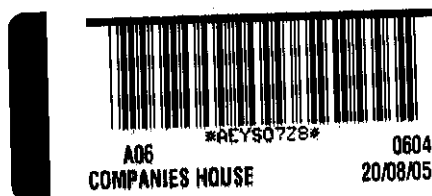


Forley Generics Limited

Financial statements

For the year ended 31 March 2005



Company No. 2760679

Company information

Company registration number	2760679
Registered office	NLA Tower 12 - 16 Addiscombe Road Croydon Surrey CR0 0XT
Directors	A R Patel A M Patel K V Patel R V Patel
Secretary	S Venkateswaran
Bankers	The Royal Bank of Scotland plc 280 Bishopsgate London EC2M 4RB
Solicitors	Jones Day 10 Old Bailey London EC4M 7NG
Auditors	Grant Thornton UK LLP Chartered Accountants Registered Auditors Grant Thornton House Melton Street Euston Square London NW1 2EP

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 March 2005.

Principal activities and business review

The company is principally engaged in the marketing and distribution of pharmaceutical and healthcare products.

Results and dividends

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

Research and Development

Research and development expenditure for current year was £72,224. (2004: £ 50,304)

Directors

The directors who served the company during the year were as follows:

A R Patel
A M Patel
K V Patel
R V Patel

The interest of the directors in the shares of the parent undertaking are disclosed in that company's financial statements.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD



R V Patel
Director

18 August 2005

Report of the independent auditors to the members of Forley Generics Limited

We have audited the financial statements of Forley Generics Limited for the year ended 31 March 2005 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the directors' report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 March 2005 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton UK LLP.

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
LONDON

19 August 2005

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The directors have reviewed the principal accounting policies and consider they remain the most appropriate for the company. The principal accounting policies of the company have remain unchanged from the previous year and are set out below.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is over 90% owned and its parent publishes a consolidated cash flow statement.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Legal and other disputes

Provision is made where a reasonable 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 reasonable estimate. Costs associated with claims made by the Group against third parties are charged to the profit and loss account as they are incurred.

Profit and loss account

	Note	2005 £	2004 £
Turnover	1	9,652,523	8,791,148
Cost of sales		(6,500,458)	(6,405,504)
Gross profit		3,152,065	2,385,644
Other operating charges	2	(2,503,534)	(3,042,324)
Operating profit/(loss)	3	648,531	(656,680)
Interest receivable		3,867	—
Profit/(loss) on ordinary activities before taxation		652,398	(656,680)
Tax on profit/(loss) on ordinary activities	5	(205,696)	195,687
Retained profit/(loss) for the financial year		446,702	(460,993)
Balance brought forward		2,985,849	3,446,842
Balance carried forward		<u>3,432,551</u>	<u>2,985,849</u>


All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

Balance sheet

	Note	2005 £	2004 £
Current assets			
Stocks	6	48,856	11,692
Debtors	7	7,859,169	3,544,108
Cash at bank		—	130,004
		<u>7,908,025</u>	<u>3,685,804</u>
Creditors: amounts falling due within one year	9	<u>4,475,472</u>	<u>699,953</u>
Net current assets		<u>3,432,553</u>	<u>2,985,851</u>
Total assets less current liabilities		<u>3,432,553</u>	<u>2,985,851</u>
Capital and reserves			
Called-up equity share capital	11	2	2
Profit and loss account		<u>3,432,551</u>	<u>2,985,849</u>
Shareholders' funds	12	<u>3,432,553</u>	<u>2,985,851</u>

These financial statements were approved by the directors on 18 August 2005 and are signed on their behalf by:



R V Patel

Notes to the financial statements

1 Turnover

The turnover and loss before tax are attributable to the one principal activity of the company.
 An analysis of turnover is given below:

	2005 £	2004 £
United Kingdom	<u>9,652,523</u>	<u>8,791,148</u>

2 Other operating charges

	2005 £	2004 £
Distribution costs	575,141	590,190
Administrative expenses	<u>1,928,393</u>	<u>2,452,134</u>
	<u>2,503,534</u>	<u>3,042,324</u>

3 Operating profit/(loss)

Operating profit/(loss) is stated after charging:

	2005 £	2004 £
Auditors' remuneration:		
Audit fees	15,000	5,000
Research and development	72,224	50,304
Net loss on foreign currency translation	<u>2,226</u>	<u>12,779</u>

4 Directors and employees

All directors and employees of Forley Generics Limited have been employed by Goldshield Management Services Limited. A proportion of the total salaries expense is recharged to Forley Generics Limited based upon employee usage for the period.

5 Taxation on ordinary activities

(a) Analysis of charge in the year

	2005 £	2004 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 30%	157,424	(153,171)
Under provision in prior year	—	526
Total current tax	157,424	(152,645)
Deferred tax:		
Increase / (Decrease) in deferred tax provision	48,272	(43,042)
Tax on profit/(loss) on ordinary activities	205,696	(195,687)

(b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2004 - 30%).

	2005 £	2004 £
Profit/(loss) on ordinary activities before taxation	652,398	(656,680)
Profit/(loss) on ordinary activities at 30%	195,719	(197,004)
Adjustments to tax charge in respect of previous periods	—	526
Expenses not deductible for tax purposes	(38,295)	43,833
Total current tax (note 5(a))	157,424	(152,645)

6 Stocks

	2005 £	2004 £
Finished goods	48,856	11,692

7 Debtors

	2005 £	2004 £
Trade debtors	2,633,964	2,204,537
Amounts owed by group undertakings	5,191,505	1,257,599
Prepayments and accrued income	700	700
Deferred taxation (note 8)	33,000	81,272
	7,859,169	3,544,108

8 Deferred taxation

	2005 £	2004 £
The movement in the deferred taxation account during the year was:		
Balance brought forward	(81,272)	(38,230)
Profit and loss account movement arising during the year	48,272	(43,042)
Balance carried forward	<u>(33,000)</u>	<u>(81,272)</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of earlier years.

9 Creditors: amounts falling due within one year

	2005 £	2004 £
Trade creditors	146,382	—
Bank overdraft	42,751	—
Amount owed to group undertakings	3,258,050	—
Corporation tax	4,253	206,069
Other taxation and social security	627,411	262
Accruals and deferred income	396,625	493,622
	<u>4,475,472</u>	<u>699,953</u>

10 Contingent liabilities

Indemnities and guarantees

There is a contingent liability in respect of bank borrowings of all companies within the group headed by Goldshield Group Plc secured by an intercompany cross guarantee. The aggregate group liability as at 31 March 2005 is Nil (2004: £5,500,000).

Serious Fraud Office (SFO) Investigation

On 10 April 2002, the Group's premises and those of the Chief Executive were visited by the SFO and certain documentation taken away. A press statement issued by the SFO stated that its operations formed part of an investigation into suspected conspiracy to defraud the National Health Service (NHS) concerning the prices charged for penicillin based antibiotics and Warfarin between 1 January 1996 and 31 December 2000.

The Directors do not believe that that the Group has acted in an unlawful or improper manner, nor has it at any time conspired to defraud the NHS and no provision has been made accordingly. Two of the Company Directors – Ajit Patel and Kirti Patel were interviewed by the SFO in March and April 2005 and the company continues to provide co-operation in the conduct of the enquiry. Unless and until any formal charges are made against the Group, its maximum potential exposure under relevant legislation for the alleged offences cannot be quantified. Legal and professional costs in this matter are expensed as incurred.

10 Contingent liabilities (continued)

Department of Health (DoH) claim

On 20 December 2002, the DoH issued a legal claim against the Group and three other companies (Norton Healthcare Limited, Norton Pharmaceuticals Limited and Regent GM Laboratories Limited) amounting to £28.6 million for alleged anti-competitive practices involving the fixing of selling prices and controlling the market and production of Warfarin between January 1997 and September 2000.

The Directors believe the company is free from wrong-doing in respect of these allegations. A defence has been filed.

A similar claim has been received from the Scottish Health Authorities claiming Damages of around £ 3.3 million. The company vigorously denies any liability for this claim.

The expected legal and professional costs for this action have been accrued.

There were no other material contingent liabilities at 31 March 2005 or 31 March 2004.

11 Share capital

Authorised share capital:

	2005	2004
	£	£
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

Allotted, called up and fully paid:

	2005		2004	
	No	£	No	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

12 Reconciliation of movements in shareholders' funds

	2005	2004
	£	£
Profit/(loss) for the financial year	446,702	(460,993)
Opening shareholders' equity funds	<u>2,985,851</u>	<u>3,446,844</u>
Closing shareholders' equity funds	<u>3,432,553</u>	<u>2,985,851</u>

13 Ultimate parent company

The directors consider that the ultimate parent undertaking and related controlling party of this company is Goldshield Group plc, which is registered in England and Wales, by virtue of its 100% shareholding in the company.

The largest group of undertakings for which group accounts have been drawn up is that headed by Goldshield Group plc. A copy of these accounts can be obtained at the NLA Tower, 12-16 Addiscombe Road, Croydon, CR0 0XT.

As a wholly owned subsidiary of Goldshield Group plc, the company is exempt from the requirements of FRS 8 'Related Party Disclosures' to disclose transactions with other members of the group headed by Goldshield Group plc.