

25 July 2006

NEUTRAHEALTH PLC ("the Company")

2006 INTERIM RESULTS STATEMENT

NeutraHealth Plc, which was admitted to trading on AIM in February 2005 to acquire companies in the nutraceutical industry, today announces its interim results for the six months to 30 June 2006.

The Company has had a successful first half of the year, with results in line with our expectations. Following the cornerstone acquisition of BioCare in 2005, the Company made a bolt-on acquisition of Nutrigold in February 2006. These two companies are fully integrated into the NeutraHealth group, and a strong platform for sustainable growth is in place.

The Company is confident that initiatives put in place during the last six months will deliver further growth through the second half of the year while the Company continues to strengthen relationships with acquisition targets.

Financial Highlights

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|---|-------|
| • Total turnover | £4.3m |
| • BioCare sales growth from 2 nd Half 2005 | 9% |
| • EBITDA * | £1.0m |
| • Cash Reserves | £1.9m |

No trading comparatives are presented above as the group's trading activity started in August 2005 with the acquisition of BioCare Limited.

* EBITDA excluding share options charge and one off costs of £11,000 incurred on aborted acquisitions, and £99,000 incurred in relocating and integrating Nutrigold into the existing group.

Operational Highlights

- Acquisition of Nutrigold in February 2006 followed by successful integration of operations into existing facilities
- Launch of BioCare transactional website in April 2006 with 85% of direct consumer orders being new customers
- 10 new products launched since December
- Significant interest in BioCare range and Nutrigold Detox products in 15 overseas markets
- Appointment of 12 nutritionists nationwide to complement the BioCare customer development team

BioCare

BioCare has had a strong six months after being acquired by NeutraHealth last year. Since the appointment of James McEuen as Managing Director in November 2005, he has successfully implemented many initiatives that have combined to deliver sales growth of 9% for the last six months, compared with the period from July to December 2005. This growth in sales is expected to continue over the next six months as the improvements to the business take full effect.

Exports

BioCare has always had a strong reputation as a leading brand in the practitioner channel in the UK. The potential to become a leading European brand focussing on practitioners was identified as a key opportunity at the time of acquisition. The company has made progress in developing the European market with exports increasing over 100% year on year predominately through business with existing overseas distributors, but also through a number of new relationships.

UK Customer Development

A UK Customer Development department has been created, and 12 trained nutritionists have been appointed to provide a nationwide network of sales ambassadors and company advocates to other practitioners and health food stores. These ambassadors will play a crucial role in educating customers about the BioCare range, and initial feedback has been very encouraging.

Website

BioCare launched its retail website in April 2006 and has had an encouraging response with 85% of all direct consumer orders received so far being placed by new Biocare customers. The internet already accounts for over 4% of monthly revenue, allowing the business to serve an increasing customer base without increasing the number of sales order staff.

Product Launches

A number of exciting new products have been launched in the last six months. These have included advanced product formulations, and also developments that have focused on delivery of the product. For instance our biggest selling probiotic product Bio-Acidophilus has just been launched both in straws and as a powder with the emphasis on expanding our share of the market for child friendly probiotics.

The launch of our innovative lifestyle range is now expected in Autumn this year. We suspended our launch while NeutraHealth pursued retail brand acquisition targets. The deferment of our original plans is expected to cause less than 2% reduction in anticipated growth this year. Following withdrawal from the acquisition processes, we resumed development of a new brand, which is now complete. Discussions with major high street retailers are ongoing and progressing well.

Our product launches so far this year include:

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|------------|---|
| OmegaBerry | A new fatty acid providing omega 3 fatty acids from fish, flavoured with natural berries that makes the product more tasty and attractive to children |
| Omega Oils | A new fatty acid providing a full range of omega 3, 6 & 9 fatty acids from linseed, olive, evening primrose & sesame oils, rather than fish oils. It can be used as an alternative salad dressing |

VascularGuard	Carefully selected antioxidants to help support the healthy function of the cardiovascular system
VitaCell	An antioxidant supplement to help protect the skin against excessive exposure to the sun
Salvesterol	A plant extract that is the vital ingredient behind the advice to consume five portions of fruit & vegetables each day
Sterolvite	Plant extracts to help maintain healthy cholesterol levels
MindLinx	A synergistic combination of l-glutamine & special probiotics supporting the gut-brain connection

Our product development pipeline remains sound with several more launches planned for 2006.

Sage Organic

BioCare has recently become sole distributor for the Sage Organic product range. Sage has a unique range of food supplements including Health Man, Healthy Woman and Menopause dual packs (combinations of multivitamins and herbal remedies) that are stocked in selected Boots and Waitrose stores in the UK.

Nutrigold

Nutrigold was acquired in February this year for £500,000 (with an earn out potential of up to a further £300,000). This was identified as a complementary bolt-on acquisition with the opportunity to realise synergies through co-locating order fulfilment and administrative functions.

Nutrigold has now been fully integrated into NeutraHealth's facilities in Birmingham and despite this period of change the company has continued to perform to our expectations, delivering sales of £335,000 in the first four months. The operational synergies are being achieved, and Nutrigold management activity is now firmly focussed on driving sales.

We are experiencing an increasing interest in the Nutrigold products. In particular the Amanda Hamilton/Nutrigold Detox range is receiving a lot of interest from UK customers and overseas distributors.

Outlook

NeutraHealth remains committed to making acquisitions that will deliver value to shareholders. In the first half of 2006 this resulted in the acquisition of Nutrigold as well as abortive fees from withdrawing from acquisition processes that failed to meet our value criteria.

In the second half of the year the Board will continue to work on building relationships and assessing potential acquisitions that will help deliver the Company's strategic aims while the group continues to deliver strong organic growth through existing and new brands.

Michael Toxvaerd, NeutraHealth Chief Executive, commented:

"We are pleased with the group performance for the first half of the year. Strong profitable sales growth has been achieved quickly after acquisition. We expect initiatives launched during the first half of the year to have a significant impact during the second half of the year as well.

Cashflow generation from operations remains good, and growth in earnings meets our expectations for this period. We are looking forward to further success this year with our existing businesses as we continue to assess acquisition opportunities."

For more information:

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Consolidated Income Statement

Six months ended 30 June 2006

	Unaudited 6 months 2006	Unaudited * 7 months 2005	Audited * 13 months 2005 Restated
	£'000	£'000	£'000
REVENUE	4,320	-	2,419
Cost of sales	<u>(2,024)</u>	<u>-</u>	<u>(1,117)</u>
Gross profit	2,296	-	1,302
Administrative expenses	<u>(1,548)</u>	<u>(86)</u>	<u>(925)</u>
PROFIT FROM OPERATIONS	748	(86)	377
Investment revenues	31	42	91
Finance costs	<u>(156)</u>	<u>-</u>	<u>(94)</u>
PROFIT BEFORE TAX	623	(44)	374
Income tax expense	<u>(154)</u>	<u>-</u>	<u>(113)</u>
PROFIT FOR THE PERIOD	<u><u>469</u></u>	<u><u>(44)</u></u>	<u><u>261</u></u>
Earnings per share			
Basic	<u><u>0.4p</u></u>	<u><u>(0.2)p</u></u>	<u><u>0.5p</u></u>
Diluted	<u><u>0.3p</u></u>	<u><u>(0.2)p</u></u>	<u><u>0.4p</u></u>

* The first comparative presented is for the period from incorporation on 18 November 2004 to 30 June 2005. The second comparative presented is for the period 18 November 2005 to 31 December 2005 and includes four months of trading following acquisition of BioCare Limited in August 2005.

Consolidated Balance Sheet

At 30 June 2006

	Unaudited 30 June 2006 £'000	Unaudited 30 June 2005 £'000	Audited 31 December 2005 Restated £'000
ASSETS			
<i>Non-current assets</i>			
Goodwill	15,623	-	15,101
Other intangible assets	86	-	59
Property, plant & equipment	510	1	348
Available-for-sale investments	-	-	3
Deferred tax assets	97	-	32
	<u>16,316</u>	<u>1</u>	<u>15,543</u>
<i>Current assets</i>			
Inventories	669	-	367
Trade and other receivables	1,033	29	985
Cash and cash equivalents	1,878	2,573	2,280
	<u>3,580</u>	<u>2,602</u>	<u>3,632</u>
Total assets	<u><u>19,896</u></u>	<u><u>2,603</u></u>	<u><u>19,175</u></u>
EQUITY AND LIABILITIES			
<i>Capital and reserves</i>			
Share capital	13,285	2,809	13,285
Capital reserves	108	(205)	48
Retained earnings	422	(44)	(47)
Total equity attributable to equity holders of the parent	<u>13,815</u>	<u>2,560</u>	<u>13,286</u>
<i>Non-current liabilities</i>			
Bank loan	3,074	-	3,547
Deferred tax liabilities	57	-	37
	<u>3,131</u>	<u>-</u>	<u>3,584</u>
<i>Current liabilities</i>			
Trade and other payables	1,769	43	1,622
Current tax liabilities	516	-	298
Bank overdrafts and loans	665	-	385
Total liabilities	<u>2,950</u>	<u>43</u>	<u>2,305</u>
Total equity and liabilities	<u><u>19,896</u></u>	<u><u>2,603</u></u>	<u><u>19,175</u></u>

Consolidated Cash Flow Statement

Six months ended 30 June 2006

	Unaudited 6 months 2006 £'000	Unaudited * 7 months 2005 £'000	Audited * 13 months 2005 Restated £'000
OPERATING ACTIVITIES			
Cash receipts from customers	4,332	-	2,348
Cash paid to suppliers and employees	(3,695)	(64)	(1,310)
Cash generated from operations	637	(64)	1,038
Income taxes paid	-	-	(24)
Interest paid	(177)	-	(45)
Net cash from operating activities	460	(64)	969
INVESTING ACTIVITIES			
Interest received	31	34	91
Proceeds on disposal of available-for-sale investments	5	-	29
Purchases of property, plant & equipment	(156)	(1)	(10)
Payments for intangible assets	-	-	(9)
Acquisition of subsidiary	(542)	-	(14,694)
Net cash used in investing activities	(662)	33	(14,593)
FINANCING ACTIVITIES			
Repayment of borrowings	(200)	-	-
Proceeds on issue of shares	-	2,809	12,758
Cost of issue of shares	-	(205)	(782)
New bank loans raised	-	-	3,928
Net cash from financing activities	(200)	2,604	15,904
Net (decrease) / increase in cash and cash equivalents	(402)	2,573	2,280
Cash and cash equivalents at the beginning of the period	2,280	-	-
Cash and cash equivalents at the end of the period	1,878	2,573	2,280

* The first comparative presented is for the period from incorporation on 18 November 2004 to 30 June 2005. The second comparative presented is for the period 18 November 2005 to 31 December 2005 and includes four months of trading following acquisition of BioCare Limited in August 2005.

Notes to the Consolidated Financial Statements

1. Basis of preparation

The consolidated financial statements for the six months to 30 June 2006 have been prepared in accordance with International Financial Reporting Standards. The same accounting policies and methods of computation are followed in this interim financial report as were published by the Company in its Report and Accounts 2005. A copy of this document is available on the Company's website at www.neutrahealthplc.com

The 2005 figures have been restated as a result of finalisation of the fair values of BioCare Limited's assets at the time of acquisition. The £326,000 provisional value of trademarks has been adjusted to a final value of £51,000. As a result, the amortisation of trademarks in 2005 has been reduced from £12,000 to £1,000. Goodwill has been adjusted to reflect this change.

The reconciliation of EBITDA before one off costs to Profit from Operation is as follows:

	Unaudited 6 months 2006 £'000
EBITDA	959
Aborted costs of acquisition	(11)
Relocation and integration of acquisition	(99)
Amortisation of trademarks and share options	(2)
Share options charge	(60)
Depreciation	(39)
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Profit from Operations	<u>748</u>

2. Revenue

The whole of turnover is attributable to one principal activity of the Group, being the sale and distribution of nutraceutical products. For management purposes, all results are reported as part of this single activity.

All turnover originates in the United Kingdom. A geographical analysis of turnover by destination is as follows:

	Unaudited 6 months 2006 £'000	Unaudited 7 months 2005 £'000	Audited 13 months 2005 Restated £'000
United Kingdom	3,747	-	2,170
Europe (excluding UK)	453	-	194
Rest of world	120	-	55
	<hr/>	<hr/>	<hr/>
	<u>4,320</u>	<u>-</u>	<u>2,419</u>

3. Income tax expense

	Unaudited 6 months 2006 £'000	Unaudited 7 months 2005 £'000	Audited 13 months 2005 Restated £'000
Current tax	206	-	145
Deferred tax	(52)	-	(32)
	<hr/>	<hr/>	<hr/>
Income tax expenses for the period	<u>154</u>	<u>-</u>	<u>113</u>

Income tax is calculated at 30% of the estimated assessable profit for the period.

The total charge for the period can be reconciled to the accounting profit as follows:

	Unaudited 6 months 2006 £'000	Unaudited 7 months 2005 £'000	Audited 13 months 2005 Restated £'000
Profit before tax	<u>623</u>	<u>(44)</u>	<u>374</u>
Tax at the income tax rate of 30%	187	(13)	112
Tax effect of tax losses incurred before qualifying trade commenced	-	13	18
Tax effect of expenses that are not deductible in determining taxable profit	19	-	15
	<hr/>	<hr/>	<hr/>
Tax expense rate for the period	<u>206</u>	<u>-</u>	<u>145</u>
Effective tax rate for the period	33%	nil	40%

4. Earnings per share

	Unaudited 6 months 2006 £'000	Unaudited 7 months 2005 £'000	Audited 13 months 2005 Restated £'000
<u>Earnings</u>			
Earnings for the purposes of basic and diluted earning per share (profit for the period attributable to equity holders of the parent)	469	(44)	261
	<u>'000</u>	<u>'000</u>	<u>'000</u>
<u>Number of shares</u>			
Weighted average number of ordinary shares for the purposes of basic earnings per share	132,852	20,752	54,211
Effect of dilutive potential ordinary shares:			
Final consideration for purchase of BioCare Ltd	7,143	-	2,515
Share options	2,421	1,600	3,276
	<u>142,416</u>	<u>22,352</u>	<u>60,002</u>

In the Report and Accounts 2005, the number of dilutive potential ordinary shares was stated as 8,851,000. The revised figures are presented above. The change had no effect on the earnings per share figures presented.