	–	–	(2,023)	(2,023)
Transactions with owners	–	–	–	–	(1,811)	(1,811)
Profit for the period	–	–	–	–	8,967	8,967
Other comprehensive income						
Currency translation differences	–	–	–	(807)	–	(807)
Deferred tax on translation reserve	–	–	–	226	–	226
Total comprehensive income for the period	–	–	–	(581)	8,967	8,386
Balance at 30 September 2009	1,919	22,274	(7,429)	2,287	39,491	58,542

The accompanying accounting policies and notes form an integral part of the interim financial statement.

Notes to the Interim Financial Statement

1. Principal accounting policies

Statement of compliance

The interim financial statement has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". It does not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statement of the Group as at and for the year ended 31 March 2009.

Adoption of IFRS Interpretations, new and amendments to IFRS

– Applicable for the Group's accounting periods beginning on or after 1 April 2009

At the date of approval of these financials statements, the following standards, interpretations and amendments thereto were issued that are mandatory for the Group's accounting periods beginning on or after 1 April 2009. Management assessed the relevance of these amendments and interpretations and concluded that they are either not relevant or material to the Group or resulted in additional disclosures.

International Financial Reporting Interpretations Committee (IFRIC) interpretations

- IFRIC 15 Agreements for the Construction of Real Estate (effective 1 January 2010)
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation (effective 1 July 2009)
- IFRIC 17 Distributions of Non-cash Assets to Owners (effective 1 July 2009)
- IFRIC 18 Transfers of Assets from Customers (effective prospectively for transfers on or after 1 July 2009)

Amendments to existing standards

- Improvements to IFRSs (effective 1 July 2009)

International Financial Reporting Standards (IFRS)

- IFRS 3 Business Combinations (Revised 2008) (effective 1 July 2009)

The Group has adopted IAS 1 Presentation of Financial Statements (Revised 2007) in its consolidated financial statements. This standard has been applied retrospectively. The adoption of the standard does not affect the financial position or profits of the Group, however this has resulted in the inclusion of a Consolidated Statement of Comprehensive Income and formatting of the Consolidated Balance Sheet and Consolidated Statement of Changes in Equity. The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged, however some items that were recognised directly in equity are now recognised in other comprehensive income, such as for example currency translation differences.

Basis of consolidation

The Group financial statements consolidate those of the Company and of its subsidiary undertakings drawn up to the balance sheet date. A subsidiary is an entity which the Company controls, which is achieved when the Company has the power to control the financials and operating policies of an entity. Profits or losses on intra-group transactions are eliminated in full. The results of the subsidiary undertakings acquired during the year have been included from the date of acquisition. On acquisition of a subsidiary, all of the subsidiary's assets and liabilities which exist at the date of acquisition are recorded at the fair values reflecting their condition at that date. Goodwill arising on consolidation, representing the excess of the fair value of the consideration given over the fair values of the identifiable net assets acquired, is capitalised net of any provision for impairment. An Employee Benefit Trust that is controlled by its sponsoring entity, which is the Company in case of the Group, is consolidated into the financial statements.

Revenue

Revenue from the sale of goods is recognised in the Consolidated Income Statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue is measured at the fair value of the consideration received/receivable by the Group for goods supplied and services provided, excluding value added tax and trade discounts. Revenue from services rendered is recognised in the Consolidated Income Statement by reference to the stage of completion of transactions at the

Notes to the Interim Financial Statement

(continued)

balance sheet date. The stage of completion for the Global Solutions – call centre business is determined by the man days spent on the project for rendering the service at the end of each billing cycle. Subscription revenue is accrued over the period of the subscription. Advertising revenue for the Wellbeing media business is recognised when the related advertisement appears in the magazine.

Intangible assets

Goodwill

All business combinations are accounted for under the purchase method and goodwill has been recognised on acquisitions of subsidiaries. In respect of business combinations that have occurred since 1 April 2004, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Goodwill is stated at cost less any accumulated impairment losses. Goodwill arising on acquisitions before 1 April 2004 has been retained at the previous UK GAAP amounts at 31 March 2004. Goodwill is allocated to cash generating units and is not amortised but tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

Other intangible assets

Externally purchased product licences, trademarks, brand-names, know-how and similar intangible items are capitalised at historical cost, net of any provision for impairment and amortised on a straight line basis over their estimated useful economic lives which range between seven and ten years. The amortisation cost has been included within administrative expenses in the Consolidated Income Statement.

Software

Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised over their estimated useful lives between three to five years. The amortisation cost has been included within administrative expenses in the Consolidated Income Statement.

Property, plant and equipment

Property, plant and equipment is stated at cost less the accumulated depreciation. Depreciation is charged on a straight line basis over the estimated useful lives on the cost of the assets less their residual value. Land is not depreciated.

The estimated useful lives are as follows:

Freehold buildings and leasehold improvements	– 25 years or over the period of lease
Office equipment	– 5 years
Plant and equipment	– 6 to 7 years
Motor vehicles	– 5 years

Residual values are re-assessed annually.

Directly attributable costs for construction of assets are shown under Capital work in progress and will be transferred to the relevant category on completion of construction of the asset. Capital work in progress is carried at cost, less any recognised impairment loss. Depreciation commences when assets are ready for their intended use.

Impairment of non-financial assets

Assets that have an indefinite useful life excluding land, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). An impairment loss is recognised at the amount by which the asset's or cash generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is based on the higher of the fair value less costs to sell and value in use.

Notes to the Interim Financial Statement

(continued)

If at the balance sheet date there is any indication that an impairment loss recognised in prior periods for an asset other than goodwill no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

Research and development expenditure

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible, the costs are separately identifiable and the Group has sufficient resources to complete development. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses. Capitalised development costs are amortised from the point at which the asset is ready to use on a straight-line basis over its useful life, not exceeding five years. All other research and development expenditure is written off to the Consolidated Income Statement in the period in which it is incurred.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost is determined using the weighted average price method. The cost of finished goods comprises of product cost, its packaging and applicable duties and taxes. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Accounting for income taxes

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. This involves comparison of the carrying amount of assets and liabilities in the consolidated financial statements with their respective tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax liabilities are always provided for in full. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to the period when asset is realised or the liability is settled, based on tax rates (tax laws) that have been enacted or substantially enacted by the balance sheet date. All changes in deferred tax assets or liabilities are recognised as a component of tax expense in the Consolidated Income Statement, except where they relate to items that are charged or credited directly to equity (such as translation reserve and pre 7 November 2002 grants of share options) in which case the related deferred tax is also charged or credited directly to equity.

Tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the asset can be recognised and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash.

Employee benefit trust

The assets and liabilities of the Employee Benefit Trust (EBT) have been included in the consolidated financial statements. Any assets held by the EBT cease to be recognised on the Consolidated Balance Sheet when the assets vest unconditionally in identified beneficiaries.

Notes to the Interim Financial Statement

(continued)

The costs of purchasing own shares held by the EBT are shown as a deduction against equity. The proceeds from the sale of own shares held increase equity. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the Consolidated Income Statement.

Employee benefits

The Group operates a defined contribution pension scheme whereby contributions are made to individual employee pension plans of certain employees. These costs are charged against profits in respect of the accounting period in which they are paid.

Indian gratuity costs, which represent a form of long term service benefits are accrued based on actuarial valuation at the balance sheet date, carried out by an independent actuary.

Leased assets

All leased assets are identified as operating leases if they do not transfer substantially all the risks and rewards to the lessee.

Payments made under operating leases are charged to the Consolidated Income Statement on a straight line basis over the period of the lease.

Foreign currencies

The reporting currency for these financial statements is GB sterling (£) which is the parent Company's functional currency.

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction into the parent company's presentational currency. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Foreign exchange differences arising on translation are recognised in profit or loss. Non monetary assets and liabilities that are measured in terms of historical cost in a foreign entity are translated using the exchange rate at the date of the transaction.

All assets and liabilities in the financial statements of foreign subsidiaries are translated at the closing rate at the balance sheet date. The results of foreign operations have been converted into Group's reporting currency at the actual rates over the reporting period and the exchange differences arising have been taken to translation reserve, a component of equity. The exchange differences arising from re-translation of the net investments in subsidiaries are directly taken to translation reserve.

Share options

For all employee share options an expense is recognised in the Consolidated Income Statement with a corresponding credit to equity. The equity share based payment is measured at the fair value at the grant date using the binomial lattice method. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Long-term share incentive plan

As soon as practicable after the start of each performance period, each eligible participant will be notified about the number of shares awarded to him/her in respect of that period. The participant will also be informed about the form of the award, the performance targets to be achieved in relation to the performance period and any other conditions to which the award may be subject. The fair value of the share awards granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at each award date and spread over the period during which the participants become unconditionally entitled to the awards. The fair value of the share awards is measured using a binomial model, taking into account the terms and conditions upon which the shares will be released to the participants.

Provisions - Legal and other disputes

Provision is made where a reliable estimate can be made of the likely outcome of legal or other disputes against the Group. In addition, provision is made for legal and other expenses arising from claims received or other disputes. No provision is made for other possible claims or where an obligation exists but it is not possible to make a reliable estimate. Costs associated with claims made by the Group against third parties are charged to the Consolidated Income Statement as they are incurred. The provisions are not discounted as the impact is not material.

Notes to the Interim Financial Statement

(continued)

Exceptional legal and professional costs

Exceptional legal and professional costs are expenditure incurred and provided for defending the legal claims against the Group by the Department of Health and the Serious Fraud Office.

Dividends

Dividends proposed or declared after the balance sheet dates are not recognised as a liability. However the amounts of such dividends are disclosed in the financial statements.

Segmental reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment) or in providing products or services within a particular economic environment (geographic segment) which is subject to risks and rewards that are different from those of other segments.

Financial instruments

Financial assets and financial liabilities are recognised on the Consolidated Balance Sheet when the Group becomes a party to the contractual terms of the instrument.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed date of maturity where it is the intention of the Directors to hold them until maturity. Held to maturity investments are measured subsequent to initial recognition at amortised cost using the effective interest method. If there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in the Consolidated Income Statement.

Loans and receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Consolidated Income Statement within 'Other administrative expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'Other administrative expenses' in the Consolidated Income Statement.

Bank borrowings

Interest bearing bank loans and overdrafts are recorded at fair values on initial recognition. Finance charges including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis to the Consolidated Income Statement using the effective interest method and are added to the carrying value of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables

Trade payables are not interest bearing and are initially stated at their fair values and thereafter at amortised cost.

Notes to the Interim Financial Statement

(continued)

Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Equity comprises of the following:

- Share capital – represents the nominal value of equity shares
- Share premium – represents the excess over nominal value of fair value of consideration
- Treasury shares – represents purchase of the Company's equity share capital, the consideration paid, including any transaction costs and is deducted from total shareholders' equity
- Shares held by Employee Benefit Trust – represents amounts paid for shares of the Company held by the Employee Benefit Trust of the Long-Term Incentive Plan
- Retained earnings – represents the accumulated retained profits
- Translation reserve – represents gains or losses on foreign currency differences arising on consolidation of the net investment in subsidiaries.

2. Segmental Reporting

Segment information is presented in the interim financial statement in respect of the Group's business segments, which are the primary basis of segment reporting. The business segment-reporting format reflects the Group's management and internal reporting structure.

Primary - Business segments

The Group is organised into five major business units – Retail Brands, Retail Generics, Hospitals, Consumer Health Europe (CH E) and, Consumer Health North America (CH NA). Certain other business units like Country Distributors, Global Services, Wellbeing Centre, Wellbeing Villages, Resorts and Management Services constitute the other segments. These units form the basis for the Group's reporting of primary segment information.

Segment results

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

All inter-segment transfers are priced and carried out at arm's length.

Unallocated segment income and expenses

Unallocated segment income comprises interest income and miscellaneous receipts not directly attributable to any particular segment. Unallocated segment expenditure represents interest on loans and provision for income taxes, which cannot be directly attributed to any segment.

Notes to the Interim Financial Statement

(continued)

Primary segment disclosure - Business segments

Six months ended 30 September 2009	<i>Retail Brands</i>	<i>Retail Generics</i>	<i>Hospitals</i>	<i>CH E</i>	<i>CH NA</i>	<i>Other Segments</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Revenue							
External sales	25,253	6,465	6,303	7,831	4,425	3,658	53,935
Total revenue	<u>25,253</u>	<u>6,465</u>	<u>6,303</u>	<u>7,831</u>	<u>4,425</u>	<u>3,658</u>	<u>53,935</u>
Result							
Segment result	11,437	2,851	1,556	(282)	(440)	(1,720)	13,402
Operating profit							<u>13,402</u>
Finance costs							–
Finance income							264
Income tax expense							(4,699)
Profit for the period							<u><u>8,967</u></u>

Six months ended 30 September 2008	<i>Retail Brands</i>	<i>Retail Generics</i>	<i>Hospitals</i>	<i>CH E</i>	<i>CH NA</i>	<i>Other Segments</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Revenue							
External sales	22,022	6,057	6,289	9,072	2,895	3,816	50,151
Total revenue	<u>22,022</u>	<u>6,057</u>	<u>6,289</u>	<u>9,072</u>	<u>2,895</u>	<u>3,816</u>	<u>50,151</u>
Result							
Segment result	6,309	1,919	1,715	(1,222)	(628)	147	8,240
Operating profit							<u>8,240</u>
Finance costs							–
Finance income							555
Income tax expense							(3,167)
Profit for the period							<u><u>5,628</u></u>

Notes to the Interim Financial Statement

(continued)

Year ended 31 March 2009	<i>Retail Brands</i>	<i>Retail Generics</i>	<i>Hospitals</i>	<i>CH E</i>	<i>CH NA</i>	<i>Other Segments</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Revenue							
External sales	43,014	11,497	13,259	16,318	6,622	7,687	98,397
Total revenue	43,014	11,497	13,259	16,318	6,622	7,687	98,397
Result							
Segment result	15,773	3,753	3,745	(3,266)	(607)	839	20,237
Operating profit							20,237
Finance costs							(4)
Finance income							1,096
Income tax expense							(7,447)
Profit for the year							<u>13,882</u>

3. Tax on profit on ordinary activities

Tax on profits on ordinary activities is calculated at the standard rate of corporation tax in the United Kingdom of 28%.

The taxation charge of £4.70 million (2008: £3.17 million) represents an effective tax rate of 34.4% (2008: 36.0%).

4. Equity dividends

The amount of £2.02 million pertaining to the final dividend proposed as at 31 March 2009 has been paid on 19 August 2009.

The Directors have not declared an interim dividend for the period ended 30 September 2009 (2008/09 interim dividend: 2.9 pence, 2008/09 final dividend: 5.8 pence).

5. Earnings per share

The earnings are based on the earnings attributable to ordinary shareholders and the weighted average number of shares is based on ordinary shares outstanding during the period.

	<i>Basic Earnings per share</i>	<i>Diluted Earnings per share</i>
Six months to 30 September 2009 earnings (£'000)	8,967	8,967
Weighted average number of shares (000)	34,883	34,883
Per share amount (pence)	25.7	25.7
Six months to 30 September 2008 earnings (£'000)	5,628	5,628
Weighted average number of shares (000)	35,149	35,151
Per share amount (pence)	16.0	16.0
Year ended 31 March 2009 earnings (£'000)	13,882	13,882
Weighted average number of shares (000)	34,989	34,989
Per share amount (pence)	39.7	39.7

Notes to the Interim Financial Statement

(continued)

6. Intangible assets

	<i>Brand names know-how licences and trade marks</i>	<i>Goodwill</i>	<i>Software</i>	<i>Capital work in progress</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cost					
At 1 April 2009	64,591	33,316	108	884	98,899
Exchange differences	(84)	(2,276)	(4)	(32)	(2,396)
Additions	–	–	11	430	441
Transfers	–	–	1,282	(1,282)	–
Adjustment to purchase consideration	(297)	–	–	–	(297)
At 30 September 2009	64,210	31,040	1,397	–	96,647
At 1 April 2008	64,431	26,921	39	–	91,391
Exchange differences	2	707	(3)	–	706
Additions	–	–	4	–	4
At 30 September 2008	64,433	27,628	40	–	92,101
Amortisation and impairment losses					
At 1 April 2009	60,023	23,928	42	–	83,993
Exchange differences	(84)	(2,082)	–	–	(2,166)
Amortisation	1,838	–	75	–	1,913
At 30 September 2009	61,777	21,846	117	–	83,740
At 1 April 2008	55,581	18,391	3	–	73,975
Exchange differences	1	673	–	–	674
Amortisation	2,142	–	6	–	2,148
Impairment losses	–	112	–	–	112
At 30 September 2008	57,724	19,176	9	–	76,909
Carrying amounts					
At 30 September 2009	2,433	9,194	1,280	–	12,907
At 30 September 2008	6,709	8,452	31	–	15,192
At 31 March 2009	4,568	9,388	66	884	14,906

Impairment losses includes £112,000 as at 30 September 2008 and £505,000 as at 31 March 2009 (£486,000 for the Regina Health Limited business and £19,000 for software). The impairment charge for the current period is £nil.

7. Property, plant and equipment

During the period ended 30 September 2009 the Group acquired assets with a cost of £350,000 (30 September 2008: £466,000, 31 March 2009: £1,381,000).

Assets with a carrying value of £101,000 were disposed of during the period ended 30 September 2009 (30 September 2008: £10,000, 31 March 2009: £2,703,000) resulting in a gain on disposal of £10,000 (30 September 2008: £26,000, 31 March 2009: loss of £15,000).

There is no impairment provision for the period ended 30 September 2009 (30 September 2008: £nil, 31 March 2009: £244,000).

Notes to the Interim Financial Statement

(continued)

8. Share capital

	<i>Ordinary shares of 5 pence shares '000</i>	<i>Ordinary shares of 5 pence £'000</i>	<i>Share premium £'000</i>
Authorised			
At 30 September 2008, 31 March 2009 and 30 September 2009	100,000	5,000	–
Allotted, called up and fully paid			
At 30 September 2008, 31 March 2009 and 30 September 2009	38,367	1,919	22,274

There were no shares issued during the period ended 30 September 2009.

9. Contingent liabilities

Indemnities and guarantees

The Group has given indemnities in respect of advance payments, deferred purchase consideration and import duty guarantees issued on its behalf in the normal course of business. The indemnities given at 30 September 2009 were £687,000 (30 September 2008: £573,000, 31 March 2009: £688,000).

10. Preparation of Interim Financial Statement

The interim financial statement is unaudited but has been reviewed by the auditors and their report is set out on page 20. The financial information does not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006. Statutory accounts for Goldshield Group plc for the year ended 31 March 2009 on which the auditors gave an unqualified report have been delivered to the Registrar of Companies. The accounting policies and presentation of figures in the interim financial statement are consistent with those in the last annual accounts except IAS1 "Presentation of Financial Statement (Revised 2007)" has been adopted. This has resulted in the inclusion of a Consolidated Statement of Comprehensive Income and formatting of the Consolidated Balance Sheet and Consolidated Statement of Changes in Equity.

The Annual report is available on the company's website at www.goldshieldplc.com

11. Approval of Interim Financial Statement

The interim financial statement was approved by the Board of Directors on 27 November 2009. Copies of this statement will be available to members of the public, free of charge, from the Company at No.1 Croydon, 12-16 Addiscombe Road, Croydon, Surrey, CR0 0XT or on the Company's website at www.goldshieldplc.com

Independent review report to Goldshield Group plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2009 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and notes 1 to 11. We have read the other information contained in the half-yearly financial report which comprises only the Chairman's overview and the Chief Executive Officers operating review and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

GRANT THORNTON UK LLP
CHARTERED ACCOUNTANTS
LONDON

27 November 2009

Note

1. The maintenance and integrity of the Goldshield Group plc website is the responsibility of the directors: the interim review does not involve consideration of these matters and, accordingly, the company's reporting accountants accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the website.
2. Legislation in the United Kingdom governing the preparation and dissemination of the interim report differs from legislation in other jurisdictions.