ImmuPharma

General Industries PLC

(Incorporated and registered in England and Wales, No 03929567)

Proposed acquisition of ImmuPharma

Placing of new Shares

Waiver of obligation under Rule 9 of the City Code on Takeovers and Mergers

and change of name to

ImmuPharma plc

Nominated adviser
Dawnay, Day Corporate Finance Limited

Broker
KBC Peel Hunt Limited

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action to be taken, you should immediately seek your own personal financial advice from your stockbroker or from other independent financial adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your shares in General Industries PLC, please forward this document and the accompanying form of proxy at once to the purchaser or transferee or to the stockbroker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.

Application will be made for the GI Shares, in issue and to be issued in connection with the proposed acquisition of ImmuPharma and the Placing, to be admitted to trading on the Alternative Investment Market of the London Stock Exchange and dealings in such GI Shares are expected to commence on 16 February 2006. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. London Stock Exchange plc has not itself examined or approved the contents of this document.

This document, which comprises an AIM admission document drawn up in accordance with the AIM Rules, is being issued in connection with the proposed acquisition by GI of ImmuPharma and the admission of the issued and to be issued share capital of GI to trading on AIM. This document does not constitute a prospectus under the Prospectus Rules of the Financial Services Authority made pursuant to section 73A of the Financial Services and Markets Act 2000.

General Industries PLC

(Incorporated and registered in England and Wales, No. 03929567)

Proposed acquisition of ImmuPharma
Placing of new Shares
Waiver of obligation under Rule 9 of the City Code on Takeovers and Mergers
and change of name to

ImmuPharma plc

Nominated adviser
Dawnay, Day Corporate Finance Limited

Broker
KBC Peel Hunt Ltd

Adviser to ImmuPharma **IDJ Limited**

A letter from the Chairman of GI, which recommends that you vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting, appears in Part 1 of this document.

Notice of an Extraordinary General Meeting of GI, to be held at 12.00 noon on 15 February 2006 at 50 Broadway, Westminster, London SW1H 0BL is set out at the end of this document. A form of proxy for use by Shareholders in connection with this meeting is enclosed. To be valid, forms of proxy, completed in accordance with the instructions printed thereon, must be received by the Company Secretary, General Industries PLC, 56 Station Road, Egham, Surrey TW20 9LF as soon as possible but in any event no later than 48 hours prior to the meeting. Completion and return of forms of proxy will not preclude Shareholders from attending and voting at the Extraordinary General Meeting should they so wish.

Your attention is drawn to the Risk Factors in Part 2.

Copies of this document will be available during normal business hours on any day (except Saturdays, Sundays and public holidays) free of charge to the public at the offices of Dawnay, Day Corporate Finance Limited, 17 Grosvenor Gardens, London SW1W 0BD and from KBC Peel Hunt Ltd, 111 Old Broad Street, London EC2N 1PH for a period of one month following Admission.

CONTENTS

EXPECTED TIMETABLE

	2006
Latest time and date for receipt of forms of proxy	12 noon on 13 February
Extraordinary General Meeting	12 noon on 15 February
Completion of the Transaction	16 February
Admission of, and commencement of dealings in, Shares (Placing shares issued)	16 February
CREST accounts credited with new Shares	16 February
Where applicable, definitive share certificates despatched by	22 February

EXPECTED ISSUE STATISTICS[1]

Placing Price	42.5p
Number of Placing Shares[1]	4,859,037
Number of Consideration Shares	58,750,000
Number of Shares in issue on Admission following the Transaction[1]	67,809,037
Market capitalisation on Admission at the Placing Price	£28.8 million
Gross proceeds of the Placing[1]	£2.06 million
Estimated net proceeds of the Placing[2]	£1.21 million
Placing Shares as a percentage of the Enlarged Issued Share Capital	7.2%
Existing GI Shares as a percentage of the Enlarged Issued Share Capital	6.2%

1 The Placing Agreement allows for the allotment of up to 3,140,963 additional Shares, subject to demand. The issue statistics above do not include the allotment of any such additional Shares and assume that 100 per cent. of the ImmuPharma Shares are acquired.

2 Net proceeds of the Placing are after deduction of the expenses of the Transaction

DIRECTORS AND ADVISERS

Present Directors	John Richard Wollenberg *Chairman* Anthony Jonathan Shakesby *Finance Director* Derek Maurice Joseph *Non-Executive Director* Ian Tewson Reynolds *Non-Executive Director* all of 56 Station Road, Egham, Surrey TW20 9LF
Proposed Directors	Richard Leonard Warr, MA, *Executive Chairman* Dimitri Dimitriou, MSc, *Chief Executive Officer* Dr Robert Zimmer, MD, PhD, *President and Chief Scientific Officer* Patrick Hugh Walker-Taylor, FCA, MCT, *Chief Financial Officer* Douglas Gordon James Paterson, FCA, *Senior Non-Executive* Anthony Michael Johnson, BPharm, MSc, *Non-Executive* all of 50 Broadway, London SW1H 0BL
Company Secretary	Anthony Jonathan Shakesby
Registered office	56 Station Road, Egham, Surrey TW20 9LF Tel: 017 8443 7444
Nominated adviser	Dawnay, Day Corporate Finance Limited 17 Grosvenor Gardens, London SW1W 0BD
Broker	KBC Peel Hunt Ltd 111 Old Broad Street, London EC2N 1PH
Adviser to ImmuPharma	IDJ Limited 81 Piccadilly, London W1J 8HY
Solicitors to GI	Morgan Cole 167 Fleet Street, London EC4A 2JB
Solicitors to ImmuPharma	Bircham Dyson Bell 50 Broadway, London SW1H 0BL
Solicitors to the Placing	Lawrence Graham LLP 190 The Strand, London WC2R 1JN
Tax advisor to ImmuPharma	Buzzacott 12 New Fetter Lane, London EC4A 1AG
Auditors to GI	KPMG Audit plc Marlborough House, Fitzalan Court, Fitzalan Road, Cardiff CF24 0TE
Reporting accountants	Nexia Audit Limited 25 Moorgate, London EC2R 6AY
Patent agent	McCarter & English LLP City Place 1, 185 Asylum Street, Hartford CT 06103, USA
Financial PR advisers	Caroline Cecil Associates 30 Poplar Grove, London W6 7RE
Bankers	Bank of Scotland St James's Gate, 14-16 Cockspur Street, London SW1Y 5BL The Royal Bank of Scotland 62-63 Threadneedle Street, London EC2R 8LA
Registrars	Computershare Investor Services PLC PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 7NH

GLOSSARY OF TECHNICAL TERMS

'ADME'	absorption, distribution, metabolism and excretion
'Big Pharma'	one or more of the major pharmaceutical companies or, as the context requires, the pharmaceutical sector comprising these major companies
'biomarkers'	measurable biological responses used as predictors of clinical effects
'Biotech'	the biotechnology industry, often used to describe the sector of small to medium, innovative, R&D-based pharmaceutical companies
'CRO'	contract research organisation
'drug-like'	having the potential to become a drug product candidate due to its physical and chemical characteristics
'i.v.'	intravenous
'in vitro'	experiments conducted in an artificial environment outside the living organism
'in vivo'	experiments conducted in the living organism
'Lupus'	an autoimmune inflammatory disease of unknown etiology as described in section 4 of Part 3 of this document
'MRSA'	methicillin-resistant staphylococcus aureus, a drug resistant bacteria
'OD'	once-a-day
'parenteral'	administered by injection
'PDCT'	peptide to drug converting technology
'peptide'	a molecule comprised of a series of amino acids (or a small subpart of a protein)
'Pharma'	abbreviation for "Pharmaceutical"; sometimes in the industry "pharma" also denotes a pharmaceutical company
'Phase 0'	the stage of development of a drug candidate before the first administration to man, during which all mandatory data required by regulatory bodies such as the FDA or the EMEA is generated and filed
'Phase I'	the stage of development of a drug candidate during which it is administered to man (usually healthy volunteers) for the first time. Phase I studies are designed to assess primarily the safety and tolerability of the drug candidate and gather information on its ADME. This phase is also used whenever possible to evaluate surrogate markers which are indicative of the clinical efficacy of the drug candidate
'Phase II'	the stage of development of a drug candidate during which therapeutic studies are conducted in limited numbers of patients using data generated in Phase I studies to determine dose regimen and primary efficacy, and to examine therapeutic outcomes and monitor safety in patients

'Phase III'	the stage of development of a drug candidate during which it is tested in large scale pivotal trials on, typically, between 200 to 4000 patients to demonstrate overall efficacy, tolerability and safety with a dose regimen as determined in Phase II. The drug candidate must generally prove to be statistically better than placebo or the current best therapy in terms of efficacy, safety or quality of life
'pre-clinical'	the stage of development of a molecule prior to administration to man during which pharmacological and preliminary safety studies are conducted to demonstrate its potential efficacy and confirm its drug candidate status. These studies are very variable in time and costs depending on the therapeutic indication, the chemistry and the R&D team. If successful, the next development step is Phase 0
'SSP'	Synthetic Screening Platform, an integrated system to allow a more efficient screening

PART I

Letter from the Chairman of GI

General Industries PLC

(Incorporated and registered in England and Wales with registered number 03929567)

Directors:
JR Wollenberg *Chairman*
AJ Shakesby
DM Joseph
IT Reynolds

Registered office:
56 Station Road,
Egham
Surrey TW20 9LF

23 January 2006

To GI Shareholders

Proposed acquisition of ImmuPharma, Placing, change of name and waiver of obligation under the Takeover Code

Dear Shareholder,

1. Introduction

I am pleased to inform you that your Company has entered into a conditional agreement to acquire ImmuPharma, a pharmaceutical research and development group. ImmuPharma has a close association with CNRS, the French government scientific research institution, and has the contractual right to exploit commercially certain of CNRS's medical discoveries. It also has prospective products of its own. New pharmaceutical products have to achieve satisfactory results in a series of tests and trials before they can be made available to patients in the market.

The acquisition of ImmuPharma is conditional on a simultaneous Placing to raise a minimum of £2.06 million in cash which, when combined with GI's existing cash resources, will give the Enlarged Group the resources necessary to finance initial clinical trials on one of ImmuPharma's lead drug candidates.

GI was established with a strategy of acquiring a business "which requires further funding for expansion in conjunction with a public quotation for its shares on terms which should prove beneficial to existing shareholders, management, employees and shareholders of the business being acquired". Your Board believes the terms of the Transaction (being the acquisition of ImmuPharma and the Placing) satisfy GI's strategic criteria and are pleased to recommend it to GI Shareholders.

Owing to the size of the ImmuPharma Group and the fact that the acquisition will constitute a fundamental change of GI's business, the acquisition is treated as a "reverse takeover" under the AIM Rules and as such is required to be approved by GI Shareholders. An Extraordinary General Meeting of GI, notice of which is set out at the end of this document, will be held on 15 February 2006 to approve the Transaction amongst other things. Your Board, who between us control approximately 35.2 per cent. of the Company, have undertaken to vote in favour of the resolutions necessary to approve the Transaction.

The Transaction, if approved, will result in Dr Robert Zimmer (a director of ImmuPharma) and members of his family holding over 30 per cent. of the enlarged share capital of GI. The Zimmer Family would be required by the Takeover Code to make a general offer for the whole of the issued share capital of GI not already held by them, unless a waiver of that obligation is approved by GI Shareholders by passing Resolution 2 at the EGM.

This document contains information required by the AIM Rules relating to the Enlarged Group, which is described as it would be if the Transaction had been completed. You will note that following completion of the Transaction, the Board will have changed and the Shareholders, by passing Resolution 6 at the EGM, will have renamed the Company ImmuPharma plc.

2. Financial position

GI has no business. Its assets comprise cash, which amounted to £994,833.77 as at 31 December 2005 from which it generates interest income out of which it pays its expenses.

Financial information on GI is set out in section I of Part 9.

3. ImmuPharma

The information in this paragraph is a summary only and should be read in conjunction with the other information contained in this document.

The ImmuPharma Group

ImmuPharma, which is registered in England, owns the entire issued share capital of Bio Delivery Systems SA, recently renamed ImmuPharma (France) SA and Zimmer & Associates AG, recently renamed ImmuPharma AG.

The business and its management

ImmuPharma is a drug discovery and development group which aims to develop novel peptide medicines which:

- treat serious medical conditions;
- address a high unmet medical need;
- are able to command high pricing;
- have low marketing costs; and
- have a relatively low risk of drug development failure.

ImmuPharma intends either to develop its own assets up to commercialisation or to seek collaborative agreements with larger pharmaceutical companies at an earlier stage.

ImmuPharma is managed by Pharma industry executives having "Big Pharma" experience and expertise in the key aspects of pharmaceutical development. ImmuPharma intends to build up its own research and development facilities, as and when scientific and financial milestones are met. In the meantime, ImmuPharma intends to continue its research in collaboration with CNRS and sub-contract labour intensive and non-core development activities to CROs. ImmuPharma currently has 7 direct employees, including 3 executive directors, as well as 7 CNRS employees who are performing work for the group.

The products in development

ImmuPharma currently has 3 lead drug candidates to treat, respectively: (1) Lupus; (2) moderate to severe pain such as in cancer and post-operative pain; and (3) severe resistant hospital acquired infections such as MRSA. Each of these drug candidates are proprietary and represent a novel approach to therapy. The Proposed Directors believe they each have significant sales potential if successfully developed. ImmuPharma also has its own proprietary drug discovery engine which, the Proposed Directors believe, will continue generating a strong potential drug candidate pipeline and patent portfolio.

Collaboration with CNRS

ImmuPharma has important collaboration arrangements with CNRS, the French government scientific research institution and has also links with INSERM, France's national institute for health and medical research. As part of the collaboration arrangements ImmuPharma has entered into a research collaboration agreement with CNRS which relates to the therapeutic use of peptides and peptide derivatives. ImmuPharma has been granted the worldwide exclusive rights to exploit all discoveries made pursuant to this agreement and will co-own the relevant intellectual property with CNRS. CNRS has granted additional exclusive worldwide licences to ImmuPharma France covering the rights to discoveries related to this agreement but made prior to it. Applications for additional patents, to be jointly owned by CNRS and ImmuPharma have already been and are being filed. CNRS is entitled to a share of the revenue generated by ImmuPharma from the exploitation of CNRS's licensed and co-owned rights.

Risk factors

Investment in ImmuPharma involves a high degree of risk. ImmuPharma has not been profitable and the Proposed Directors expect its losses to continue and potentially increase as its drug development efforts progress. It may require additional capital, which may not be available on terms that are acceptable to the Board. If clinical trials of one of ImmuPharma's drug candidates fail, there would be a complete absence of revenue for that product. The commercial success of ImmuPharma is dependent on its ability to obtain patent protection for its products, to successfully develop and obtain regulatory approval for its products and to achieve sales (either alone or through licensing deals with other Pharma companies) in an environment where it is potentially competing against major pharmaceutical groups with greater resources.

Prospects

IPP-201101 for the treatment of Lupus: This is a specific approach to the treatment of Lupus based on the selective modulation of the cellular immune mechanism associated with the disease. It is scheduled to enter Phase I study in early 2006. With a potential selling price similar to Interferon (up to $10,000 per annum per patient), an estimated market of over 1,400,000 Lupus diagnosed patients in the top 7 markets by 2010, unusually high margins and no safe and effective alternative treatment currently in the market, the Proposed Directors believe that the value of this drug will be substantial if and when it emerges from the development and approval process. Based on assumptions derived from recent reports *(source: Datamonitor)*, the Proposed Directors believe that IPP-201101 could generate peak annual sales by 2016 of over US$4 billion.

IPP-102199 for the treatment of moderate and severe pain such as cancer pain and post-operative pain: This is ImmuPharma's lead compound for pain relief and has the target product profile of a morphine replacement, with major advantages such as longer pain relief and reduced opioid side effects. IPP-102199 is based on one of the body's internal analgesics, met-enkephalin. ImmuPharma has performed a number of pre-clinical studies with IPP-102199 that show a superior efficacy profile compared to morphine. Most products and compounds presently under development for moderate and severe pain are opioid-based approaches that are likely to be accompanied by the serious side effects associated with morphine.

IPP-203101 for the treatment of MRSA and other severe hospital acquired infections: Bacterial resistance has recently lead to the emergence of lethal bacterial strains. ImmuPharma's IPP-203101 is the first lead molecule of a novel class of proprietary antibiotics and has shown activity *in-vitro* against MRSA and other bacterial strains. IPP-203101 uses a novel approach to alter bacterial membranes which, the Proposed Directors believe, is less likely to become ineffectual through the development of bacterial resistance.

Expected Revenue Stream

Subject to regulatory approval one or more of ImmuPharma's current three lead drug candidates may be available to patients in 2010. There is potential for earlier licensing arrangements to generate income before that time.

Funding

The Transaction will give the Enlarged Group the finance required for the IPP-201101 (Lupus) Phase I trial and a Phase II trial, which is expected to give an early indication of efficacy. Depending on the outcome of this study, ImmuPharma may proceed directly with Phase III. However, one or more further Phase II studies (for example to optimise the dosing regime of IPP-201101) may be required prior to entering Phase III. It is possible that, if this is necessary, ImmuPharma will be able to combine any further Phase II studies with the Phase III registration programme to expedite regulatory filing. While the Enlarged Group's financial resources are expected to cover some additional Phase II trials, a further equity injection may be required to complete such work. In any event, additional equity will be needed for the Phase III program, or alternatively, the Enlarged Group could seek to enter into partnering arrangements with other pharmaceutical companies.

Applications have been made to two external grant-giving bodies for additional financial resources for the development of ImmuPharma's assets. These bodies, Anvar and ANR, have approved grants totalling over €1 million. These will contribute to the financing of the IPP-201101 trial costs and the development of other drug candidates.

Dividing the Phase II program into separate parts reduces the overall risk profile for investors as the planned Phase II study has been designed to give an indication of efficacy at less cost than a full Phase II program. Accordingly, if the drug candidate appears unlikely to be effective, less cash will have been applied.

4. Summary of the Transaction

GI has entered into a Share Purchase Agreement with the ImmuPharma Vendors and a Placing Agreement with Dawnay Day and KBC Peel Hunt.

Pursuant to the Share Purchase Agreement, which is inter-conditional with the Placing Agreement, GI has agreed to acquire the whole of the issued share capital of ImmuPharma in consideration for the issue credited as fully paid of 58,750,000 new GI Shares to the ImmuPharma Vendors, which, based on a closing middle market price on 20 January 2006 of 45.5 per GI share, values ImmuPharma at £26.73 million. These Consideration Shares will rank *pari passu* in all respects with the GI Shares in issue at the date of this document, including the right to receive all dividends and other distributions hereafter declared, paid or made on Shares. On completion of the Share Purchase Agreement, the ImmuPharma Vendors will own 86.7 per cent. of the Company's Enlarged Issued Share Capital.

The Placing Agreement is conditional on, *inter alia,* (a) the passing of all the Resolutions, (b) the Share Purchase Agreement having been completed in respect of not less than 95 per cent. of the issued share capital of ImmuPharma and (c) the London Stock Exchange having agreed to admit the Shares, in issue and to be issued pursuant to the Transaction, to trading on AIM. 4,859,037 Placing Shares will be issued at a price of 42.5p each. The gross proceeds of the Placing are expected to be £2.06 million. The Placing Agreement contains provisions which enable the Directors to respond to additional investor demand by allotting up to 3,140,963 further Placing Shares raising up to £1.3 million additional cash.

Further details of the Share Purchase Agreement and the Placing Agreement are contained in paragraph 14 of Part 11 and copies of those agreements are available for inspection as described in paragraph 19 of Part 11. Under the arrangements for the Placing, commission of up to 4 per cent. is payable to certain authorised financial intermediaries other than KBC Peel Hunt.

ImmuPharma, in anticipation of its own potential admission to AIM, registered as a public company and changed its name to ImmuPharma plc on 1 July 2005. It has now passed a resolution, which is conditional on approval of the acquisition by GI Shareholders at the EGM, to re-register as a private company and to change its name to ImmuPharma UK Limited.

5. Board changes and key personnel

On completion of the Transaction, the Present Directors, whose names are set out at the beginning of this Part 1, will resign and the following Proposed Directors will be appointed to the Board of the Company:

Richard Warr, MA *Executive Chairman*
Dimitri Dimitriou, MSc *Chief Executive Officer*
Dr. Robert Zimmer, MD, PhD *President and Chief Scientific Officer*
Paddy Walker-Taylor, FCA, MCT *Chief Financial Officer*
Douglas Paterson, MA, FCA, *Senior Non-Executive Director*
Anthony Johnson, B.Pharm, MSc, *Non-Executive Director*

Biographical details of the Present Directors and the Proposed Directors are set out in section V of Part 9 and in section 5 of Part 3 respectively. Other information concerning the Present Directors and Proposed Directors is set out in section 5 of Part 11.

6. Dividend policy

The Proposed Directors intend to commence the payment of dividends by the Company when it becomes commercially prudent to do so, subject to the availability of distributable reserves. They consider that, for the foreseeable future, it is likely that any cash generated would be retained to fund further development of the Enlarged Group's products. A deficit of distributable reserves is expected to arise over the period until the generation of revenues.

7. Change of name

Resolution 6 will be proposed at the Extraordinary General Meeting to change the name of the Company to ImmuPharma plc. This is conditional on the passing of Resolution 5 to allow the Directors to allot the Placing Shares without the application of the statutory pre-emption rights of shareholders.

If the change of name becomes effective, the existing share certificates bearing the name General Industries PLC will cease to be valid 14 days after the passing of the Resolutions. New Share Certificates showing the Company's new name are expected to be posted to shareholders two weeks after the EGM. During the interim period (if any) transfers will be certified against the register.

8. New share incentive schemes

The Company proposes to adopt an HM Revenue and Customs approved company share ownership plan ("CSOP") and a non-HM Revenue and Customs approved share option scheme. Details of the Share Option Schemes are summarised in section 7 of Part 11.

Options granted under the Share Option Schemes will entitle the participant to acquire Shares at a price determined in accordance with the rules of the Schemes. The options will be exercisable within a period of ten years from the date of grant by a participant who remains a director or employee of a participating company, subject to the satisfaction of certain conditions.

Shares issued and allotted pursuant to both of the Schemes will rank *pari passu* in all respects with Shares then in issue except for dividends and other entitlements arising by reference to a date prior to the date on which the relevant option is exercised.

9. The Takeover Code

Rule 9 mandatory offer

Under Rule 9 of the Takeover Code, any person who acquires shares which, taken together with shares already held by him or shares held or acquired by any person acting in concert with him (the "concert party group"), carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code is normally required to make a general offer to all the remaining shareholders to acquire their shares.

Similarly, when any person or persons acting in concert already hold more than 30 per cent., but not more than 50 per cent., of the voting rights of such company, a general offer will normally be required if any further shares increasing their percentage of the voting rights are acquired.

Any offer under Rule 9 must be in cash and at the highest price paid within the preceding 12 months for any shares in the company by the person required to make the offer or any person acting in concert with him.

The maximum potential percentage shareholding

The Zimmer Family will hold a maximum of 34.96 per cent. of the Enlarged Issued Share Capital following the completion of the Transaction and exercise of options granted to Dr. Zimmer pursuant to the proposed share option schemes.

Takeover Panel approval

The Takeover Panel has agreed, subject to the approval of Shareholders, to waive the requirement, which would otherwise arise as a result of the Transaction, for a general offer to be made to all Shareholders under Rule 9 of the Takeover Code. Accordingly Resolution 2 is being proposed at the EGM and will be taken on a poll of Shareholders.

Shareholder approval and recommendation

When deciding whether you wish to vote in favour of Resolution 2, which could lead to the Zimmer Family controlling over 30 per cent. of GI's total voting rights without them incurring an obligation to make a general offer for the Company, you may wish to refer to Part 10 of this document in which information about the Zimmer Family and their intentions for GI are set out.

10. Extraordinary General Meeting

Set out at the end of this document is a notice convening an Extraordinary General Meeting of the Company to be held at 50 Broadway, Westminster, London SW1H 0BL on 15 February 2006 at 12 noon at which the following resolutions will be proposed:

(1) Resolution 1 (which will be proposed as an ordinary resolution) to approve the acquisition of ImmuPharma;

(2) Resolution 2, (which will be proposed as an ordinary resolution and which will be taken on a poll,) to waive any obligation which might otherwise arise under Rule 9 of the Takeover Code for the Zimmer Family to make a general offer for the Company as a result of the Transaction;

(3) Resolution 3 (which will be proposed as an ordinary resolution) to increase the authorised share capital of the Company to £10,400,000 by the creation of 104,000,000 new Shares;

(4) Resolution 4 (which will be proposed as an ordinary resolution) to authorise the Directors (in accordance with section 80 of the Act) to allot GI Shares in the circumstances set out in the Resolution;

(5) Resolution 5 (which will be proposed as a special resolution) to empower the Directors to allot GI Shares for cash as if the statutory pre-emption rights in the Act did not apply in the circumstances set out in the Resolution. This would allow the Directors a degree of flexibility to issue further Shares for cash should it be appropriate to do so; and

(6) Resolution 6 (which will be proposed as a special resolution) to change the name of the Company to ImmuPharma plc.

Following the passing of Resolution 3, and the allotment of the Placing Shares and the Consideration Shares, the Company will have 36,190,963 authorised but unissued Shares. Of these, 672,000 Shares will be reserved against the exercise of options issued to KBC Peel Hunt and Dawnay Day, 420,000 Shares will be reserved against options granted to the Present Directors and up to 3,665,000 Shares may be issued under the terms of the new Share Option Schemes. The remaining 31,443,963 Shares (representing approximately 46 per cent. of GI's Enlarged Issued Share Capital) may be issued for cash otherwise than *pro rata* to existing shareholders. All the above numbers of shares and percentages are based on the assumption that none of the 3,140,963 additional Placing Shares capable of being allotted under the Placing Agreement are issued.

11. Action to be taken

You will find enclosed with this document a form of proxy for use at the Extraordinary General Meeting. Whether or not you intend to be present at the EGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon, so as to be received by the Company Secretary, General Industries PLC, 56 Station Road, Egham, Surrey TW20 9LF, as soon as possible and, in any event not later than 12 noon on 13 February 2006. Completion and return of a form of proxy will not preclude you from attending the EGM and voting in person if you so wish.

12. Further information

Your attention is drawn to the further information set out in Parts 2 to 12 of this document.

13. Recommendation

Your Present Directors consider that the proposed acquisition of ImmuPharma and other matters to be proposed at the Extraordinary General Meeting to be in the best interests of Shareholders as a whole.

Your Present Directors, who have been so advised by KBC Peel Hunt, consider that the proposed waiver of an obligation under the Takeover Code, to be proposed at the Extraordinary General Meeting to be fair and reasonable and in the best interests of Shareholders as a whole. In providing advice to the Present Directors, KBC Peel Hunt has taken into account the Present Directors' commercial assessment.

ImmuPharma develops specialised drug candidates on which any assessment requires a high level of relevant technical knowledge. Your Present Directors have taken and relied upon what they believe is an appropriate level of professional advice and enquiry in deciding to recommend the Transaction and issue this document.

Accordingly, your Present Directors unanimously recommend all Shareholders to vote in favour of the Resolutions at the Extraordinary General Meeting, as we have irrevocably undertaken to do in respect of our beneficial holdings totalling 1,480,000 Shares, representing approximately 35.2 per cent of the Company's existing issued share capital.

Yours sincerely,

Richard Wollenberg
Chairman

PART 2

Risk factors

An investment in the Company involves a high degree of risk. Investors should consider carefully the following risks, before deciding to buy any Shares. Additional risks and uncertainties not currently known to the Present Directors or the Proposed Directors or that they currently deem to be immaterial may also impair its business operations. Investors may lose all or a part of their investment.

Lack of profits

In common with most similar small businesses in the biotechnology/pharmaceutical sector, ImmuPharma has not been profitable. The Proposed Directors expects it to incur additional losses for the foreseeable future as its research and development efforts progress. To become profitable, ImmuPharma must successfully develop drug candidates and enter into profitable agreements with other parties and its drug candidates must receive regulatory approval. ImmuPharma or these other parties must then successfully manufacture and market the drug candidates. It could be several years, if ever, before ImmuPharma receives royalties from any future licence agreements or revenues directly from product sales. If ImmuPharma fails to obtain additional financing, it may be unable to complete the development and commercialization of its drug candidates or continue its research and development programs.

Uncertainty of capital requirements and availability of funds

The Enlarged Group's long-term capital requirements and the adequacy of available funds will depend upon many factors, including:

- the progress of its research, drug discovery and development programs;
- changes in existing collaborative relationships;
- its ability to establish additional collaborative relationships;
- the magnitude and outcome of its research and development programs;
- the scope and results of preclinical studies and clinical trials to identify drug candidates;
- competitive and technological advances;
- the time and costs involved in obtaining regulatory approvals;
- the costs involved in preparing, filing, prosecuting, maintaining and enforcing patent claims;
- its dependence on others for development and commercialisation of its drug candidates; and
- successful commercialisation of its products consistent with its licensing strategy.

Raising Capital

The Enlarged Group may need to raise additional capital to complete the development and commercialization of ImmuPharma's current drug candidates. Additional funding, whether through additional sales of shares or collaborative or other arrangements with corporate partners or from other sources, may not be available when needed or on terms acceptable to it. The issuance of preferred or ordinary shares, or the borrowing of additional funds with terms and prices significantly more favourable than those of the currently available ordinary shares, could have the effect of diluting or adversely affecting the holdings or rights of existing shareholders. In addition, collaborative arrangements may require ImmuPharma to transfer certain material rights to such corporate partners. Insufficient funds may require it to delay, scale-back or eliminate certain of its research and development programs.

Reliance on third parties

ImmuPharma relies heavily upon other parties (including contract research organisations) for many important stages of its drug development programs, including execution of some Pre-Clinical studies and late-stage development for its compounds and drug candidates, management of its clinical trials, including medical monitoring and data management, management of its regulatory function, and manufacturing, sales, marketing and distribution of its drug candidates.

Development risk

If the clinical trials of any of ImmuPharma's drug candidates fail, that drug candidates will not be marketed, which would result in a complete absence of revenue from the failed product. The drug development process and achievement of regulatory approvals is complex and uncertain. Because of the cost and duration of clinical trials, the Proposed Directors may decide to discontinue development of drug candidates that are either unlikely to show good results in the trials or unlikely to help advance a product to the point of a meaningful collaboration. Positive results from pre-clinical studies and early clinical trials do not ensure positive results in clinical trials designed to permit application for regulatory approval.

Competition

ImmuPharma's competitors include amongst others, major pharmaceutical, biotechnology and healthcare companies with substantially greater resources than those of the Enlarged Group. The areas in which ImmuPharma has chosen to conduct its research and development are very attractive areas to all its competitors. There is no assurance that competitors will not succeed in developing products that are more effective or economical than those being developed by ImmuPharma or which would render its products obsolete and/or otherwise uncompetitive. Furthermore, there is no guarantee that the drug candidates being developed by ImmuPharma have either a better safety profile, dosing profile and/or efficacy profile than products that are already marketed by its competitors and this may adversely affect the sales of any new products.

Health authorities

The ability of ImmuPharma and any of its licensees or collaborators to commercialise its products also depends on the extent to which reimbursement for the cost of such products and related treatments will be available from government health administration authorities, private health providers and other organisations. There is uncertainty as to the reimbursement status of newly approved healthcare products, and there is no assurance that adequate, or indeed any, health administration or third party coverage will be available to ImmuPharma or its partners to obtain satisfactory price levels.

Patents

The commercial success of ImmuPharma depends to a great extent upon its ability to obtain patent protection for its products in Europe, the US and other countries and to preserve the confidentiality of its know-how. The successful commercialisation of its products, whether by itself or by third parties, as licensees or collaborators, is largely dependent on the extent of the intellectual property protection obtained. No assurance is given that ImmuPharma will develop products that are patentable, or that patents will be sufficiently broad in their scope to provide protection for ImmuPharma's intellectual property rights and exclude competitors with similar technology.

The commercial success of ImmuPharma is dependent, in part, on non-infringement of patents granted to third parties. Competitors or potential competitors may have filed applications, or may have been granted or may obtain patents that may relate to products competitive with those of ImmuPharma. If this is the case then ImmuPharma may have to obtain appropriate licences under these patents or cease and/or alter certain activities or processes, or develop or obtain alternative technology. There can be no assurance that, if any licences are required, ImmuPharma will be able to obtain any such licences on commercially favourable terms, if at all.

Liability risks

ImmuPharma's business exposes it to potential liability risks, which are inherent in research and development, manufacturing, marketing and use of human therapeutic products. There can be no assurance that future necessary insurance cover will be available to ImmuPharma at an acceptable cost, if at all, or that, in the event of any claim, the level of insurance carried by ImmuPharma now or in the future will be adequate or that a liability or other claim would not materially and adversely affect the business.

Reliance on personnel

ImmuPharma is dependent on the principal members of its management and scientific staff. Recruiting and retaining qualified personnel, consultants and advisers will be important to its success. There can be no assurance that ImmuPharma will be able to recruit the new staff required in its business plan and retain its personnel on acceptable terms given the competition for such personnel from competing businesses. The loss of service of any of ImmuPharma's personnel could impede the achievement of its objectives.

Environmental hazards

ImmuPharma and its third party contractors are subject to laws, regulations and policies relating to environmental protection, disposal of hazardous or potentially hazardous substances, healthy and safe working conditions, manufacturing practices and fire hazard control. There can be no assurance that ImmuPharma or its collaborators will not be required to incur significant costs to comply with future laws, regulations and policies relating to these or similar matters. The risk of accidental contamination or injury from certain materials cannot be eliminated. In the event of such an accident, ImmuPharma could be held liable for any damage that results and any such liability could exceed its resources.

Regulation

Changes in government regulations or enforcement policies could impose more stringent requirements on ImmuPharma, compliance with which could adversely affect its business. Failure to comply with applicable regulatory requirements could result in enforcement action, including withdrawal of marketing authorisation, injunction, seizure of products and liability for civil and/or criminal penalties.

Share price and liquidity

The share price of publicly traded biotechnology and emerging pharmaceutical companies can be highly volatile. The price at which the Company's shares will be quoted and the price which investors may realise for their shares will be influenced by a large number of factors, which could include the performance of both ImmuPharma's and its competitor's research and development programs, large purchases or sales of the Company's shares, legislative changes in the healthcare environment and general economic conditions. The volume of share trading on the Alternative Investment Market can be limited and this may restrict the ability of shareholders to dispose of their shareholding at any particular time.

Investment in shares traded on AIM is perceived to involve a higher degree of risk and be less liquid than investment in companies the shares of which are listed on the Official List. An investment in the Company's Shares may be difficult to realize. Prospective investors should be aware that the value of an investment in the Company may go down as well as up and that the market price of the Company's Shares may not reflect the underlying value of the Company. Investors may therefore realize less than, or lose all of, their investment.

Forward looking statements

This document contains certain statements that are not historical facts and may be forward-looking statements that are subject to a variety of risks and uncertainties. There are a number of important factors that could cause actual results to differ materially from those projected or suggested in any forward-looking statement made herein.

These factors include, but are not limited to: (i) ImmuPharma's and/or ImmuPharma's partners' ability to successfully complete product research and development, including pre-clinical and clinical studies and commercialisation; (ii) ImmuPharma's and/or ImmuPharma's partners' ability to obtain required governmental approvals, including product and patent approvals, the impact of pharmaceutical industry regulation, the difficulty of predicting FDA and other regulatory authority approvals, the regulatory environment and changes in the health policies and structure of various countries; (iii) the acceptance and demand for new pharmaceutical products and new discovery-enabling technologies such as the use of cells and (iv) ImmuPharma's ability to attract and/or maintain manufacturing, sales, distribution and marketing partners; and (v) ImmuPharma's and/or ImmuPharma's partners' ability to develop and commercialise products before its competitors and the impact of competitive products and pricing, the availability and pricing of ingredients used in the manufacture of products, uncertainties regarding market acceptance of innovative products newly launched, currently being sold or in development. In addition, significant fluctuations in financial results may occur as a result of the timing of milestone payments and the timing of costs and expenses related to ImmuPharma 's research and development program.

Without limiting the generality of the foregoing, no assurance is given as to when ImmuPharma's products will be launched or licensed, or whether that launch or licensing will be commercially successful, and words such as "may," will," to," expect," plan," believe," anticipate," intend," could," would," estimate," or "continue" or the negative or other variations thereof or comparable terminology is intended to identify forward-looking statements. These statements are primarily contained in Parts 1 and 3 of this document.

Certain risks to and uncertainties for ImmuPharma are specifically described in this Part 2. If one or more of these risks or uncertainties materialises, or if underlying assumptions prove incorrect, the Enlarged Group's actual results may vary materially from those expected, estimated or projected. Given these risks and uncertainties, potential investors should not place any reliance on forward-looking statements.

Neither the Directors nor the Company undertake any obligation to update forward-looking statements or risk factors other than as required by the AIM Rules or by applicable law, whether as a result of new information, future events or otherwise.

PART 3

Information relating to ImmuPharma

1. History

ImmuPharma plc acquired its two subsidiaries ImmuPharma Switzerland and ImmuPharma France, in February and March 2005 respectively. ImmuPharma Switzerland and ImmuPharma France have acquired and/or developed certain drug candidates and intellectual property rights, in part in collaboration with CNRS. ImmuPharma plc's founders were Richard Warr and Dimitri Dimitriou, who have extensive experience in the investment banking and pharmaceutical and biotech industry respectively. The founder and CEO of ImmuPharma Switzerland and ImmuPharma France (formerly Zimmer & Associates AG and Bio Delivery Systems SA respectively) was Dr. Robert Zimmer, MD, PhD. Dr Zimmer is a scientist and executive with extensive experience in the development of pharmaceutical products. He became a major shareholder and director of ImmuPharma plc when it acquired these two companies.

ImmuPharma has raised over €2 million in equity funding from institutions as well as from private individuals.

2. Corporate strategy

ImmuPharma is a drug discovery and development group which aims to develop novel peptide medicines which:

- treat serious medical conditions;
- address a high unmet medical need;
- are able to command high pricing;
- have low marketing costs; and
- have a relatively low risk of drug development failure.

ImmuPharma intends to continue its research in collaboration with CNRS and sub-contract labour intensive and non-core development activities to CROs.

ImmuPharma intends to either develop its own assets up to commercialisation or to seek collaborative agreements with larger pharmaceutical companies at an earlier stage.

3. CNRS

ImmuPharma has important collaboration arrangements with CNRS, the French government scientific institution and has also links with INSERM, France's national institute for health and medical research. As part of the collaboration arrangements, ImmuPharma has entered into a research collaboration agreement with CNRS which relates to the therapeutic use of peptides and peptide derivatives. ImmuPharma has been granted the worldwide exclusive rights to exploit all discoveries made pursuant to this agreement and will co-own the relevant intellectual property with CNRS. CNRS has granted additional exclusive worldwide licences to ImmuPharma France covering the rights to discoveries made prior to this agreement but related to it. Applications for additional patents, to be jointly owned by CNRS and ImmuPharma, have already been and are being filed. CNRS is entitled to a share of the revenue generated by ImmuPharma from the exploitation of CNRS's licensed and co-owned rights.

4. Product portfolio and pipeline

ImmuPharma currently has 3 lead drug candidates to treat, respectively: (1) Lupus; (2) moderate to severe pain such as cancer and post-operative pain; and (3) severe resistant hospital acquired infections such as MRSA. Each of these drug candidates are proprietary and represent a novel approach to therapy. The Proposed Directors believe each has significant sales potential if successfully developed. ImmuPharma also has its own proprietary drug discovery engine which, the Proposed Directors believe, will continue generating a strong potential drug candidate pipeline and patent portfolio.

The lead drug candidates

4.1 *IPP-201101:Treatment for Lupus*

Lupus (frequently manifested as Systemic Lupus Erythematosus or SLE) is a chronic, life-threatening autoimmune, inflammatory disease with a pattern of flares and remission. Lupus can affect multiple organs such as skin, joints, kidneys, blood cells, heart and lungs. It can appear in a multitude of forms, making diagnosis difficult with patients presenting to several different specialists (mainly dermatologists, rheumatologists and nephrologists). The consensus is that Lupus is much more prevalent in females than in males and has a higher incidence in non-caucasians than in caucasians.

Lupus patients are often misdiagnosed with rheumatoid arthritis or renal disease. It is not uncommon that a correct diagnosis is only made after several years and/or multiple referrals to various specialists. This may explain the discrepancies between the estimates of the number of diagnosed Lupus patients and actual sufferers. However, awareness of the disease has steadily increased in the past five years and should continue to do so due to well-organised patient groups (particularly in the US and to a lesser extent in the UK). New diagnosis tools are now in place and are increasingly used by physicians, which coupled with greater awareness, should lead to an increase in diagnosis rates.

Virtually all patients currently receive some form of drug treatment as shown in the table below (i.e. corticosteroids, NSAIDS (non-steroidal anti-inflammatory drugs), immuno-suppressants and anti-malarials) although these address the symptoms, not the cause. While aggressive treatment is used during flares, physicians prefer to limit long-term treatment with immuno-suppressants and corticosteroids due to their severe side effects, which include diabetes, hypertension, sterility and the need for hip replacement.

Figure 1: Primary drug classes used in the treatment of SLE, 2003

Drug class	Benefit	Primary side effects	Examples
Corticosteroids	suppress inflammatory process; fast relief	hypertension, osteoporosis, among others	prednisone, hydrocortisone, methylprednisolone
NSAIDs	relief of joint pain, swelling, aching, fever	GI complications (addressed by COX-II inhibitors)	ibuprofen, naproxen, diclofenac, celecoxib rofecoxib
Immuno-suppressants	reduce organ damage caused by severe disease	infection, pneumonia increased cancer risk	azathioprine, cyclophosphamide, cyclosporine
Anti-malarials	controlling joint pain and skin symptons	hair loss, retinal damage, skin complications	hydroxychlorsoquine, chloroquine

Source: Datamonitor DATAMONITOR

The Proposed Directors believe that IPP-201101, which was developed through ImmuPharma's collaboration with CNRS, has the potential to be a novel specific first-line drug therapy for the treatment of Lupus by specifically modulating the immune system and halting disease progression in a substantial proportion of patients. IPP-201101, taken over the long term, is intended to prevent the progression of Lupus rather than just treating its symptoms.

IPP-201101 has a unique mechanism of action that modulates the activity of CD4+T cells which are involved in the cell-mediated immune response which leads to the Lupus disease. The Proposed Directors believe that IPP-201101 could leave the rest of the immune system working normally.

Product development plans and status

A number of pre-clinical studies on the pharmacology of IPP-201101 have been performed and the compound shows efficacy in *in-vivo* models as well as in cells from Lupus patients. It is due to enter Phase I study in the first quarter of 2006. The Phase II programme can either comprise a single study or be split into two or more. ImmuPharma expects the planned Phase II study to give an early indication of efficacy later in 2006, using biomarkers as contemplated by FDA Guidelines. Depending on the outcome of this study, ImmuPharma may proceed directly with Phase III. However, one or more further Phase II studies (for example to optimise the dosing regime of IPP – 201101) may be required prior to entering Phase III. It is possible that, if this is necessary, ImmuPharma will be able to combine any further Phase II studies with the Phase III registration programme to expedite regulatory filing.

Due to the nature of the disease and the lack of available treatments, the FDA may grant a fast track development plan and fast track approval status for this drug candidate. The FDA's fast track program is designed to facilitate the development and to expedite the review of new drugs that are intended to treat serious or life threatening conditions and that demonstrate the potential to address an unmet medical need. ImmuPharma may have a number of possible options to fund Phase III trials. These may include partnering with a larger pharmaceutical company and/ or raising additional capital to conduct the development through to the commercialisation of the product.

Patent position and title

Patent applications relating to IPP-201101 owned by CNRS were filed in 2001 in US, Europe, Australia, Japan and Canada. If granted, these patents should provide protection until 2021 unless extended following the filing of additional patents. ImmuPharma France and CNRS jointly filed an additional patent application in relation to Lupus in June 2005.

Significant Competition

The widely used organ transplantation medication and immuno-suppressant, mycophenoplate mofetil ("MMF") (CellCept from Aspreva Pharmaceuticals Inc. in partnership with Roche) is in Phase III evaluation for renal Lupus and other autoimmune diseases. MMF has a potent suppressant action on T cells and B-lymphocytes, key elements in the cell-medicated immune response in Lupus (*source: www.aspreva.com*). Similarly, tacrolimus (Prograf from Astellas Pharmaceuticals Inc.) is also an immuno-suppressant that inhibits activated T-cells and is marketed for use in organ transplantation. This was reported to be in Phase III development for renal Lupus in 2003. However, it is unclear whether tacrolimus remains in development in the US and Europe for this purpose (*source: www.astellas.com*).

Another group of compounds in development for Lupus are based on mechanism approaches that non-specifically deplete B-lymphocytes in a non-selective way. Rituximab (Rituxan from Genentec Inc), is a therapeutic monoclonal antibody directed against the CD20 antigen found on the surface of normal and malignant B-lymphocytes. Rituximab is approved for the treatment of non-Hodgkin's lymphoma and is being developed for rheumatoid arthritis and renal Lupus (*source: www.gene.com*).

Human Genome Sciences Inc. ("HGS") is developing a human monoclonal antibody (belimumab) which recognises and inhibits the biological activity of the B-lymphocyte stimulator, a protein required to mature B-lymphocytes. Pre-clinical studies indicate that higher than normal levels of B-lymphocytes are associated with autoimmune diseases such as Lupus and rheumatoid arthritis. Belimumab has been in development in Phase II for Lupus and rheumatoid arthritis under a co-development and co-commercialisation agreement with GlaxoSmithKline plc. On 5 October 2005, HGS announced the results of its Phase II study. They reported that overall primary endpoints were not met. However, a statistically significant clinical effect was observed in a group of patients representing 75 per cent. of the population in the study that were screened as positive for a marker in their serum prior to entering the study. HGS are planning for Phase III on the basis of the results (*source: www.hgsi.com*).

Immunomedics Inc. is developing epratuzumab, a humanised monoclonal antibody to the B-lymphocyte receptor CD22 that, like rituximab, depletes or modulates non-selectively the B-lymphocytes. Epratuzumab has shown efficacy in an interim Phase II study and Phase III studies

are ongoing. The FDA has granted Immunomedics Inc fast track review of epratuzumab for Lupus. It is also being developed for non-Hodgkin's lymphoma and other autoimmune diseases (*source: www.immunomedics.com*) and therefore cannot be regarded as being selective for Lupus.

La Jolla Pharmaceuticals Inc is developing abetimus (Riquent) designed to arrest the production of the antibodies to the double-stranded DNA produced by Lupus patients' diseased B-lymphocytes and to arrest or delay renal Lupus disease without suppressing the healthy functions of the immune system. These antibodies are believed to cause renal Lupus. La Jolla have conducted and submitted a Phase III Study with abetimus in renal Lupus to the FDA for regulatory approval. In October 2004, the FDA informed La Jolla that Riquent was "approvable" pending the successful completion of a further clinical benefit trial.

Abatacept (Orencia) from Bristol-Myers Squibb, known as "T-cell costimulation modulator", has successfully completed Phase III in rheumatoid arthritis and has been unanimously recommended for approval for this indication by an independent panel of experts set up to advise the FDA. T-cells are stimulated in autoimmune disorders such as Lupus and abatacept may interfere with at least one of the ways this stimulation occurs to cause the disease. A Phase II trial in Lupus began in September 2005 and is planned to include 180 patients, who will each receive abatacept for one year.

Hormonal approaches to the treatment of Lupus are also being attempted, e.g. Prestara from Genelabs Inc. Prestara (dehydroepiandrosterone-DHEA) is a weak androgen (male sex hormone), which appears in abnormally low levels in persons with Lupus. Studies have shown that DHEA was helpful in treating mild to moderate Lupus but further clinical studies are required for regulatory approval (*source: www.genelabs.com*).

Market opportunity

Estimates of the size of the market for treatment of Lupus vary. A recent survey indicates an average prevalence of 40 persons per 100,000 in the US and 30 persons per 100,000 in Europe. However this reported data was generated between 1970 and 1990. Assuming that the reported incidence (corrected with the number of deaths) is stable, these numbers will have to be corrected for time to reflect the situation at the time of the possible launch of IPP-201101 in 2010. This data suggests that there will be approximately 1.4 million diagnosed Lupus sufferers at that time in the top 7 markets (US, Japan, Germany, France, Italy, UK and Spain). Datamonitor estimates between 1.5 million and 1.7 million Lupus sufferers in the top 7 markets.

IPP-201101's potential revenue will depend on its share of the market and the potential selling price per patient. The Proposed Directors believe that, assuming launch in 2010, it could generate peak annual sales of US$4 billion or more in 2016. This is based on the following key assumptions: over 1.4 million diagnosed Lupus patients, peak market share of 40 to 50 per cent. and a selling price per patient per annum of US$7,500 to US$10,000 (similar to Interferon, an auto-immune disease drug).

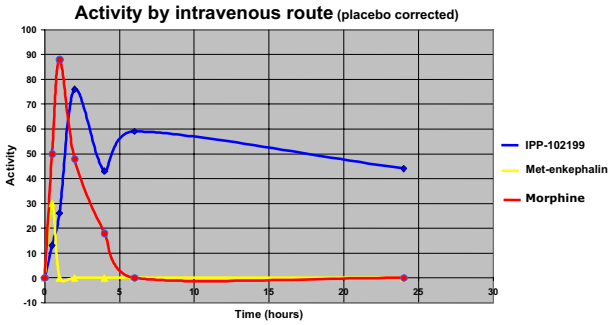
4.2 *IPP-102199: Treatment of moderate and severe pain, such as cancer pain and post-operative pain*

At present the most used analgesics for the treatment of post-surgical and cancer pain are morphine and its derivatives. However morphine-like substances have serious side effects such as constipation, respiratory depression and dependency. Recently, cellular therapy experiments have been conducted in cancer patients to induce a powerful analgesia. The purpose was to inject cells designed to release enkephalin or similar peptides. Preliminary results have demonstrated a successful analgesia in these patients. This approach supports the very recent interest for the use of met-enkephalin in the treatment of chronic pain in cancer patients.

However the lack of an appropriate delivery system has prevented the reasonable commercial marketing of the use of met-enkephalin. The ImmuPharma approach consists of a novel chemical "delivery system", which should allow met-enkephalin to be delivered in patients in a controlled release way for up to 24 hours both after oral and parenteral routes. This offers the prospect of an easier to use, better tolerated and less expensive way than the cellular approach to deliver met-enkephalin to the body. The Proposed Directors believe that an analgesic product at least as potent as morphine, administered once daily orally with reduced addictive liability has a good chance to become the treatment of choice for the treatment of moderate to severe pain.

ImmuPharma's lead drug candidate for pain relief is IPP – 102199 which is being developed as a morphine replacement, with major advantages such as longer pain relief and reduced opioid side effects such as respiratory depression and dependency. IPP – 102199 is based on one of the body's internal analgesics, met-enkephalin. Met-enkephalin is a small peptide obtained by the breaking down of a large precursor protein in the brain and the adrenal glands but which is quickly broken down by the body. Met-enkephalin has a different spectrum of effects at the opioid receptor level compared to morphine. ImmuPharma has developed IPP-102199 using its proprietary Peptide-to-Drug Converting Technology (PDCT) applied to met-enkaphalin. This is a key novel approach which the Proposed Directors believe may also facilitate the oral absorption of peptides in humans and extend their physiological effect.

The graph below shows the results of pre-clinical studies comparing the efficacy of IPP-102199 with that of met-enkephalin alone and with that of morphine after intravenous administration. Pre-clinical data also demonstrated that IPP-102199 is efficacious over 24 hours when administered orally as a single dose. In this respect it was also superior to morphine.



When met-enkephalin (yellow line) is administered by the intravenous (i.v.) route, it shows some efficacy but the compound is broken down quickly and is inferior to morphine i.v. (red line), which shows activity for 2-3 hours. IPP – 102199 (blue line) given i.v. shows activity for 24 hours and therefore may have the potential to be given just once a day.

In common with ImmuPharma's other compounds, the Proposed Directors believe IPP – 102199 targets a niche market with comparatively low entry and promotion costs, with a novel mechanism and a potentially superior product profile.

Product development plans and status

IPP – 102199 is in pre-clinical development. Phase I study to assess safety, dose ranging and duration of pain relief in healthy volunteers is planned to commence in mid 2006 subject to the availability of funds. Data is expected 9 months after the start of the study. IPP – 102199 is expected to undergo a limited Phase II & III program. As met-enkephalin occurs naturally in the body, it is hoped that IPP-102199 will have a lower risk of development failure compared to standard new chemical entities.

Patent position and title

Patent applications relating to IPP- 102199 and related technologies were filed by ImmuPharma Switzerland, with priority dates in January 2001 in US, Europe, China, Australia, Japan, and Canada. If granted they should provide protection until 2021 unless additional patents have been filed. US Patent No 6,908,900 was issued to ImmuPharma in June 2005. Other filings are still pending.

Signficant competition

Moderate and severe pain caused by conditions such as cancer and surgical procedures is treated primarily by opioids (e.g. morphine). The market for chronic opioids in the United States currently exceeds $3.5 billion and is growing in excess of 10-20 per cent. per year (*source: Pharma Genomics*). This market is dominated by extended release formulations of generic opioids such as morphine, fentany and oxycodone. The leading products are OxyContin (an oral extended release oxycodone), with annual US sales of approximately $2 billion prior to the launch of generic products in 2004, and Duragesic (a transdermal patch formulation of fentanyl), with annual US sales of over $500 million and worldwide sales of over $1 billion. However, the standard comparator against which other analgesics are measured is morphine, which is available from a number of companies, both as generic as well as in different branded formulations.

A number of compounds are in late clinical phase development for the treatment of moderate to severe pain but most are based on opioid mechanistic approaches and many continue to incorporate controlled release formulations of known compounds (*source: Datamonitor*). Some companies are developing analgesics based on other mechanisms but the efficacy and safety profiles of these compounds have not yet been fully established.

4.3 *IPP – 203101 : Treatment of MRSA and other hospital-acquired infections*

According to the US Centres for Disease Control and Prevention (CDC), 2 million people annually become ill from hospital-acquired infections, of whom about 90,000 die, and between 1 per cent. and 5 per cent. of surgical operations result in hospital-acquired infections. These infections add $5 billion a year to the health-care costs in the US, and the CDC has made reducing the number and severity of such infections a top priority.

ImmuPharma, in conjunction with CNRS, has discovered a novel class of antibiotics based on the fact that bacteria (and other microorganisms) have electrically charged cell membranes whereas human cells do not. IPP – 203101 is a peptide-based antibiotic with a stable helical structure that can carry electrical charges which may interact with those of bacterial cell membranes. Bacteria are very efficient in mutating, thus inducing resistance to known antibiotics. It is however believed to be very unlikely that a bacteria could modify the fundamental properties of its membrane structure in such a way that IPP-203101 would not interact with it.

Product development plans and status

IPP-203101 is expected to be an intravenous, once a day treatment (potentially once a week). In vitro data shows stability in plasma of over 5 days, so it may be able to be used as a single injection. Even though the current molecule is potent against FDA-recommended standardised bacterial strains in vitro, the Proposed Directors believe that improvements in the antibacterial profile of IPP-203101 are possible by further changes in its chemical structure. Pre-clinical in-vivo efficacy and safety data on IPP-203101 are expected by Q1 2006. The Proposed Directors believe that the Phase I studies should be able to start within 12 months, subject to the availability of financial resources. Phase I data should be available within 6 – 9 months of the commencement of the study. Fast track status may be granted by the FDA.

Patent position and title

Patent applications relating to IPP-203101 were filed in October 2001 (WO 03/029198) by CNRS and in March 2005 (US 60/662,785) as a co-owned CNRS/ImmuPharma patent. If granted, these patents should provide protection until 2025 unless additional patents have been filed.

Significant competition

The antibiotic drug development pipeline against MRSA and other multi-resistant infections features 3rd generation cephalosporins in late stage development and novel approaches are in earlier stages. However the Proposed Directors believe that, due to the mechanism of action of these cephalosporins, resistance may continue to occur but this may not be the case with the other novel approaches in development. The strongest competition is expected to occur with Dalbavancin, a once a week product from Pfizer Inc.

4.4 **The discovery pipeline**

In addition to its 3 lead drug candidates, ImmuPharma has a proprietary discovery engine that should be able to sustain the generation of more novel compounds that either fit with ImmuPharma's strategic focus for internal development or allow substantial out-licensing opportunities. There are currently two sources of proprietary molecules as described below.

Heterocyclic ureas scaffolds

ImmuPharma is co-owner with CNRS of a series of patents protecting a virtual library of heterocyclic urea molecules out of which 70 per cent. are considered as "drug-like" based on their physiochemical characteristics. In comparison, commercially available libraries are generally considered to be 35-40 per cent. "drug-like". 300,000 molecules may be able to be synthesized based on this core heterocyclic urea structure.

ImmuPharma intends to use drug modelling and "*in silico*" screening to first select the appropriate scaffolds and then parallel chemistry to allow the rapid manufacturing of a high number of new molecules in small quantities which will be subject to state of the art SSP screening processes. The Proposed Directors intend that drug modelling and screening capabilities will first be sub-contracted to research institutions (CNRS and/or CROs) before being developed "in house". The manufacturing capabilities can be kept sub-contracted or internalised without jeopardizing the development process or the intellectual property.

Peptide to drug converting technology (PDCT)

This technology increases the stability of peptides in plasma and therefore improves their activity. It may also facilitate the oral absorption of small peptides (like met-enkephalin). Improving the oral absorption of small peptides in humans would be a major advance in the development of effective medicines. The Proposed Directors believe that many small peptides present in the human body, once modified by PDCT could be then considered as promising drug candidates, with the fundamental advantage of being (1) safe as being produced by the human body and (2) effective due to their physiological role. The inherent development risk, as seen with standard molecules, should therefore be significantly reduced. The potent analgesic lead compound IPP – 102199 described above is the first drug candidate to be developed using this technology.

Combining the ImmuPharma technologies and resulting libraries, the Proposed Directors believe that ImmuPharma, subject to appropriate funding, will be able to generate optimised lead compounds at a rate of one per year, increasing to two per year once its own facilities are fully operational. The decision as to whether to develop lead compounds fully in-house or to license them out to industry partners at various stages of their development will be based on the financial and other resources available to ImmuPharma at the time.

5. Directors and employees

ImmuPharma has assembled a management team made up of experienced executives and prominent scientists that provide valuable expertise and contacts in the sector and the financial markets.

Brief biographies of the Proposed Directors are set out below (the first 3 of whom are currently also directors of ImmuPharma):

Richard Warr, MA *Executive Chairman*

Mr. Warr (aged 44) has 20 years' experience in investment banking and the capital markets having held a number of senior positions. He was a director at ABN Amro Equities and a member of the ABN Amro team rated number one in the 2001 Reuters UK smaller companies survey. He is former Head of European Equity Sales and Marketing at Credit Lyonnais, a former executive director of Dresdner Kleinwort Benson and former Head of European Equity Distribution at Swiss Bank Corporation. He is a graduate of Oxford University.

Dimitri Dimitriou, MSc *Chief Executive Officer*

Mr. Dimitriou (aged 44) has 20 years' experience in the pharmaceutical and biotech industry. He was Senior Director, Worldwide Business Development at GlaxoSmithKline, where his responsibilities included corporate deals with pharmaceutical and biotech companies on a worldwide basis. He is the founder and CEO of DyoDelta Biosciences Ltd, a company specialising in transactions between pharma and biotech companies. He moved from GlaxoSmithKline to the biotech sector in 2001 as CEO of the London-based drug discovery company Xcellsyz. His other past positions have included setting up and heading the Business Development function in Europe for Bristol-Myers Squibb, Product Manager in marketing at Sandoz (now Novartis), and 8 years in managerial positions in the pharmaceutical division of Procter & Gamble. Mr Dimitriou received his first degree in Biochemistry from Chelsea College (now King's College), University of London prior to graduating in Pathology & Toxicology from the Royal Postgraduate Medical School (now Imperial College Medical School) in London in 1984.

Dr. Robert Zimmer, MD, PhD *President and Chief Scientific Officer*

Dr. Robert Zimmer (aged 58) was the CEO and founder of both ImmuPharma Switzerland and ImmuPharma France. He obtained his MD at Strasbourg Medical School and his PHD at the University of Aix-Marseille. He became a department director at the "Fondation de Recherche en Hormonologie" in Paris. He began his career in the industry in 1985 in Roche's headquarters in Basle, Switzerland as coordinator of Clinical Pharmacology and International Clinical Leader during which time he was responsible for numerous Phase I studies and contributed to the development of moclobemide. In 1990 he joined Jago Pharma AG as Vice-President of R&D. He then became a director and head of R&D at SkyePharma plc after it acquired Jago. He heavily contributed in helping Jago and SkyePharma become a leading drug delivery company. He was instrumental in the development of a substantial number of products for clients including Roche, GlaxoSmithKline, Abbott, Searle, Sanofi-Aventis and Lilly; some of which reached the market, such as Paxil CR (GSK), Xatral LP (Sanofi) and Madopar CR (Roche). Further information about Dr Robert Zimmer and his family is set out in part 10.

Paddy Walker-Taylor, FCA, MCT *Chief Financial Officer*

Mr Walker-Taylor (aged 59) was previously Finance Director of Newarthill plc, holding company of Sir Robert McAlpine, the privately owned UK construction and property group. For part of his nine years with the McAlpine Group, he represented their minority shareholding in ISG Group plc as Non-Executive Director, until the holding was sold. He was involved in the AIM float of ISG Group. Prior to that, Paddy Walker-Taylor spent twenty years in the retailing sector, firstly, at Marks and Spencer plc where he had a number of different financial posts, becoming the treasury executive, before moving to the US as VP Finance Marks and Spencer US. Whilst there, he was part of the team involved in the acquisition of Brooks Brothers and Kings Supermarkets and their subsequent integration into the M&S Group. He then became Finance Director of Woolworths plc and after four years there, moved again to become Director of Financial Control at Kingfisher plc, the parent company. Since taking early retirement from the McAlpine Group in 2004, he has worked on a part-time basis with clients of FD Solutions, an organisation which provides finance director services to small and medium-sized companies.

Douglas Paterson, M.A., F.C.A, *Senior Non-Executive Director*

Mr Paterson (aged 62) worked for 39 years as a chartered accountant and for the last 22 years of his career as a partner in Coopers & Lybrand / PricewaterhouseCoopers ("PwC") until his retirement in June 2001 as senior audit partner in the financial services practice of PwC. He is currently a non-executive director of Close Brothers Group plc and chairman of its audit committee, a non-executive director of Goldman Sachs International Bank in London, chairman and non-executive director and chairman of Cdb Web Tech Management Limited and non-executive officer of Generation Investment Management LLP. During his experience at PwC, he held a number of senior positions, including, whilst in Switzerland, being responsible for the European audits of Digital Equipment Corporation, Philip Morris and, latterly, Ares Serono Diagnostics. On his return to the London office he was responsible for the global audit of Glaxo Plc, subsequently Glaxo Wellcome plc. He was later a senior audit partner specialising in banking and capital markets having as principal clients Goldman Sachs (responsible for the European audit) and the Rothschild group of companies. Whilst in Switzerland he managed the firm's offices in Geneva and Lausanne and towards the end of his carer he monitored a team of expatriate partners and managers based in PwC's Tokyo office. He also performed due diligence, technical accounting and regulatory advice together with regulatory reports to the Financial Services Authority. He led a taskforce which produced for Coopers & Lybrand the first publication interpreting aspects of International Accounting Standards and he founded the German Business Network of PwC in the UK. Mr Paterson has also been a Member of the UK Auditing Practices Committee, a councillor of the German-British Chamber of Industry and Commerce and Vice-chairman and executive committee member of the British-German Association.

Anthony Johnson, B.Pharm, MSc, *Non-Executive director*

Mr Johnson (aged 63) has over 30 years experience in the pharmaceutical industry. He was senior director, Scientific Licensing, at GlaxoSmithKline at his retirement in 2001. His responsibilities and

expertise included the identification, targeting and initial evaluation of potential in-licensing opportunities, input on competitors to senior R&D management, assessment and selection of potential licensing partners for out-licensing compounds, coordination of in-house R&D evaluations and due diligence, management of assessment through and decision making by senior R&D committees. Mr Johnson is now a freelance consultant to the biotech and pharmaceutical industry. Mr. Johnson's current professional memberships include the Licensing Executives Society, British Pharmacological Society and the Society for Medicines Research.

In addition to the Proposed Directors described above, ImmuPharma has the following key managers and scientists.

Key manager

Dr Jean-Marie Geiger, Pharm D, MD., *Head of clinical development*

Dr Geiger is pre-retired after spending 20 years at Roche as an international clinical leader. He successfully developed 3 products now on the market and has extensive experience in Drug Safety and Drug Regulatory Affairs. His expertise is in dermatology, endocrinology and pharmacology. He is a lecturer at the School of Pharmacy, University of Strasbourg (France) and a reviewer for several scientific journals. He has published around 100 medical and scientific articles.

Key scientists

Dr. Jean-Gérard Guillet, PhD, *co-founder of ImmuPharma France*

Dr. Guillet is Director of the CNRS "chimie et Immunologie des Peptides-Médicaments" unit. He was previously the director of the INSERM Department of Immunology, COCHIN Institute in Paris and visiting scientist at the Immunology Department of the MIT (Massachusetts Institute of Technology) in Boston, Massachusetts. He is co-founder of two start-ups in the immunology field: Immunogenics Inc. in the US and Peptide Immune Ligand SA in France. His field of expertise covers protein/protein interaction, receptor/ligand interaction, immune-chemistry, immunology, oncology and immune-modulation. He is the inventor for more than 10 patents and has written more than 180 papers and 20 book chapters and reviews.

Dr Sylviane Muller, PhD, *co-founder of ImmuPharma France*

Dr Muller is senior Research Director at CNRS and is head of the "Immunologie et chimie thérapeutiques" unit. Her field of expertise covers auto-immunity, immuno-peptides and synthetic vaccines. She is the inventor for 13 patents and has published more than 160 papers, 46 book chapters, and 1 book. She was also a founder of NeoMPS, a leading peptide development and manufacturing company. Sylviane is the key inventor behind ImmuPharma's Lupus lead drug candidate and has been working in this field for more than 5 years.

Dr. Gilles Guichard, PhD *co-founder of ImmuPharma France*

Dr. Guichard is Senior Researcher at the CNRS "Chimie et Immunologie des Peptides-Medicaments" unit and co-inventor of the heterocyclic ureas and oligoureas chemistry. He presently leads various research groups in the field of chemistry and peptide mimicry including in particular a research group dedicated to the development and process improvement of the heterocyclic urea library. He received the CNRS bronze award for the excellence of his research activities. Dr. Guichard is the inventor of more than ten patents and has published more than 50 papers and also has previous industry experience with NeoMPS.

Dr Jean-Paul Briand, PhD *co-founder of ImmuPharma France*

Dr Briand is Research Director of the CNRS "Immunologie et chimie thérapeutiques" unit and co-inventor of the heterocyclic ureas and oligoureas chemistry (10 patents, 100 papers) He has extensive industry experience in peptide chemistry and synthesis (Peninsula, USA) and was also a founder of NeoMPS.

6. Corporate governance

The Proposed Directors recognize the importance of sound corporate governance. Whilst at this stage of the Company's development the Proposed Directors consider that full compliance with the Combined Code would be too onerous, the Company intends, following Admission, to comply with the main provisions of the Combined Code so far as is practicable and appropriate for a public company of its size.

Once appointed the Proposed Directors shall establish an Audit Committee and a Remuneration Committee with formally delegated duties and responsibilities. The members of both committees will be the non-executive Proposed Directors.

The Audit Committee, which will be chaired by Douglas Paterson, will determine the terms of engagement of the Company's auditors and will determine, in consultation with the Company's auditors, the scope of the audit. It will receive and review reports from management and the Company's auditors relating to the interim and annual accounts and the accounting and internal control systems in use by the Company. The Audit Committee will have unrestricted access to the Company's auditors. The Remuneration Committee, which will be chaired by Anthony Johnson, will review the scale and structure of the executive Directors' remuneration and the terms of their service contracts. The remuneration of the non-executive Directors will be determined by the Board as a whole.

7. Trading record

ImmuPharma plc has only recently been formed to be the holding company of the ImmuPharma Group and has no trading record of its own. Its subsidiaries ImmuPharma France and ImmuPharma Switzerland have operated in France and Switzerland respectively for several years. The trading record of these subsidiary companies is set out in the Accountants' Reports in Parts 6 and 7 respectively. The interim accounts show no revenues and the early stage costs of developing some of ImmuPharma's drug candidates together with general corporate overheads while the general infrastructure of ImmuPharma was established.

Over the period covered by the Accountants' Reports, most of the research and development was carried out by CNRS at little cost to ImmuPharma or its subsidiaries. The rights to the products of this research have been exclusively acquired by ImmuPharma, which will pay royalties from its future income to CNRS.

8. Current trading and prospects

As its projects are not yet at the stage where revenue is generated, ImmuPharma is operating at a loss. Hitherto, the ImmuPharma Group has sub-contracted much of its research to CNRS. This has resulted in it needing only 6 employees. Following Admission, ImmuPharma plans to employ additional personnel and its operating costs will increase. The level of loss is expected to fluctuate according to the type and level of development activity being undertaken at the relevant time. The Proposed Directors anticipate that this will increase as and when the Phase II trials of the Lupus lead drug candidate begin.

The prospects for the generation of revenue are dependent on the outcome of the product development programme and the stage at which products are licensed to third parties.

PART 4

Patent agent's report

Basam E. Nabulsi

Partner
Telephone: 203.965.0601
Facsimile: 203.323.6513
bnabulsi@mccarter.com

McCarter & English, LLP
4 Stamford Plaza
107 Elm Street
Stamford, CT 06902
203. 324.1800
fax 203.323.6513
www.mccarter.com

The Directors
General Industries PLC
56 Station Road, Egham,
Surrey TW20 9LF
UNITED KINGDOM

McCARTER ENGLISH
ATTORNEYS AT LAW

Re: Intellectual Property Report
ImmuPharma plc
Our Reference: 98204.00001

23 January 2006

Dear Sirs:

We have been asked to prepare an intellectual property report for inclusion in a prospectus relating to the proposed re-admission to AIM, a market operated by the London Stock Exchange, of General Industries plc, on completion of the reverse takeover of ImmuPharma plc ("ImmuPharma UK"). ImmuPharma UK has two wholly owned subsidiaries, namely, ImmuPharma AG and ImmuPharma (France) SA. We have acted as intellectual property counsel for ImmuPharma AG (previously known as "Zimmer & Associates AG") for several years, and have also provided intellectual property-related counselling and services to ImmuPharma (France) SA (previously known as "Bio Delivery Systems SA"). For purposes of this intellectual property report, we refer to ImmuPharma UK and the two subsidiaries collectively as "ImmuPharma" and do not distinguish therebetween.

ImmuPharma's patent-related activities have included at least two distinct aspects: (i) ImmuPharma has pursued patent protection for its own inventions, and (ii) ImmuPharma has pursued technology-related initiatives that have involved, *inter alia*, establishing strategic partnerships with third parties and the acquisition of patent rights from third parties. In connection with preparation of this intellectual property report, we have reviewed relevant agreements and patent filings of ImmuPharma that relate to all aspects of ImmuPharma's patent-related activities, and this intellectual property report is intended to address all such aspects.

McCarter & English LLP ("M&E") is a nationally recognized law firm in the United States of America and our patent practice is both national and international in scope.[1] We work with associate firms in the United Kingdom and other countries to assist us with national patent filings in countries and patent offices outside the United States, and to provide advice and counsel on non-domestic patent issues. M&E's attorneys are experienced in obtaining patents, trademark registrations, and copyright registrations on a worldwide basis, and we have comparable experience with counselling, licensing and litigation matters.

In providing this intellectual property report to General Industries PLC, we are aware that individuals and entities beyond ImmuPharma will have access to the information set forth herein. We have been advised by ImmuPharma that access to the information set forth herein is not

1 Certain of the intellectual property-related services provided to ImmuPharma were performed by attorneys at Cummings & Lockwood LLC (C&L"), another nationally recognized law firm in the United States of America. In October, 2003, the intellectual property practice of C&L moved to M&E and, since October, 2003, M&E has acted as intellectual property counsel for ImmuPharma, assuming the role previously performed by C&L.

intended to constitute a waiver of the attorney-client privilege that exists with respect to the legal advice and counsel that we have provided to ImmuPharma. Accordingly, it is to be understood that the information disclosed herein shall not constitute a waiver of the attorney-client and/or attorney work product privileges that exist with respect to the advice and counsel provided to ImmuPharma beyond the limited opinions and representations specifically set forth herein.

1. Executive Summary

ImmuPharma's intellectual property rights include: (i) patent rights that are owned by ImmuPharma, and (ii) patent rights that are licensed to ImmuPharma on an exclusive basis. ImmuPharma's current intellectual property rights may be expanded in the future based on additional developments by Company personnel and/or through further licensing and/or strategic partnerships.

ImmuPharma's intellectual property rights are significant to ImmuPharma because, *inter alia*, those intellectual property rights are aligned with specific technical initiatives and development programs being pursued by ImmuPharma. For example, ImmuPharma's intellectual property rights include patent filings directed to novel approaches to treatment of Lupus, pain control/moderation, and treatment of infections. Patent filings associated with ImmuPharma's technical initiatives and development programs are at various stages of prosecution in patent offices around the world. In addition, based on work and analyses performed by ourselves and other counsel to ImmuPharma, as well as consultations with ImmuPharma, we are not aware of any patent-related obstacles to commercialization of ImmuPharma's proprietary technology in the noted fields.

2. Basic Principles Associated With Patent Protection

In broad terms, an issued patent provides the patent owner with the right to prohibit third parties from making, using or selling the patented invention during the term of the patent. Patent rights are territorial in nature, meaning that – as a general matter – an issued patent in the United States only impacts upon activities that take place in the United States. Accordingly, a patent applicant must assess the desirability of pursuing patent protection in various patent offices around the world. The Patent Cooperation Treaty ("PCT") offers patent applicants with a mechanism for preserving potential patent rights on a substantially global basis, although individual patent filings based on a PCT application must be pursued within applicable timeframes to obtain patent protection in specific countries of interest. Stated differently, the PCT process permits a patent applicant to process a single patent application at the outset of the patent process, thereby streamlining the initial process, but ultimately the applicant is required to branch out into national patent filings if patent protection is desired in specific countries/regions.

The principles guiding "patentability" determinations differ from patent office to patent office. However, as a general matter, patent protection is available for inventions that are useful, new and non-obvious to persons of skill in the relevant field. Patent examination involves a patentability assessment whereby a patent examiner evaluates "patent claims" relative to prior art teachings, e.g., prior patents and publications. It is the "patent claims" that ultimately define the legal right of a patent owner to prohibit third parties from engaging in infringing activities. The patent examination process generally involves an exchange of written communications between the patent applicant (usually through his/her attorney) and the patent examiner.

If multiple individuals/entities pursue patent protection for what might be characterized as the "same invention," in certain countries/regions (e.g., Europe) it is the first individual/entity to file a patent application directed to the invention-at-issue that is generally entitled to obtain patent protection. This is known as a "first to file" patent system. In the United States, however, it is the first individual to invent the subject matter at issue that is generally entitled to obtain a patent with respect thereto. Competing claims to inventorship may be resolved in a process termed "an interference" where the competing invention timelines are assessed to determine the "first-to-invent" under applicable legal principles in the United States.

In most countries, a patent application is "published" at a predetermined point in time after filing, e.g., eighteen (18) months after filing. In this way, the public has an opportunity to learn of the patent-related activities of competitors and other third parties having an interest in a particular

field/industry. In certain countries/regions (e.g., Europe), the public is permitted to participate in the patent examination process prior to ultimate patent grant, e.g., by way of a formal "opposition" submission, but in other countries/regions (e.g., the United States), third party participation prior to patent grant is generally not possible.

While the precise enforceable term of an issued patent varies from country-to-country, patent protection generally extends for a period of about twenty (20) years from the date of the initial patent filing. Patent rights are generally transferable, e.g., by way of assignment or license.

3. ImmuPharma's Intellectual Property Rights

a. **Family 1 – "Lupus"**

i. *Description of the Inventions*

The inventions in this family relate to novel modified peptides and their use in the treatment of autoimmune diseases, such as, for example, Systemic Lupus Erythematosus or SLE. The disclosed peptides are characterized by having at least one amino acid chemically modified by, for example, phosphorylation, acetylation or methylation. In an alternate related aspect, novel peptides are transformed so as to comprise post-translational modifications, e.g., phosphorylation or acetylation. These peptides are referred to as altered peptide ligands and are capable of acting as decoys towards CD4+ T cells and/or CD4+ T cell activity, thereby drastically reducing the immune effectiveness of such cells and, consequently, an organism's autoimmune response. These inventions are covered in US applications: US Serial Nos. 10/236,468 and 10/489,967 (non-provisional applications) and US Serial No. 60/695,719 (provisional patent application).

International counterparts to US Serial No. 10/489,967 have been filed in the European Patent Office (including a full range of designations), Japan, Australia and Canada. It is ImmuPharma's intention to extend the filed provisional patent application by way of international counterpart applications in like manner, e.g., to the European Patent Office, China, Japan, Australia and Canada. For ease of reference, the patent filings are summarized in the following table.

U.S. Serial No.	*U.S. Patent No.*	*Countries*	*Status*
10/236,468	n/a	US	Pending
10/489,967	n/a	US, EU, Japan, Australia, Canada	Pending
60/695,719	n/a	US (counterparts planned in EU, China, Japan, Australia, Canada)	Pending

ii. *Patent Strength and Status*

The two pending non-provisional applications, i.e., US Serial Nos. 10/236,468 and 10/489,967, claim priority to applications filed in September, 2001; thus, the earliest to expire should either of these applications issue in the United States would be September of 2021. The disclosure and claims of the pending applications are directed to the inventions described above, and would provide ImmuPharma with a measure of patent protection with respect to such technology if ultimately issued by one or more of the patent offices in which the applications have been filed. The status of various patent filings associated with the Lupus program are summarized in the following table; asterisks indicate that the patent filings claim the benefit of the earlier PCT application.

Country	*Serial No.*	*Filing Date*	*Publication No.*
France	01/12041	18 Sept 2001	FR 2,829,768
PCT	FR02/03186	18 Sept 2002	WO 03/025014
Australia*	2002/362383	—	—
Canada*	2,460,704	—	—
Europe*	02 798 771.8	—	EP 1,427,755
Japan*	528859/2003	—	—
United States*	10/489,967	—	—

iii. *Ownership and Third Party Rights*

The patent filings that are currently pending, including specifically the various counterparts thereto, are owned by Centre National de la Recherche Scientifique ("CNRS"). The provisional patent filing is jointly owned by ImmuPharma and CNRS.

ImmuPharma and CNRS have executed an exclusive license agreement with respect to the noted CNRS patent filings and associated know-how, whereby ImmuPharma has the exclusive right to the noted patent filings and associated know-how in the preparation and use of novel modified peptides and their use in the treatment of autoimmune diseases, such as, for example, Systemic Lupus Erythematosus or "SLE" on a worldwide basis. In addition, ImmuPharma has, *inter alia*, the exclusive right to identify, develop, manufacture, use and/or sell products that are established, directly or indirectly, through the subject matter of the patent filings and associated know-how. ImmuPharma also has the right to grant sublicenses with respect to the patent filings and associated know-how.

As noted above, the recently filed provisional application 60/695,719 is jointly owned by ImmuPharma and Centre National de la Recherche Scientifique ("CNRS"). ImmuPharma and CNRS have executed an exclusive license agreement, as contemplated by the terms of their research collaboration agreement dated 21 February 2002, whereby ImmuPharma has the exclusive right to use the subject matter of the patent filings owned, in whole or in part, by CNRS and associated know-how in human and veterinary medicine in the field of therapeutic peptides. In addition, ImmuPharma has, *inter alia*, the exclusive right to identify, develop, manufacture, use and/or sell products that are established, directly or indirectly, through the subject matter of the noted CNRS patent filings and associated know-how. ImmuPharma also has the right to grant sublicenses with respect to the noted CNRS patent filings and associated know-how. It is ImmuPharma's intention to extend the provisional patent application by way of international counterpart applications, e.g., to the European Patent Office, China, Japan, Australia and Canada.

In connection with the patent work that has been performed on behalf of ImmuPharma, various prior art patents have been identified to patent counsel handling such patent filings that are of varying degrees of relevance to ImmuPharma's development activities. To date, no prior art patents have been identified in connection with such patent work that is believed to pose an obstacle to commercialisation of ImmuPharma's proprietary technology for Lupus treatment. In addition, based on consultations with ImmuPharma, we have not been made aware of any potential infringement issues relating to ImmuPharma's proposed exploitation of this Lupus-related technology, nor have we been made aware of any third party that is conducting activities that may infringe upon ImmuPharma's proprietary technology (once patented). In particular, ImmuPharma has not been advised of any infringement issue with respect to its proposed exploitation of its proprietary technology for Lupus treatment.

b. **Family 2 – Peptide-to-Drug Converting Technology (Pain Treatment)**

i. *Description of the Inventions*

The inventions in this family relate to structures and methods for improving oral bioavailability of a therapeutic peptide. The claimed inventions include the use of a carrier moiety selected from the group comprising, for example, cinnamoyl, benzoyl, phenylacetyl, 3,4-methylenedioxycinnamoyl, and 3,4,5-trimethoxycinnamoyl. The carrier moiety is chemically linked to a therapeutic peptide of the general formula aan, where aa is amino acid, or a chemical structural variation thereof, and n is an integer from 2 to 40, and wherein the polypeptide is poorly absorbed orally. The claimed structure also includes an optional non-therapeutic linker species linking the polypeptide to the carrier. In some embodiments the linker may be an amino acid. The various related compositions and methods of these inventions are disclosed and claimed in issued U.S. patent (U.S. Patent No. 6,908,900) and in pending U.S. patent application Serial Nos.: 09/844,426; 10/237,254; and 10/825,472. International counterparts to U.S. Patent No. 6,908,900 are pending in the European Patent Office (including a full range of designations), China, Japan, Australia and Canada. For ease of reference, the patent filings are summarized in the following table.

U.S. Serial No.	*U.S. Patent No.*	*Countries*	*Status*
09/844,426	n/a	US	Pending
10/050,903	6,908,900	US, EU, China, Japan, Australia, Canada	Issued in the US; pending outside the US
10/237,254	n/a	US	Pending
10/825,472	n/a	US	Pending
60/692,649	n/a	US	Pending

ii. *Patent Strength and Status*

The issued U.S. patent will remain in force until 20 February 2021, if all maintenance fees are timely paid. It specifically covers the analgesic compound developed by ImmuPharma. The pending applications claim priority to an application that was filed in the US in January, 2001, and thus any issued US patent based thereon will remain in force until January, 2021 (in the absence of any applicable patent term extension), provided all applicable maintenance fees are timely paid. Independent claim 1 and dependent claims 3 and 7 of the issued U.S. patent are indicative of the scope of patent protection obtained by ImmuPharma with respect to this technology to date:

1. A pharmaceutical agent comprising a carrier moiety and a therapeutically active peptide species, wherein the peptide has the formula aa_n, where n is the number of amino acid residues in the peptide and wherein the carrier is a member selected from the group consisting of cinnamoyl, benzoyl, phenylacetyl, 3,4-methylenedioxycinnamoyl, 3,4,5-trimethoxycinnamoyl, t-butoxycarbonyl, benzyloxycarbonyl, pivaloyl, N-9-fluorenylmethoxycarbonyl, and fumaroyl.

3. The pharmaceutical agent of claim 1, wherein the carrier moiety is chemically linked to a therapeutically active peptide species of the general formula aan, where n is an integer from 2 to 40.

7. The pharmaceutical agent of claim 3, wherein the therapeutically active peptide species comprises Tyr-Gly-Gly-Phe-Met.

Of the three remaining patent applications, ImmuPharma has directed its primary attention to the final application identified in the above table, i.e., Serial No. 10/825,472. This application claims the benefit of the earliest filed application in the above table, i.e., Serial No. 09/844,426, and is believed to provide a strong disclosure for executing on ImmuPharma's patent claim strategy with respect to pain treatment (e.g., pain associated with cancer and post-surgery recovery) and ImmuPharma's associated peptide-to-drug converting technology.

The status of the non-domestic patent filings associated with the issued U.S. patent are summarized in the following table. The noted U.S. application (Ser. No. 10/050,903) was filed on 16 January 2002, but claimed priority to a series of provisional patent applications dating back to 17 January 2001. Specifics as to the provisional applications are omitted from the table for clarity and simplicity; asterisks indicate that the patent filings claim the benefit of the earlier PCT application.

Country	*Serial No.*	*Filing Date*	*Patent/Publication No.*
United States	10/050,903	17 January 2001	US 6,908,900
PCT	IB02/00133	17 January 2002	WO 02/056916
Australia*	2002/228260	—	—
Canada*	2,434,831	—	—
China*	02803832.0		—
Europe*	02 710 208.6	—	EP 1,372,733
Japan*	2002-557423	—	—

iii. *Ownership and Third Party Rights*

The above-noted patent filings are owned by ImmuPharma. Formal recordation of appropriate assignments have been made and/or are in process. As with the Lupus-related technology discussed above, various prior art patents have been identified to patent counsel handling such patent filings that are of varying degrees of relevance to ImmuPharma's development activities. To date, no prior art patents have been identified in connection with such patent work that is believed to pose an obstacle to commercialisation of ImmuPharma's proprietary technology for pain treatment and/or "peptide-to-drug converting" applications. In addition, based on consultations with ImmuPharma, we have not been made aware of any potential infringement issues relating to ImmuPharma's proposed exploitation of this technology, nor have we been made aware of any third party that is conducting activities that may infringe upon ImmuPharma's proprietary technology, including specifically the issued U.S. patent noted herein. In particular, ImmuPharma has not been advised of any infringement issue with respect to its proposed exploitation of its proprietary technology for pain treatment and/or "peptide-to-drug converting" applications.

c. **Family 3 – Infection Treatment Technology**

i. *Description of the Inventions*

The inventions in this family relate to novel urea oligomers and their use in pharmaceutical compositions for treating bacterial, fungal and/or cancer diseases. These peptide mimic molecules comprise side chains of amino acids that are capable of adopting a helicoidal structure independent of the primary structure of the molecules themselves, i.e., independent of the side chains. These molecules are further capable of mimicking the active natural helices. These inventions are covered in the pending US application, namely US Serial No. 10/491,549. International counterparts to this application have been filed in various countries, as detailed below; asterisks indicate that the patent filings claim the benefit of the earlier PCT application.

ImmuPharma has recently filed a provisional patent application 60/662,785 related to novel discoveries made on hybrid oligomers and their use, *inter alia*, in pharmaceutical compositions for treating bacterial, fungal and/or cancer diseases.

Country	*Serial No.*	*Filing Date*	*Publication No.*
France	01/12659	2 October 2001	FR 2,830,252
PCT	FR02/03355	2 October 2002	WO 03/029198
Canada*	2,462,675	—	—
Europe*	02 785 516.2	—	EP 1,432,677
Japan*	532452/2003	—	—
United States*	10/491,549	—	—
United States	60/662,785	18 March 2005	Pending
Counterparts planned in EU, China, Japan, Australia, Canada			

ii. *Patent Strength*

The pending non-provisional patent application, i.e., US Serial Nos. 10/491,549, claims priority to earlier-filed non-domestic patent applications; nonetheless, the term of any patent that may issue in the United States based on this patent application would extend to April, 2024. The disclosure and claims of the pending applications are directed to the inventions described above, and would provide ImmuPharma with a measure of patent protection with respect to such technology if ultimately issued by one or more of the patent offices in which the applications have been filed.

iii. *Ownership and Third Party Rights*

The noted patent filing, i.e., US Serial Nos. 10/491,549 (and the international counterparts thereto), is owned by Centre National de la Recherche Scientifique ("CNRS"). ImmuPharma and CNRS have executed an exclusive license with respect to the noted patent filings and associated know-how, whereby ImmuPharma has the exclusive right to use the subject matter of the patent filings and associated know-how in the preparation and use of oligomeric molecules exhibiting antibacterial and antifungal properties and of use as intracellular vectors in the medical and veterinary fields on a worldwide basis. In addition, ImmuPharma has, *inter alia*, the exclusive right to identify, develop, manufacture, use and/or sell products that are established, directly or indirectly, through the subject matter of the patent filings and associated know-how. ImmuPharma also has the right to grant sublicenses with respect to the patent filings and associated know-how.

The recently filed provisional application 60/662,785 is jointly owned by ImmuPharma and Centre National de la Recherche Scientifique ("CNRS"). ImmuPharma and CNRS have executed an exclusive license agreement, as contemplated by the terms of their research collaboration agreement dated 21 February 2002, whereby ImmuPharma has the exclusive right to use the subject matter of the patent filings and associated know-how in human and veterinary medicine in the field of therapeutic peptides. In addition, ImmuPharma has, *inter alia*, the exclusive right to identify, develop, manufacture, use and/or sell products that are established, directly or indirectly, through the subject matter of the patent filings and associated know-how. ImmuPharma also has the right to grant sublicenses with respect to the patent filings and associated know-how. It is ImmuPharma's intention to extend the provisional patent application by way of international counterpart applications, e.g., to the European Patent Office, China, Japan, Australia and Canada.

Various prior art patents have been identified to patent counsel handling the noted patent filings on behalf of ImmuPharma. These prior art patents have varying degrees of relevance to ImmuPharma's development activities. To date, no prior art patents have been identified in connection with such patent work that is believed to pose an obstacle to commercialisation of ImmuPharma's proprietary technology for infection treatment. In addition, based on consultations with ImmuPharma, we have not been made aware of any potential infringement issues relating to ImmuPharma's proposed exploitation of this technology, nor have we been made aware of any third party that is conducting activities that may infringe upon ImmuPharma's proprietary technology (once patented). In particular, ImmuPharma has not been advised of any infringement issue with respect to its proposed exploitation of its proprietary technology for treatment of infections.

d. Family 4 – Heterocyclic Ureas (Library) and Therapeutic Uses

i. D*escription of the Inventions*

The inventions in this family relate to novel cyclic urea compounds and methods for preparing such cyclic urea compounds. The preparation process makes it simpler to obtain, in very few steps, a considerable molecular diversity of cyclic urea compounds. In a first series of applications the cyclic urea compounds are prepared from at least one activated carbamic acid derivative containing an unprotected primary or secondary amine function, and the processing methodology includes a cyclization step which involves a reaction between the primary or secondary amine function and the carbamic acid derivative(s). The foregoing heterocyclic urea compounds and the associated processing modalities are covered in pending US application Serial No. 10/311,178. International counterparts to the foregoing US application have been filed in the European Patent Office (including a full range of designations), Japan, Australia, Canada, India, Singapore, Israel and South Korea. In a second series of applications, novel 7 and 8 membered ring cyclic urea compounds are prepared by cyclization of simple activated dipeptide derivatives. The novel heterocyclic compounds and methods for synthesis are covered in U.S. Provisional Patent Application filed 29 December 2005 (Serial No.: TBD), entitled "Compositions and methods for Synthesizing Novel Heterocyclic Therapeutics[a]." Methods for the therapeutic administration of these novel heterocyclic compounds for treatment and prevention of disease are the subject of two additional U.S. Provisional Applications. The first, "Compositions and Methods for the Treatment and Prevention of Disease[b]" was filed 29 December 2005 (Serial No.: TBD), and contains claims directed to methods for administering heterocyclic compounds for the treatment and prevention of malaria. The second application, "Compositions and Methods for the Inhibition of Phospholipase A2[c]" was also filed 29 December 2005 (Serial No.: TBD), and contains claims directed to the administration of heterocyclic compounds for the inhibition of PLA2, a known mediator of inflammation. All three provisional applications are cross-referenced and incorporated by reference in the other provisional applications. For ease of reference, the patent filings are summarized in the following table; asterisks indicate that the patent filing claim the benefit of the earlier PCT application.

Country	*Serial No.*	*Filing Date*	*Patent/Publication No.*
France	00/07507	13 June 2000	FR 2,810,039
PCT	FR01/01837	13 June 2001	WO 01/96318
Australia*	2001/267645	—	—
Canada*	2,412,782	—	—
Europe*	01 945 420.6	—	EP 1,289,968
India*	IN/PCT/2002/01225	—	—
Israel*	153408	—	—
Japan*	510461/2002	—	JP 2004-503546
Singapore*	2002-7535-6	—	—
Singapore*	Divisional – TBD	—	—
South Korea*	10-2002-7016995	—	2003-0031001
United States*	10/311,178	—	US 2004/0044199
United States	TBD[a]	29 December 2005	Pending
United States	TBD[b]	29 December 2005	Pending
United States	TBD[c]	29 December 2005	Pending

ii. *Patent Strength and Status*

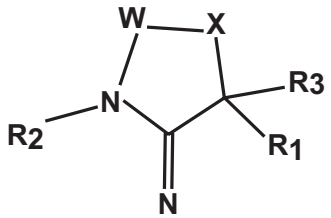
The pending non-provisional patent application, i.e., US Serial Nos. 10/311,178, claims priority to earlier-filed non-domestic patent applications; nonetheless, the term of any patent that may issue in the United States based on this patent application would extend to June, 2023. The disclosure and claims of the pending application is directed to the inventions described above, and would provide ImmuPharma with a measure of patent protection with respect to such technology if ultimately issued by one or more of the patent offices in which the applications have been filed. Claims 1 and 12 of US Serial No. 10/311,178 are indicative of the scope of patent protection being sought by ImmuPharma with respect to this technology to date:

1. Method for preparation of cyclic urea compounds from at least one activated carbamic acid derivative containing a non-protected primary or secondary amine function, comprising: a step of obtaining at least one activated carbamic acid derivative containing a non-protected primary or secondary amine function, from at least one stable activated carbamic acid derivative containing an amine function protected by a protecting group, by selective release of said protected amine function from said stable activated carbamic acid derivative or derivatives, by cleavage or transformation of said protecting group. a step of cyclisation by reaction between the non-protected primary or secondary amine function of at least one activated derivative obtained at the end of the selective release step, and the carbamic acid function of the derivative or derivatives.

12. Cyclic urea compounds comprising a ring of at least 7 atoms, in particular from 7 to 50 atoms, and preferably from 7 to 20 atoms, said cycle comprising at least one amide function and at least one urea function, each amide or urea function being separated from the closest adjacent amide or urea function by at least one carbon atom, and in particular by 1 to 4 carbon atoms.

The three U.S. Provisional Patent Applications filed 29 December 2005 each contain a section which cross-references and incorporates by reference, the other two applications. The provisional applications are given a non-extendable term of one year, i.e., 29 December 2006, in which they must be converted into U.S. Non-provisional Patent Applications, and/or foreign patent applications or else go abandoned. Claim 1 of provisional application "a" above is indicative of the scope of protection being sought by Immmupharma with respect to this technology:

1. A compound of the formula:



or a pharmaceutically acceptable salt thereof, wherein,

W is a member selected from the group consisting of $-C(^{5})(R^{5a})$-; $-C(R^{6})(R^{6a})$-$C(R^{7})(R^{7a})$-; $-C(R^{8})=C(R^{9})$-; -$N(R^{10})$, and combinations thereof;

X is a member selected from the group consisting of $-N(R^{1a})C(=Y)N(R^{4})$-;$-OC(=Y)N(R^{4})$-; $-N(R^{1a})C(=Y)O$-; $-N(R^{1a})S(=O)N(R^{4})$-; $-N(R^{1a})S(=O)2N(R^{4})$-; $-C(R^{1a})(R^{3a})C(=Y)N(R^{4})$-, and combinations thereof;

Y is a member selected from the group consisting of oxygen ("O") or Sulfur ("S");

Z is a member selected from the group consisting of O or S; and

R^{1}, R^{1a}, R^{2}, R^{3}, R^{3a}, R^{4}, R^{5}, R^{5a}, R^{6}, R^{6a}, R^{7}, R^{7a}, R^{8}, R^{9}, and R^{10} are independently selected from the group consisting of: a hydrogen atom; an amino acid side chain; a (C1-C10) alkyl; (C1-C10) alkenyl; (C1-C10) alkynyl; (C5-C12) monocyclic or bicyclic aryl; (C5-C14) monocyclic or bicyclic aralkyl; monocyclic or bicyclic (C5-C14) heteroaralkyl; and (C1-C10) monocyclic or bicyclic heteroaryl group having up to 5 heteroatoms selected from N, O, S, and P said groups being able to be non-substituted or substituted by 1 to 6 substituents further selected from the group consisting of: a halogen atom, an NO2, OH, amidine, benzamidine, imidazole, 1,2,3-triazole, alkoxy,

(C1-C4), amino, piperazine, piperidine, dialkylamino, guanidine group, bis alkylated or bis acylated guanido group, carboxylic acid, carboxamide, ester, hydroxamic acid, phosphinic acid, phosphonate, phosphonamidate, sulfhydryl and any combination thereof.

iii. *Ownership and Third Party Rights*

The patent filings that are currently pending, i.e., US Serial Nos. 10/311,178 (and the international counterparts thereto), are jointly owned by Centre National de la Recherche Scientifique ("CNRS") and Immupharma. The three U.S. Provisional Patent Applications filed 29 December 2005 are jointly owned as follows: (a) jointly owned by Immupharma and CNRS; (b) jointly owned by Immupharma, CNRS, and INSERM; (c) jointly owned by Immupharma and CNRS.

ImmuPharma and CNRS have executed an exclusive license agreement, as contemplated by the terms of their research collaboration agreement dated 21 February 2002, whereby ImmuPharma has the exclusive right to use the subject matter of the patent filings and associated know-how in human and veterinary medicine in the field of therapeutic peptides. In addition, ImmuPharma has, *inter alia*, the exclusive right to identify, develop, manufacture, use and/or sell products that are established, directly or indirectly, through the subject matter of the patent filings and associated know-how. ImmuPharma also has the right to grant sublicenses with respect to the patent filings and associated know-how.

Various prior art patents have been identified to patent counsel handling the noted patent filings on behalf of ImmuPharma. These prior art patents have varying degrees of relevance to ImmuPharma's development activities. To date, no prior art patents have been identified in connection with such patent work that is believed to pose an obstacle to commercialisation of ImmuPharma's proprietary technology for peptide synthesis and/or for identifying, developing, manufacturing, using and/or selling products that are established, directly or indirectly, through the subject matter of the patent filings and associated know-how. In addition, based on consultations with ImmuPharma, we have not been made aware of any potential infringement issues relating to ImmuPharma's proposed exploitation of this technology, nor have we been made aware of any third party that is conducting activities that may infringe upon ImmuPharma's proprietary technology (once patented). In particular, ImmuPharma has not been advised of any infringement issue with respect to its proposed exploitation of its proprietary technology for peptide synthesis and/or product identification or development.

e. Family 5 – Carbamates

i. *Description of the Inventions*

The inventions in this family relate to providing novel stable active derivatives of carbamic acid and, more particularly, to stable activated carbamates. The process for preparing these carbamic acid derivatives comprises at least one protected amino group and an activated carbamic acid function from an amino acid derivative in which the amino group is protected. The process includes: (a) transformation of the -COOH group of the amino acid derivative into a $–CON_3$ group to obtain an acyl azide; (b) transformation of the $–CON_3$ group of the acyl azide into a –NCO group to obtain an isocyanate; and (c) treating the isocynate to obtain a stable derivative of carbamic acid. These inventions are covered in pending US application Serial No. 09/904,459. International counterparts have been filed in the European Patent Office (with a full range of designations), Japan and Canada. The initial French patent application issued as a French patent on 2 March 2001. For ease of reference, the patent filings are summarized in the following table; asterisks indicate that the patent filing claims the benefit of the earlier PCT application.

Country	*Serial No.*	*Filing Date*	*Patent/Publication No.*
France	99/00330	14 Jan. 1999	FR 2,788,518
PCT	FR00/00080	14 Jan. 2000	WO 00/42009
Canada*	2,360,275	—	—
Europe*	00 900 588.5	—	EP 1,140,822
Japan*	593577/2000	—	JP 2002-534501
United States*	09/904,459	—	US 2002/0143191

ii. *Patent Strength*

The pending patent application, i.e., US Serial Nos. 09/904,459, claims priority to earlier-filed non-domestic patent applications; nonetheless, the term of any patent that may issue in the United States based on this patent application would extend to July, 2021. The disclosure and claims of the pending applications are directed to the inventions described above, and would provide ImmuPharma with a measure of patent protection with respect to such technology if ultimately issued by one or more of the patent offices in which the applications have been filed. Claim 1 and 7 of US Serial No. 09/904,459 are indicative of the scope of patent protection being sought by ImmuPharma with respect to this technology to date:

1. Process for the preparation of stable activated derivatives of carbamic acid, comprising at least one protected amino group and an activated carbamic acid function, from an amino acid derivative in which the amino group is protected, comprising: a) a step of transformation of the −COOH group of the amino acid derivative into a $-CON_3$ group to obtain an acyl azide, b) a step of transformation of the $-CON_3$ group of the acyl azide into a −NCO group to obtain an isocyanate, c) a step of treating the isocyanate to obtain said stable derivative of carbamic acid.

7. Compounds of [see formula in US Patent Publication No. 2002 – 0143191; claim 7] in which "n" is a whole number greater than or equal to 1, "i" is a whole number varying from 2 to n+1, the Y group can be or contain: 1/ a pseudopeptide 2/ an amino acid residue or a chain of amino acids comprising 1 to 10 residues, 3/ a GP group which can be: a protective group selected from: a hydrogen atom, an oxycarbonyl (ROCO), acyl, alkyl, aryl, urea, phthalimide (with R_1=Ø), biotin, O_2 (with R_1=Ø) group, or such that the "GP-N" entity forms an "NH_2+" entity, the groups R_1 and R_i can each represent independently from each other: a hydrogen, a halogen, the protected or unprotected side chain of an amino acid selected from natural and synthetic amino acids, a (C1-C20) alkyl group substituted or not, an alkyl group whose cyclic structure contains 5 to 20 carbon atoms, a group OR_a, NH_2, OH, $-COOR_a$, $-CONHR_a$, $-CONH_2$, −CH2COOR$_a$, −CH2CONHR$_a$, −CH2CONH$_2$, R_a representing an allyl, benzyl, t-butyl, fluorenylmethyl, alkyl having 1 to 20 carbon atoms group, or an aryl group whose cyclic structure contains 5 to 20 carbon atoms, the X group represents a group conferring on the compound of formula (III bis) a structure of an activated derivative of carbamic acid, which X group is from a compound selected particularly from phenols, if desired substituted with at least one nitro or at least one halogen, or hydroxylamine derivatives, or hydroxy-1,2,3-benzotriazole, 1-oxo-2-hydroxydihydrobenzotriazine (HODhbt), 7-aza-1-hydroxy-benzotriazo- le (HOAt), 4-aza-1-hydroxybenzotriazole (4-HOAt), imidazole and tetrazole, the R_1 and R_i groups can also form a cycle, provided that the compound of formula (III bis) is different from the following compounds in which: n=2, GP=Boc, R_1=isobutyl, R_2=R_3=H, X=4-nitrophenol n=2, GP=Boc, R_1=benzyl, R_2=R_3=H, X=4-nitrophenol n=2, GP=Boc, R_1=CH_2-p-C_6H_4Ot-Bu, R_2=R_3=H, X=4-nitrophenol n=2, GP=Boc, R_1=H, R_2=R_3=H, X=4-nitrophenol

iii. *Ownership and Third Party Rights*

The patent filings that are currently pending, i.e., US Serial Nos. 09/904,459 (and the international counterparts thereto), are jointly owned by Centre National de la Recherche Scientifique ("CNRS") and Immupharma. ImmuPharma and CNRS have executed an exclusive license agreement, as contemplated by the terms of their research collaboration agreement dated 21 February 2002, whereby ImmuPharma has the exclusive right to use the subject matter of the patent filings and associated know-how in human and veterinary medicine in the field of therapeutic peptides. In addition, ImmuPharma has, *inter alia*, the exclusive right to identify, develop, manufacture, use and/or sell products that are established, directly or indirectly, through the subject matter of the patent filings and associated know-how. ImmuPharma also has the right to grant sublicenses with respect to the patent filings and associated know-how.

Various prior art patents have been identified to patent counsel handling the noted patent filings on behalf of ImmuPharma. These prior art patents have varying degrees of relevance to ImmuPharma's development activities. To date, no prior art patents have been identified in

connection with such patent work that is believed to pose an obstacle to commercialisation of ImmuPharma's proprietary technology for synthesizing carbamate derivatives and peptide mimics and/or for identifying, developing, manufacturing, using and/or selling products that are established, directly or indirectly, through the subject matter of the patent filings and associated know-how. In addition, based on consultations with ImmuPharma, we have not been made aware of any potential infringement issues relating to ImmuPharma's proposed exploitation of this technology, nor have we been made aware of any third party that is conducting activities that may infringe upon ImmuPharma's proprietary technology (once patented). In particular, ImmuPharma has not been advised of any infringement issue with respect to its proposed exploitation of its proprietary technology for synthesizing carbamate derivatives and peptide mimics and/or product identification or development.

4. Conclusion

This report provides a detailed analysis of the intellectual property rights of ImmuPharma. Patent protection and associated know-how are primary components of ImmuPharma's intellectual property portfolio. ImmuPharma and its licensing partners are vigilant in filing and pursuing patent protection with respect to innovations having potential significance to ImmuPharma's technical and commercial activities.

ImmuPharma and its licensing partners have established a substantial patent portfolio with respect to the core products under development by ImmuPharma. For those innovations that are owned, at least in part, by a licensing partner of ImmuPharma, appropriate agreements have been put in place to permit ImmuPharma to pursue commercialization of the relevant technology on an exclusive basis. We are not aware of any reason why ImmuPharma or its licensing partners will be unable to obtain patent protection with respect to the various patent filings discussed herein, either in original form or in a modified form that may be developed through the patent prosecution process. In addition, we are not aware of any third party activities that infringe upon the patent filings of ImmuPharma, nor are we aware of any potential patent-related obstacles to commercialization of ImmuPharma's products or technologies.

Very truly yours,

McCARTER & ENGLISH, LLP

Basam E. Nabulsi
BEN/js

PART 5

Accountants' report on ImmuPharma plc

Nexia Audit

The Directors and the Proposed Directors
General Industries PLC
56 Station Road
Egham
Surrey
TW20 9LF

The Directors
Dawnay, Day Corporate Finance Limited
17 Grosvenor Gardens
London
SW1W 0BD

23 January 2006

Dear Sirs

ImmuPharma plc ("the company")

We report on the financial information set out on pages 41 to 45. This financial information has been prepared for inclusion in the Admission Document dated 23 January 2006 of General Industries PLC on the basis of accounting policies set out in note 1. This report is required by Schedule 2 of the AIM Rules and is given for the purposes of complying with Schedule 2 of the AIM Rules.

Responsibilities

The Proposed Directors of General Industries PLC are responsible for preparing the financial information on the basis of preparation set out in note 1 and in accordance with International Financial Reporting Standards.

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view for the purposes of the Admission Document and to report our opinion to you.

Our work has been undertaken so that we might state those matters that we are required to state in our report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone else regarding our work, this report or for the opinions we have formed.

Basis of opinion

We conducted our work in accordance with the Statements for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and of whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work 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 information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the AIM Admission Document, a true and fair view of the state of affairs of ImmuPharma plc as at the dates stated and of its profits and losses, cash flows and recognised gains and losses for the period from 13 January 2005 to 31 March 2005 in accordance with the basis of preparation set out in note 1 and in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

Declaration

For the purposes of Paragraph (a) of Schedule 2 of the AIM Rules we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that all the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule 2 of the AIM Rules.

Yours faithfully

Nexia Audit Limited

Chartered Accountants

25 Moorgate
London
EC2R 6AY

Balance sheet
as at 31 March 2005

	Notes	£
Non-current assets		
Investments in subsidiaries	2	110,322
Current assets		
Cash and cash equivalents	3	1,209,166
Current liabilities		
Trade and other payables	4	(35,963)
Net current assets		1,173,203
Net assets		1,283,525
Shareholders' equity		
Share capital	5	4,035
Share premium	6	1,173,308
Merger reserve	6	106,148
Retained earnings	6	34
Total equity	6	1,283,525

Income statement
for the period from 13 January 2005 to 31 March 2005

	Notes	£
Continuing operations		
Administrative expenses		(940)
Operating loss	8	(940)
Interest receivable	9	974
Profit before taxation		34
Tax	10	—
Profit for the period	6	34
Earnings per share		
– from continuing operations		
Basic and diluted	11	0.0p

Cash flow statement
for the period from 13 January 2005 to 31 March 2005

	Notes	£
Cash flows from operating activities		
Cash generated from operations	12	—
Interest received		974
Net cash from operating activities		974
Financing activities		
Net proceeds from issue of share capital		1,208,192
Net cash from financing activities		1,208,192
Net increase in cash and cash equivalents		1,209,166
Cash and cash equivalents at end of period	3	1,209,166

Statement of recognised income and expense
for the period from 13 January 2005 to 31 March 2005

	£
Profit for the financial period	34
Total recognised income and expense for the period	34

Notes to the financial information
for the period from 13 January 2005 to 31 March 2005

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the period contained in this financial information.

Basis of preparation

The financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board. This differs from the basis adopted by the company in its statutory accounts for the period ended 31 March 2005 and has been adopted in preparing this financial information as it reflects the company's intention to apply IFRS for all future financial reporting. The financial information does not consolidate the results, assets or liabilities of the company's two subsidiaries. Financial information with respect to those companies is presented separately within the Admission Document.

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although the estimates are based on management's best knowledge of the amount, events or actions, actual results may differ from those estimates.

The financial statements have been prepared under the historical cost convention.

Foreign currency

Transactions in foreign currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Exchange gains and losses on short-term foreign currency borrowings and deposits are included with net interest payable. Exchange differences on all other transactions, except relevant foreign currency loans, are taken to operating profit.

Taxation

The tax expense represents the sum of the tax currently payable and any deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less any provision for impairment.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when the company becomes a party to the contractual provisions of the instrument. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

2. Investment in subsidiaries

	£
Cost and net book amount	
Additions (see below)	110,322
At 31 March 2005	110,322

On 22 February 2005 the company acquired the whole of the issued shares of ImmuPharma AG (formerly Zimmer & Associates AG), a company registered in Switzerland. The principal activity is drug discovery and development. Total consideration was £49,672 (see also note 5). Acquisition costs totalled £1,175.

On 24 March 2005 the company acquired the whole of the issued shares of ImmuPharma (France) SA (formerly Bio Delivery Systems SA), a company registered in France. The principal activity is drug discovery and development. Total consideration was £58,300 (see also note 5). Acquisition costs totalled £1,175.

3. Cash and cash equivalents

	31 March 2005 £
Short maturity deposits	1,209,166

Cash and cash equivalents comprise cash held by the company and short-term bank deposits with an original maturity of three months or less.

The directors consider that the carrying amount of these assets approximates to their fair value.

The credit risk on liquid funds is limited because the counter-party is a bank with a high credit rating.

4. Trade and other payables

	31 March 2005 £
Accruals	35,963

5. Share capital

	Authorised 31 March 2005		*Called up, issued and fully paid 31 March 2005*	
	Number of shares	£	*Number of shares*	£
Ordinary shares of 0.1p each	10,000,000	10,000	4,034,526	4,035

On 13 January 2005 one ordinary £1 share was issued for consideration of £1.

On 21 February 2005:

– the authorised share capital of the company was increased from 1,000 ordinary £1 shares to £10,000 ordinary £1 shares

– the authorised share capital of the company was sub-divided into 10,000,000 ordinary 0.1p shares

– 1,999,000 ordinary 0.1p shares were issued for cash consideration of 0.1p per share.

On 22 February 2005 1,241,823 ordinary 0.1p shares were issued to acquire the whole of the issued shares of ImmuPharma AG (formerly Zimmer & Associates AG). The share issue price was 4p per share, resulting in total consideration of £49,672. The merger reserve arising from this acquisition was £48,431.

On 24 March 2005 583,000 ordinary 0.1p shares were issued to acquire the whole of the issued shares of ImmuPharma (France) SA (formerly Bio Delivery Systems SA). The share issue price was 10p per share, resulting in total consideration of £58,300. The merger reserve arising from this acquisition was £57,717.

On 30 March 2005 209,703 ordinary 0.1p shares were issued for cash consideration of £5.7519 per share, resulting in a share premium of £1,205,981.

The company has one class of ordinary shares, which carries no right to fixed income.

6. Statement of changes in shareholders' equity

	Share capital £	*Share premium* £	*Merger reserve* £	*Retained earnings* £	*Total equity* £
Profit for the period	—	—	—	34	34
Total recognised income and expense for the period	—	—	—	34	34
Issue of equity share capital (see note 5)	4,035	1,205,981	106,148	—	1,316,164
Less: expenses of share issue	—	(32,673)	—	—	(32,673)
At 31 March 2005	4,035	1,173,308	106,148	34	1,283,525

7. Segment information

The company operates as one class of business.

8. Operating loss

	Period ended 31 March 2005 £
Operating loss is stated after charging:	
Fees payable to auditor	940

There were no employees and no remuneration costs during the period ended 31 March 2005.

9. Interest receivable

	Period ended 31 March 2005 £
Bank interest	974

10. Taxation

No taxation charge arises during the period ended 31 March 2005.

11. Earnings per share

	Period ended 31 March 2005 £
Earnings	
Non-consolidated earnings for the purposes of basic earnings per share being net profit attributable to equity shareholders	34
Number of shares	
Weighted average number of ordinary shares for the purposes of basic earnings per share	1,639,963

The company has no potential ordinary shares.

12. Cash generated from operations

	Period ended 31 March 2005 £
Operating loss	(940)
Changes in working capital:	
– increase in trade and other payables	940
	—

13. Related party transactions

As described in note 2:

– on 22 February 2005 the company acquired the whole of the issued shares of ImmuPharma AG (formerly Zimmer & Associates AG), a company controlled by R Zimmer.

– on 24 March 2005 the company acquired the whole of the issued shares of ImmuPharma (France) SA (formerly Bio Delivery Systems SA), a company also controlled by R Zimmer.

On 22 February 2005 R Zimmer became a shareholder of the company, and was appointed a director of the company on 24 March 2005.

14. Post balance sheet events

On 28 April 2005 21,223 ordinary 0.1p shares were issued for cash consideration of £122,073.

On 10 May 2005 8,692 ordinary 0.1p shares were issued for cash consideration of £49,995.

On 30 May 2005

– the company paid £642,246 in respect of shares issued by ImmuPharma (France) SA; the company also committed to pay an additional £685,279 in respect of shares issued by ImmuPharma (France) SA.

On 1 July 2005

– the authorised share capital of the company was increased from 10,000,000 ordinary 0.1p shares to 100,000,000 ordinary 0.1p shares

– 12 bonus ordinary 0.1p shares were issued in respect of each existing ordinary 0.1p share through application of the share premium account

– the issued and unissued ordinary 0.1p shares were consolidated into 50,000,000 ordinary 0.2p shares

– the company was re-registered as a public company with name ImmuPharma plc (formerly ImmuPharma Limited).

On 27 July 2005 68,101 ordinary 0.2p shares were issued for cash consideration of £60,263.

PART 6

Accountants' report on ImmuPharma France

Nexia Audit

The Directors and the Proposed Directors
General Industries PLC
56 Station Road
Egham
Surrey
TW20 9LF

The Directors
Dawnay, Day Corporate Finance Limited
17 Grosvenor Gardens
London
SW1W 0BD

23 January 2006

Dear Sirs

ImmuPharma (France) SA (formerly Bio Delivery Systems SA)
("the company")

We report on the financial information set out on pages 48 to 55. This financial information has been prepared for inclusion in the Admission Document dated 23 January 2006 of General Industries PLC on the basis of accounting policies set out in note 1. This report is required by Schedule 2 of the AIM Rules and is given for the purposes of complying with Schedule 2 of the AIM Rules.

Responsibilities

The Proposed Directors of General Industries PLC are responsible for preparing the financial information on the basis of preparation set out in note 1 and in accordance with International Financial Reporting Standards.

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view for the purposes of the Admission Document and to report our opinion to you.

Our work has been undertaken so that we might state those matters that we are required to state in our report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone else regarding our work, this report or for the opinions we have formed.

Basis of opinion

We conducted our work in accordance with the Statements for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and of whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work 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 information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of ImmuPharma (France) SA as at the dates stated and of its profits and losses, cash flows and recognised gains and losses for the three years ended 31 December 2004 in accordance with the basis of preparation set out in note 1 and in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

Declaration

For the purposes of Paragraph (a) of Schedule 2 of the AIM Rules we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that all the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule 2 of the AIM Rules.

Yours faithfully

Nexia Audit Limited
Chartered Accountants

25 Moorgate
London
EC2R 6AY

Balance sheets

	Notes	*31 December 2002* €	*31 December 2003* €	*31 December 2004* €
Non-current assets				
Fixtures and equipment	2	1,129	564	—
Investment in subsidiaries	3	4,000	—	—
		5,129	564	—
Current assets				
Trade and other receivables	4	12,663	34,561	16,392
Tax assets		57,832	57,832	4,138
Cash and cash equivalents	5	42,406	—	61,755
		112,901	92,393	82,285
Current liabilities				
Trade and other payables	6	52,864	206,266	87,326
Bank overdraft	7	2,479	62,819	2,326
Current portion of long-term borrowings	7	—	—	363,578
		(55,343)	(269,085)	(453,230)
Net current assets/(liabilities)		57,558	(176,692)	(370,945)
Non-current liabilities				
Long-term borrowings	7	(149,000)	(149,000)	(49,000)
Net liabilities		(86,313)	(325,128)	(419,945)
Shareholders' equity				
Capital and reserves				
Share capital	8	84,800	84,800	84,800
Retained earnings	9	(171,113)	(409,928)	(504,745)
Total equity	9	(86,313)	(325,128)	(419,945)

Income statements

	Notes	*Year ended 31 December 2002* €	*Year ended 31 December 2003* €	*Year ended 31 December 2004* €
Continuing operations				
Revenue	10	—	6,689	—
Research and development expenses	12	(157,619)	(155,337)	(117,442)
Administrative expenses		(56,013)	(98,453)	(44,617)
Other income	11	2,460	14,816	70,981
Operating loss	12	(211,172)	(232,285)	(91,078)
Interest payable and similar charges	13	(2,706)	(6,660)	(7,877)
Interest receivable	14	1,205	130	—
Loss before taxation		(212,673)	(238,815)	(98,955)
Taxation credit	15	57,832	—	4,138
Loss for the year	9	(154,841)	(238,815)	(94,817)

Cash flow statements

	Notes	*Year ended 31 December 2002* €	*Year ended 31 December 2003* €	*Year ended 31 December 2004* €
Cash flows from operating activities				
Cash absorbed by operations	17	(180,153)	(96,216)	(191,285)
Interest received		1,205	130	—
Interest paid		(2,706)	(6,660)	(7,877)
Tax credit		—	—	57,832
Net cash from operating activities		(181,654)	(102,746)	(141,330)
Investing activities				
Acquisition of tangible assets		(1,170)	—	—
Acquisition of subsidiary		(4,000)	—	—
Net cash used in investing activity		(5,170)	—	—
Financing activities				
New loans		149,000	—	300,000
Repayment of borrowings		—	—	(36,422)
Net proceeds from issue of share capital		44,800	—	—
Increase/(decrease) in bank overdrafts		2,117	60,340	(60,493)
Net cash from financing activities		195,917	60,340	203,085
Net increase/(decrease) in cash and cash equivalents		9,093	(42,406)	61,755
Cash and cash equivalents at beginning of year		33,313	42,406	—
Cash and cash equivalents at end of year	5	42,406	—	61,755

Statements of recognised income and expense

	Year ended 31 December 2002 €	*Year ended 31 December 2003* €	*Year ended 31 December 2004* €
Loss for the financial period	(154,841)	(238,815)	(94,817)
Total recognised income and expense for the period	(154,841)	(238,815)	(94,817)

Notes to the financial information

1. Accounting policies

The principal accounting policies are summarised below. They have been applied consistently throughout the periods contained in this financial information.

Basis of preparation

The financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board. This differs from the basis adopted by the company in its statutory accounts for each of the three years ended 31 December 2004 and has been adopted in preparing this financial information as it reflects the company's intention to apply IFRS for all future financial reporting.

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although the estimates are based on management's best knowledge of the amount, events or actions, actual results may differ from those estimates.

These financial statements have been prepared under the historical cost convention.

Intangible assets

Research is recognised as an expense in the period in which it is incurred.

An internally generated asset arising from the company's development activities is only recognised if all of the following conditions are met:

– an asset is created that can be identified
– it is probable that the asset created will generate future economic benefits; and
– the development cost of an asset can be measured reliably.

In the case of development projects undertaken by the company, regulatory and other uncertainties generally mean that such criteria are not met. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Internally generated intangible assets are amortised on a straight-line basis over their useful lives.

Fixtures and equipment

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged so as to write off the difference between the cost of each tangible fixed asset and its residual value systematically over its estimated useful life. The estimated useful life for office equipment is two years.

Impairment of tangible and intangible assets

At each balance sheet date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). An impairment loss is immediately recognised as an expense.

Investment in subsidiaries

Investments are stated at cost less any provision for impairment.

Revenue

Turnover represents net invoice value less estimated rebates, returns and settlement discounts. Turnover is recognized when the significant risks and rewards of ownership have been transferred.

Grants

Grants related to operating expenditure incurred are recognised as income over the periods necessary to match them with the related costs.

Foreign currency

Transactions in foreign currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Exchange gains and losses on short term foreign currency borrowings and deposits are included with net interest payable. Exchange differences on all other transactions, except relevant foreign currency loans, are taken to operating profit.

Taxation

The tax expense represents the sum of the tax currently payable and any deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

Subsidiaries

A subsidiary is an entity controlled, directly or indirectly, by the company. Control is regarded as the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Financial instruments

Financial assets and liabilities are recognised on the balance sheet when the company becomes a party to the contractual provisions of the instrument.

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Trade payables are not interest bearing and are stated at their nominal value.

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

2. Fixtures and equipment

	Office equipment €
Cost	
At 1 January 2002	—
Additions	1,170
At 31 December 2002 and at 31 December 2003 and at 31 December 2004	1,170
Depreciation	
At 1 January 2002	—
Charge for the year	41
At 31 December 2002	41
Charge for the year	565
At 31 December 2003	606
Charge for the year	564
At 31 December 2004	1,170
Net book amount	
At 31 December 2004	—
At 31 December 2003	564
At 31 December 2002	1,129

3. Investments

	Subsidiary €
Cost	
At 1 January 2002	—
Additions	4,000
At 31 December 2002 and at 31 December 2003 and at 31 December 2004	4,000
Provision	
At 1 January 2002 and at 31 January 2002	—
Provision for impairment	4,000
At 31 December 2003 and at 31 December 2004	4,000
Net book amount	
At 31 December 2004	—
At 31 December 2003	—
At 31 December 2002	4,000

The company owns 50 per cent. of the equity share capital of VACSYS sarl, a company incorporated in France. The directors of the company consider that they governed the financial and operating policies of VACSYS sarl throughout the three years ended 31 December 2004. VACSYS sarl was dormant throughout the period.

4. Trade and other receivables

	2002 €	*2003* €	*2004* €
Trade debtors	—	8,000	—
Other debtors	12,663	26,561	16,392
	12,663	34,561	16,392

The company's credit risk is primarily attributable to its trade and other debtors. Based on prior experience and an assessment of the current economic environment, the company's management did not consider any provision for irrecoverable amounts was required.

5. Cash and cash equivalents

	2002 €	*2003* €	*2004* €
Cash at bank and in hand	42,406	—	61,755
	42,406	—	61,755

The directors consider that the carrying amount of cash at bank and in hand approximates to their fair value.

The credit risk on liquid funds is limited because the counter-party is a bank with a high credit-rating.

6. Trade and other payables – current

	2002 €	*2003* €	*2004* €
Trade payables	40,946	182,686	77,990
Other creditors	—	11,575	—
Other tax and social security payable	11,918	12,005	9,336
	52,864	206,266	87,326

Trade payables as at 31 December 2004 includes an amount due to ImmuPharma AG (formerly Zimmer & Associates AG) totalling €30,000 (2003: €43,300, 2002: € –). During the three years ended 31 December 2004 R Zimmer controlled both the company and ImmuPharma AG. No interest is charged on payables.

Other creditors comprised a current account with R Zimmer. No interest or formal repayment terms applied.

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

7. Financial liabilities – borrowings

	2002	*2003*	*2004*
Bank borrowings	€	€	€
Bank overdraft	2,479	62,819	2,326

Long-term borrowings

Long-term borrowings are repayable as follows:

	2002	*2003*	*2004*
	€	€	€
Loans			
Within one year	—	—	363,578
In the second year	—	100,000	49,000
In the third to fifth years inclusive	149,000	49,000	—
	149,000	149,000	412,578
Less: amount due for settlement within one year	—	—	(363,578)
	149,000	149,000	49,000

Included within loans repayable within one year as at 31 December 2004 is an amount totalling €263,578 due to R Zimmer (2003: € –, 2002: € –). The loan is repayable on demand. Interest is payable at 3.5 per cent. pa.

The terms in respect of the remaining borrowing have been renegotiated since the year end, and the total amount of €149,000 now falls due during the year ended 31 December 2005. Interest is payable at 3 per cent. pa.

8. Share capital

	Authorised 2002 and 2003 and 2004		*Issued and fully paid 2002 and 2003 and 2004*	
	Number of shares	€	*Number of shares*	€
Shares of €16 each	5,300	84,800	5,300	84,800
	5,300	84,800	5,300	84,800

9. Statement of changes in shareholders' equity

	Share capital	*Retained earnings*	*Total equity*
	€	€	€
At 1 January 2002	84,800	(16,272)	68,528
Loss for the year	—	(154,841)	(154,841)
At 31 December 2002	84,800	(171,113)	(86,313)
Loss for the year	—	(238,815)	(238,815)
At 31 December 2003	84,800	(409,928)	(325,128)
Loss for the year	—	(94,817)	(94,817)
At 31 December 2004	84,800	(504,745)	(419,945)

10. Segment information

Turnover by source related to France and by destination predominantly related to Europe.

The company operates as one class of business.

11. Other operating income

Other operating income principally relates to grants and other contributions to the costs of research staff and certain other operating expenditure.

12. Operating loss

Operating loss is stated after charging:

	2002	*2003*	*2004*
	€	€	€
Depreciation of tangible fixed assets:			
– owned	41	565	564
Impairment of investment	—	4,000	—
Research and development			
– current period expenditure	157,619	155,337	117,442
Services provided by auditor			
– statutory audit services	1,545	1,610	1,710

13. Interest payable and similar charges

	2002	*2003*	*2004*
	€	€	€
Bank borrowings	—	4,470	4,470
Other loans	2,706	2,190	3,407
	2,706	6,660	7,877

14. Interest receivable

	2002	*2003*	*2004*
	€	€	€
Bank interest	1,205	130	—

15. Taxation credit

The tax credit comprises:

	2002	2003	2004
	€	€	€
Current tax: corporation tax	57,832	—	4,138
Deferred tax	—	—	—
Total tax credit for the period	57,832	—	4,138

The difference between the total current tax shown above and the amount calculated by applying the standard rate of French corporation tax to the loss before tax is as follows:

	2002	*2003*	*2004*
	€	€	€
Loss before taxation	(212,673)	(238,815)	(98,955)
Tax on loss on ordinary activities at standard French corporation tax rate of 33% (2003: 33%, 2002: 33%)	(70,182)	(78,809)	(32,655)
Effects of:			
Other reconciling items	207	(2,334)	(305)
Losses carried forward	69,975	81,143	32,960
Research tax credit	57,832	—	4,138
Current tax credit for period	57,832	—	4,138

As at 31 December 2004 the Company has cumulative unused tax losses of €561,869 (2003: €457,936, 2002 €212,047) potentially available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams and the uncertainty regarding the future offset of the losses.

16. Employees and directors

The average monthly number of employees (including executive directors) was:

	2002	*2003*	*2004*
Research and development	1	1	1
Administration	1	1	1
	2	2	2

The aggregate remuneration comprises:

	2002	*2003*	*2004*
	€	€	€
Wages and salaries	19,643	30,560	22,366
Social security costs	8,092	11,716	8,948
	27,735	42,276	31,314

The executive director received fees for services provided. These totalled:

	2002	*2003*	*2004*
	€	€	€
Fees	1,091	1,091	1,091

17. Reconciliation of operating loss to cash absorbed by operating activities

	2002	*2003*	*2004*
	€	€	€
Operating loss	(211,172)	(232,285)	(91,078)
Depreciation charge	41	565	564
(Increase)/decrease in debtors	(10,377)	(21,898)	18,169
Increase/(decrease) in creditors	41,355	153,402	(118,940)
Increase in provisions	—	4,000	—
Net cash outflow from operating activities	(180,153)	(96,216)	(191,285)

18. Related party transactions

Administrative expenses included the supply of consultancy services to the company by ImmuPharma AG (formerly Zimmer Associates AG) which totalled €60,000 during the year ended 31 December 2004 (2003: €90,000, 2002: €90,000). Other expenses were recharged at cost. During the three years ended 31 December 2004 R Zimmer controlled both the company and ImmuPharma AG.

19. Controlling party

R Zimmer and his family had majority control of the company during the three years ended 31 December 2004.

20. Post balance sheet events

On 24 March 2005 the company became a wholly owned subsidiary of ImmuPharma plc.

On 30 May 2005:

- the authorised, issued and fully paid share capital of the company was increased from €84,800 to €588,699
- accumulated losses totalling €503,899 were offset against the issued share capital.
- the authorised and issued share capital was increased from €84,800 to €1,500,000 (comprising €424,560 new fully paid and €990,640 new unpaid shares).

PART 7

Accountants' report on ImmuPharma Switzerland

Nexia Audit

The Directors and the Proposed Directors
General Industries PLC
56 Station Road
Egham
Surrey
TW20 9LF

The Directors
Dawnay, Day Corporate Finance Limited
17 Grosvenor Gardens
London
SW1W 0BD

23 January 2006

Dear Sirs

ImmuPharma AG (formerly Zimmer & Associates AG)
("the company")

We report on the financial information set out on pages 58 to 64. This financial information has been prepared for inclusion in the Admission Document dated 23 January 2006 of General Industries PLC on the basis of accounting policies set out in note 1. This report is required by Schedule 2 of the AIM Rules and is given for the purposes of complying with Schedule 2 of the AIM Rules.

Responsibilities

The Proposed Directors of General Industries PLC are responsible for preparing the financial information on the basis of preparation set out in note 1 and in accordance with International Financial Reporting Standards.

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view for the purposes of the Admission Document and to report our opinion to you.

Our work has been undertaken so that we might state those matters that we are required to state in our report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone else regarding our work, this report or for the opinions we have formed.

Basis of opinion

We conducted our work in accordance with the Statements for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and of whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work 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 information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of ImmuPharma AG as at the dates stated and of its profits and losses, cash flows and recognised gains and losses for the the three years ended 31 December 2004 in accordance with the basis of preparation set out in note 1 and in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

Declaration

For the purposes of Paragraph (a) of Schedule 2 of the AIM Rules we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that all the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule 2 of the AIM Rules.

Yours faithfully

Nexia Audit Limited
Chartered Accountants

25 Moorgate
London
EC2R 6AY

Balance sheets

	Notes	*31 December 2002* SFR	*31 December 2003* SFR	*31 December 2004* SFR
Non-current assets				
Intangible assets	2	—	—	65,748
Plant and equipment	3	2,550	1,650	1,150
		2,550	1,650	66,898
Current assets				
Trade and other receivables	4	6,061	87,096	67,010
Cash and cash equivalents	5	32,537	7,519	12,118
		38,598	94,615	79,128
Current liabilities				
Trade and other payables	6	(27,227)	(18,407)	(62,170)
Net current assets		11,371	76,208	16,958
Net assets		13,921	77,858	83,856
Shareholders' equity				
Capital and reserves				
Share capital	7	100,000	100,000	100,000
Retained earnings	8	(86,079)	(22,142)	(16,144)
Total equity	8	13,921	77,858	83,856

Income statements

	Notes	*Year ended 31 December 2002* SFR	*Year ended 31 December 2003* SFR	*Year ended 31 December 2004* SFR
Continuing operations				
Revenue	9	170,892	152,667	163,038
Administrative expenses		(184,031)	(88,183)	(156,889)
Operating (loss)/profit	10	(13,139)	64,484	6,149
Interest payable and similar charges	11	(891)	(546)	(187)
Interest receivable	12	320	320	312
(Loss)/profit before taxation		(13,710)	64,258	6,274
Tax	13	(733)	(321)	(276)
(Loss)/profit for the year	8	(14,443)	63,937	5,998

Cash flow statements

	Notes	*Year ended 31 December 2002* *SFR*	*Year ended 31 December 2003* *SFR*	*Year ended 31 December 2004* *SFR*
Cash flows from operating activities				
Cash generated from/(absorbed by) operations	15	34,213	(24,471)	70,498
Interest received		320	320	312
Interest paid		(891)	(546)	(187)
Tax paid		(733)	(321)	(276)
Net cash from operating activities		32,909	(25,018)	70,347
Investing activities				
Purchase of intangible assets		—	—	(65,748)
Net cash used in investing activity		—	—	(65,748)
Net Increase/(decrease) in cash and cash equivalents		32,909	(25,018)	4,599
Cash and cash equivalents at beginning of year		(372)	32,537	7,519
Cash and cash equivalents at end of year	5	32,537	7,519	12,118

Statements of recognised Income and expense

	Year ended 31 December 2002 *SFR*	*Year ended 31 December 2003* *SFR*	*Year ended 31 December 2004* *SFR*
(Loss)/profit for the financial period	(14,443)	63,937	5,998
Total recognised income and expense for the year	(14,443)	63,937	5,998

Notes to the financial information

1. Accounting policies

The principal accounting policies are summarised below. They have been applied consistently throughout the periods contained in this financial information.

Basis of preparation

The financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board. This differs from the basis adopted by the company in its statutory accounts for each of the three years ended 31 December 2004 and has been adopted in preparing this financial information as it reflects the company's intention to apply IFRS for all future financial reporting.

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although the estimates are based on management's best knowledge of the amount, events or actions, actual results may differ from those estimates.

These financial statements have been prepared under the historical cost convention.

Intangible assets

Patents are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives.

Fixtures and equipment

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged so as to write off the difference between the cost of each tangible fixed asset and its residual value systematically over its estimated useful life. The total estimated useful lives for office equipment range between two and a half years and four years.

Impairment of tangible and intangible assets

At each balance sheet date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). An impairment loss is immediately recognised as an expense.

Revenue

Turnover represents net invoice value less estimated rebates, returns and settlement discounts. Turnover is recognized when the significant risks and rewards of ownership have been transferred.

Foreign currency

Transactions in foreign currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Exchange gains and losses on short-term foreign currency borrowings and deposits are included with net interest payable. Exchange differences on all other transactions are taken to operating profit.

Taxation

The tax expense represents the sum of the tax currently payable and any deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Financial instruments

Financial assets and liabilities are recognised on the balance sheet when the company becomes a party to the contractual provisions of the instrument.

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Trade payables are not interest bearing and are stated at their nominal value.

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

2. Intangible assets

	Patents SFR
Cost	
At 1 January 2002, 31 December 2002 and at 31 December 2003	—
Additions	65,748
At 31 December 2004	65,748
Net book amount	
At 31 December 2004	65,748
At 31 December 2003	—
At 31 December 2002	—

3. Fixtures and equipment

	Office equipment SFR
Cost	
At 1 January 2002, and at 31 December 2002, and at 31 December 2003, and at 31 December 2004	4,120
Depreciation	
At 1 January 2002	—
Charge for the year	1,570
At 31 December 2002	1,570
Charge for the year	900
At 31 December 2003	2,470
Charge for the year	500
At 31 December 2004	2,970
Net book amount	
At 31 December 2004	1,150
At 31 December 2003	1,650
At 31 December 2002	2,550

4. Trade and other receivables

	2002 SFR	*2003 SFR*	*2004 SFR*
Trade debtors	—	70,196	52,308
Less: provision for irrecoverable amounts	—	(7,020)	(5,190)
Trade debtors – net	—	63,176	47,118
Other debtors	6,061	23,920	14,288
Prepayments and accrued income	—	—	5,604
	6,061	87,096	67,010

Trade debtors as at 31 December 2004 includes an amount due from ImmuPharma (France) SA (formerly Bio Delivery Systems SA) totalling SFR 46,368 (2003: SFR 70,196; 2002 SFR 0). During the three years ended 31 December 2004 R Zimmer controlled both the company and ImmuPharma (France) SA. No interest is charged on receivables.

Other debtors as at 31 December 2004 include a current account with R Zimmer totalling SFR 8,273 (2003: SFR 17,762; 2002 SFR –). There are no interest or formal repayment terms applied.

The company's credit risk is primarily attributable to its trade and other debtors. The amounts presented in the balance sheet are net of allowances for irrecoverable amounts, estimated by the company's management based on prior experience and their assessment of the current economic environment.

5. Cash and cash equivalents

	2002 SFR	*2003 SFR*	*2004 SFR*
Cash at bank and in hand	32,537	7,519	12,118

The directors consider that the carrying amount of cash at bank and in hand approximates to their fair value.

The credit risk on liquid funds is limited because the counter-party is a bank with a high credit rating.

6. Trade and other payables – current

	2002 SFR	*2003 SFR*	*2004 SFR*
Trade payables	2,638	—	6,935
Other creditors	12,437	—	—
Other tax and social security payable	—	—	2,524
Accruals and deferred income	12,152	18,407	52,711
	27,227	18,407	62,170

Other creditors comprised a current account with R Zimmer. No interest or formal repayment terms applied.

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

7. Share capital

	Authorised 2002 and 2003 and 2004		*Issued and fully paid 2002 and 2003 and 2004*	
	Number of shares	*SFR*	*Number of shares*	*SFR*
Shares of SFR 1,000 each	100	100,000	100	100,000
	100	100,000	100	100,000

The company has one class of shares, which carries no right to fixed income.

8. Statement of changes in shareholders' equity

	Share capital SFR	*Retained earnings SFR*	*Total Equity SFR*
At 1 January 2002	100,000	(71,636)	28,364
Loss for the year	—	(14,443)	(14,443)
At 31 December 2002	100,000	(86,079)	13,921
Profit for the year	—	63,937	63,937
At 31 December 2003	100,000	(22,142)	77,858
Profit for the year	—	5,998	5,998
At 31 December 2004	100,000	(16,144)	83,856

9. Segment information

Revenue by source predominantly related to Switzerland and by destination predominantly related to the European Union.

Revenue included the supply of services by the company to ImmuPharma (France) SA (formerly Bio Delivery Systems SA), and totalled SFR 92,568 during the year ended 31 December 2004 (2003: SFR 139,292, 2002: SFR 132,346). During the three years ended 31 December 2004 R Zimmer controlled both the company and ImmuPharma (France) SA.

The company operates as one class of business.

10. Operating (loss)/profit

Operating (loss)/profit is stated after charging:

	2002 SFR	*2003 SFR*	*2004 SFR*
Depreciation of tangible fixed assets:	1,570	900	500
Operating lease rentals:			
– other	10,321	10,321	10,321
Services provided by company auditor			
– statutory audit services	2,300	2,200	2,200

11. Interest payable and similar charges

	2002 SFR	*2003 SFR*	*2004 SFR*
Other interest	891	546	187

12. Interest receivable

	2002 SFR	*2003 SFR*	*2004 SFR*
Bank interest	320	320	312

13. Tax

The tax charge comprises:

	2002 *SFR*	*2003* *SFR*	*2004* *SFR*
Current tax: corporation tax	733	321	276
Total tax charge for the period	733	321	276

The charge for taxation arises from Swiss local taxes based on several different financial criteria. The difference between the total current tax shown above and the amount calculated by applying the standard rate of Swiss corporation tax to the profit/(loss) before tax is as follows:

	2002 *SFR*	*2003* *SFR*	*2004* *SFR*
Profit/(loss) before taxation	(13,710)	64,258	6,274
Tax on loss on ordinary activities at standard Swiss corporation tax rate of 35% (2003: 35%, 2002: 35%)	(4,798)	22,490	2,196
Effects of:			
Losses utilised	—	(22,490)	(2,196)
Losses carried forward	4,798	—	—
Other taxes	733	321	276
Total tax charge for period	733	321	276

As at 31 December 2004 the Company has cumulative unused tax losses of SFR 16,147 (2003: SFR 22,145, 2002: SFR 86,081) potentially available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams and the uncertainty regarding the future offset of the losses. The unrecognised losses will expire after seven years from the date incurred.

14. Employees and directors

The average monthly number of employees (including executive directors) was:

	2002	*2003*	*2004*
Administration	1	1	1

Short-term employee benefits comprising salaries were paid to key management personnel comprising the executive director of the company which totalled SFR 59,985 during the year ended 31 December 2004 (2003: SFR –, 2002: SFR 25,000).

In addition fees totalling SFR 3,600 were paid during each of the three years ended 31 December 2004 to two non-executive directors of the company.

15. Reconciliation of operating (loss)/profit to cash generated from/(absorbed by) operating activities

	2002 *SFR*	*2003* *SFR*	*2004* *SFR*
Operating (loss)/profit	(13,139)	64,484	6,149
Depreciation charge	1,570	900	500
Decrease/(increase) in debtors	34,952	(81,035)	20,086
Increase/(decrease) in creditors	10,830	(8,820)	43,763
Net cash inflow/(outflow) from operating activities	34,213	(24,471)	70,498

16. Financial commitments

At the balance sheet date, the company had outstanding commitments for future minimum lease payments under non-cancellable motor vehicle operating leases, which fall due as follows:

	2002 *SFR*	*2003* *SFR*	*2004* *SFR*
Within one year	10,321	10,321	1,260
In the second to fifth years inclusive	11,581	1,260	—
	21,902	11,581	1,260

17. Controlling party

R Zimmer and his family had majority control of the company during the three years ended 31 December 2004.

18. Post balance sheet events

On 22 February 2005 the company became a wholly owned subsidiary of ImmuPharma plc.

PART 8

Interim results of ImmuPharma for the six months ended 30 June 2005

Unaudited group balance sheet

as at 30 June 2005

	Notes	£
Non-current assets		
Intangible assets	2	439,562
Fixtures and equipment		8,546
Total non-current assets		448,108
Current assets		
Trade and other receivables		26,200
Cash and cash equivalents		1,161,235
Total current assets		1,187,435
Current liabilities		
Trade and other payables		243,004
Bank overdraft		1,592
Current portion of long-term borrowings		267,531
Total current liabilities		(512,127)
Net current assets		675,308
Net assets		1,123,416
Shareholders' equity		
Share capital	4	4,064
Share premium account	5	1,345,346
Merger reserve	5	106,148
Translation reserve	5	(2,280)
Retained earnings	5	(329,862)
Total equity		1,123,416

Unaudited group income statement

for the period from 13 January 2005 to 30 June 2005

	Notes	£
Continuing operations		
Revenue		10,513
Research and development expenses		(47,164)
Administrative expenses		(295,277)
Other income		2,510
Operating loss		(329,418)
Interest payable and similar charges		(3,619)
Interest receivable		3,349
Loss before taxation		(329,688)
Taxation		(174)
Loss for the period	5	(329,862)
Earnings per share		
– from continuing operations		
Basic and diluted	6	(11.2)p

Unaudited group cash flow statement

for the period from 13 January 2005 to 30 June 2005

	Notes	£
Cash flows from operating activities		
Cash absorbed by operations	7	(214,344)
Interest received		3,349
Interest paid		(3,619)
Tax		—
Net cash from operating activities		(214,614)
Investing activities		
Acquisition of intangible assets		(6,248)
Acquisition of tangible assets		(4,067)
Acquisition of subsidiary		17,773
Net cash from investing activity		7,458
Financing activities		
Repayment of borrowings		(12,634)
Net proceeds from issue of share capital		1,380,260
Increase in bank overdraft		765
Net cash from financing activities		1,368,391
Net increase in cash and cash equivalents		1,161,235
Cash and cash equivalents at end of period		1,161,235

Unaudited group statement of recognised income and expense

for the period from 13 January 2005 to 30 June 2005

	£
Exchange differences on translation of foreign operations	(2,280)
(Loss) for the financial period	(329,862)
Total recognised income and expense for the period	(332,142)
Attributable to:	
Equity holders of the parent company	(332,142)

Notes to the unaudited group financial statements

for the period from 13 January 2005 to 30 June 2005

1. Accounting policies

The principal accounting policies are summarised in the financial information of ImmuPharma plc ('the company'), ImmuPharma AG and ImmuPharma (France) SA ('the group') set out in Parts 5, 6 and 7 of this document. The further principal accounting policies in respect of the unaudited group financial statements are set out below.

Basis of preparation

The financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and in accordance with IAS 34 Interim Financial Reporting.

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although the estimates are based on management's best knowledge of the amount, events or actions, actual results may differ from those estimates.

These financial statements have been prepared under the historical cost convention.

Basis of consolidation

The group financial statements incorporate the financial statements of the company from the date of Incorporation on 13 January 2005, and entities controlled by the company ('the subsidiaries') comprising ImmuPharma AG from the date of acquisition on 22 February 2005 and ImmuPharma (France) SA from the date of acquisition on 24 March 2005. Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

On acquisition, the assets and liabilities and contingent liabilities of subsidiaries are measured at their fair values at the date of acquisition. Any excess of cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to profit and loss in the period of acquisition.

The results of subsidiaries acquired during the period are included in the group income statement from the effective date of acquisition.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

Intangible assets

Research is recognised as an expense in the period in which it is incurred.

An internally generated asset arising from the group's development activities is only recognised if all of the following conditions are met:

– an asset is created that can be identified

– it is probable that the asset created will generate future economic benefits; and

– the development cost of an asset can be measured reliably.

In the case of development projects undertaken by the group, regulatory and other uncertainties generally mean that such criteria are not met. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

In process research and development acquired as part of a business combination is recognised separately from goodwill where the associated project meets the definition of an intangible asset and its fair value can be measured reliably.

Internally generated intangible assets and intangible assets arising as a consequence of a business combination are amortised on a straight-line basis over their useful lives from the point in time at which the asset is available for use.

Patents are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives.

Impairment of tangible and intangible assets

At each balance sheet date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). An impairment loss is immediately recognised as an expense.

Foreign currency

Transactions in foreign currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Exchange gains and losses on short-term foreign currency borrowings and deposits are included with net interest payable. Exchange differences on all other transactions are taken to operating profit.

On consolidation, the assets and liabilities of the group's overseas operations are translated at exchange rates prevailing on the balance sheet date. income and expenses are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising are classified as equity and transferred to the group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

2. Intangible assets

	In process research and development £	*Patents* £	*Total* £
Cost and net book amount			
Acquired on acquisition of subsidiaries (see note 3)	404,095	28,775	432,870
Additions	—	6,248	6,248
Exchange differences	—	444	444
At 30 June 2005	404,095	35,467	439,562

3. Acquisition of subsidiaries

On 22 February 2005 the company acquired the whole of the issued shares of ImmuPharma AG (formerly Zimmer & Associates AG), a company registered in Switzerland. The principal activity is drug discovery and development. The consideration was satisfied through the issue of shares in the company. This transaction has been accounted for by the purchase method of accounting.

	Book Value £	*Fair value adjustments* £	*Fair Value* £
Net assets acquired:			
Intangible assets – in process research and development	—	21,212	21,212
Intangible assets – patents	28,775	—	28,775
Tangible assets	4,971	—	4,971
Trade and other receivables	8	—	8
Cash and cash equivalents	9,446	—	9,446
Trade and other payables	(13,565)	—	(13,565)
	29,635	21,212	50,847
Goodwill			—
Total consideration			50,847
Satisfied by:			
Issue of shares			49,672
Directly attributable costs			1,175
			50,847
Net cash flow arising on acquisition:			
Cash and cash equivalents acquired			9,446

On 24 March 2005 the company acquired the whole of the issued shares of ImmuPharma (France) SA (formerly Bio Delivery Systems SA), a company registered in France. The principal activity is drug discovery and development. The consideration was satisfied through the issue of shares in the company.

	Book value £	*Fair value adjustments* £	*Fair Value* £
Net assets acquired:			
Intangible assets – in process research and development	—	382,883	382,883
Trade and other receivables	11,421	—	11,421
Cash and cash equivalents	8,327	—	8,327
Trade and other payables	(62,164)	—	(62,164)
Bank overdraft	(827)	—	(827)
Long-term borrowings	(280,165)	—	(280,165)
	(323,408)	382,883	59,475
Goodwill			—
Total consideration			59,475
Satisfied by:			
Issue of shares			58,300
Directly attributable costs			1,175
			59,475
Net cash flow arising on acquisition:			
Cash and cash equivalents acquired			8,327

4. Share capital

	Authorised		*Issued and fully paid*	
	Number of shares	£	*Number of shares*	£
Ordinary shares of 0.1p each	10,000,000	10,000,000	4,064,441	4,064

On 13 January 2005 one ordinary £1 share was issued for consideration of £1.

On 21 February 2005:

– the authorised share capital of the company was increased from 1,000 ordinary £1 shares to £10,000 ordinary £1 shares
– the authorised share capital of the company was sub-divided into 10,000,000 ordinary 0.1 p shares
– 1,999,000 ordinary 0.1p shares were issued for cash consideration of 0.1p per share.

On 22 February 2005 1,241,823 ordinary 0.1p shares were issued to acquire the whole of the issued shares of ImmuPharma AG (formerly Zimmer & Associates AG). The share issue price was 4p per share, resulting in total consideration of £49,672. The merger reserve arising from this acquisition was £48,431.

On 24 March 2005 583,000 ordinary 0.1p shares were issued to acquire the whole of the issued shares of ImmuPharma (France) SA (formerly Bio Delivery Systems SA). The share issue price was 10p per share, resulting in total consideration of £58,300. The merger reserve arising from this acquisition was £57,717.

On 30 March 2005 209,703 ordinary 0.1p shares were issued for cash consideration of £5.7519 per share, resulting in a share premium of £1,205,981.

On 28 April 2005 21,223 ordinary 0.1p shares were issued for cash consideration of £5.7519 per share, resulting in a share premium of £122,051.

On 10 May 2005 8,692 ordinary 0.1p shares were issued for cash consideration of £5.7519 per share, resulting in a share premium of £49,987.

The company has one class of ordinary shares, which carries no right to fixed income.

5. Statement of changes in shareholders' equity

	Share capital £	*Share premium* £	*Merger reserve* £	*Translation reserve* £	*Retained earnings* £	*Total equity* £
Exchange differences on translating foreign operations	—	—	—	(2,280)	—	(2,280)
Profit for the period	—	—	—	—	(329,862)	(329,862)
Total recognised income and expense for the period	—	—	—	(2,280)	(329,862)	(332,142)
Issue of equity share capital (see note 4)	4,064	1,378,019	106,148	—	—	1,488,231
Less: expenses of share issue	—	(32,673)	—	—	—	(32,673)
At 30 June 2005	4,064	1,345,346	106,148	(2,280)	(329,862)	1,123,416

6. Earnings per share

	£
Earnings	
Earnings for the purposes of basic earnings per share being net loss attributable to equity shareholders	(329,862)
Number of shares	
Weighted average number of ordinary shares for the purposes of basic earnings per share	2,947,615

The company has no potential ordinary shares.

7. Reconciliation of operating loss to cash absorbed by operating activities

	£
Operating loss	(329,418)
Depreciation charge	492
(Increase) in debtors	(14,771)
Increase in creditors	129,353
Net cash (outflow) from operating activities	(214,344)

8. Related party transactions

As described in note 3:

– on 22 February 2005 the company acquired the whole of the issued shares of ImmuPharma AG (formerly Zimmer & Associates AG), a company controlled by R Zimmer.

– on 24 March 2005 the company acquired the whole of the issued shares of ImmuPharma (France) SA (formerly Bio Delivery Systems SA), a company also controlled by R Zimmer.

On 22 February 2005 R Zimmer became a shareholder of the company, and was appointed a director of the company on 24 March 2005.

Included within borrowings as at 30 June 2005 is an amount totalling £164,355 due to R Zimmer. The loan is repayable on demand. Interest is payable at 3.5 per cent. pa.

9. Post balance sheet events

On 1 July 2005

– the authorised share capital of the company was increased from 10,000,000 ordinary 0.1p shares to 100,000,000 ordinary 0.1p shares

– 12 bonus ordinary 0.1p shares were issued in respect of each existing ordinary 0.1p share through application of the share premium account

– the issued and unissued ordinary 0.1p shares were consolidated into 50,000,000 ordinary 0.2p shares

– the company was re-registered as ImmuPharma plc (formerly ImmuPharma Limited).

On 27 July 2005 68,101 ordinary 0.2p shares were issued for cash consideration of £60,263.

PART 9

Financial and other information relating to GI

GI was incorporated on 21 February 2000, with the name MC92 Limited. It changed its name to General Industries III Limited on 4 July 2000 and to General Industries Limited on 22 August 2003. On 19 September 2003 it was re-registered as a public limited company with the name General Industries PLC. It has not yet commenced trade, and has prepared financial statements for the periods from 1 March 2003 to 31 March 2004 and for the year to 31 March 2005, which are reproduced in Part IA below. It has not declared or paid a dividend. It produced dormant company financial statements for the year ended 28 February 2003, which are reproduced in section IB of this Part 9. Its interim results for the six months ended 30 September 2005 are reproduced in section IC of this Part 9.

I Financial information

A. Financial information for the two accounting periods ended 31 March 2004 and 2005

Profit and Loss Account

	Notes	*Year ended 31 March 2005* £	*13 months ended 31 March 2004* £
Administrative expenses being operating loss and loss on ordinary activities before interest		(28,774)	(14,560)
Interest receivable and similar income	2	45,411	16,960
Profit on ordinary activities before taxation	3-4	16,637	2,400
Tax on profit on ordinary activities	5	(1,576)	(1,023)
Profit on ordinary activities after taxation being profit for the financial year		15,061	1,377

Earnings per share

	Notes	*Year ended 31 March 2005 Pence per Share*	*13 months ended 31 March 2004 Pence per share*
On profit for the financial period			
Basic	6	0.36	0.07
Diluted	6	0.36	0.07
Dividend		Nil	Nil

The above results relate entirely to continuing activities. There were no acquisitions or disposals of businesses in the period. The profit for the financial period represents the total gains and losses and the total historical cost profit recognised for the period.

Balance Sheet

	Notes	*At 31 March 2005* £	*At 31 March 2004* £
Current assets			
Debtors	8	1,806	1,718
Cash at bank and in hand		1,005,312	978,202
		1,007,118	979,920
Creditors: amounts falling due within one year	9	(13,677)	(1,540)
Net current assets being total assets less current liabilities and net assets		993,441	978,380
Capital and reserves			
Called up share capital	10	420,000	420,000
Share premium account	11	557,003	557,003
Profit and loss account	12	16,438	1,377
Shareholders' funds – equity	13	993,441	978,380
Net assets per share	7	23.7p	23.3p

Cash Flow Statement

	Notes	*Year ended 31 March 2005* £	*13 months ended 31 March 2004* £
Cash outflow from operating activities		(18,301)	(15,761)
Returns on investment and servicing of finance	15	45,411	16,960
Cash inflow before financing		27,110	1,199
Financing	15	—	977,002
Increase in cash in the period		27,110	978,201

Reconciliation of Net Cash Flow to Movement in Net Funds

	Notes	*At 31 March 2005* £	*At 31 March 2004* £
Increase in cash and movement in net funds in the period resulting from cash flows	16	27,110	978,201
Net funds at beginning of period	16	978,202	1
Net funds at end of period	16	1,005,312	978,202

Reconciliation of Operating Loss to Net Cash Outflow from Operating Activities

	Year ended 31 March 2005 £	*13 months ended 31 March 2004* £
Operating loss	(28,774)	(14,560)
Increase in debtors	(88)	(1,718)
Increase in creditors	10,561	517
Net cash outflow from operating activities	(18,301)	(15,761)

Notes

(forming part of the financial statements)

1. Accounting Policies

The following principal accounting policies have been applied consistently in dealing with items, which are considered material in relation to the company's financial statements. The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and with the Companies Act 1985.

Taxation

Provision is made for corporation tax payable at current rates on profits as adjusted for tax purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

2. Interest Receivable and Similar Income

	Year ended 31 March 2005	*13 months ended 31 March 2004*
	£	£
On bank deposits	45,411	16,960

3. Directors remuneration and staff costs

The average number of persons employed by the company (including executive directors) during the period was:

	Number of employees	
	Year ended 31 March 2005	*13 months ended 31 March 2004*
Management	2	2

	Year ended 31 March 2005	*13 months ended 31 March 2004*
	£	£
Directors' emoluments	6,416	nil

No retirement benefits are accruing to directors.

Information on directors' share options is shown in paragraph 2.4 of Part 11.

4. Profit on Ordinary Activities Before Taxation

	Year ended 31 March 2005	*13 months ended 31 March 2004*
	£	£
This is stated after charging the following:		
Auditors' remuneration:		
Audit fees paid to the company's auditors and its associates	1,050	700
Tax compliance and other fees paid to the company's auditors and its associates	750	4,000

5. Tax on Profit on Ordinary Activities

	Year ended 31 March 2005	*13 months ended 31 March 2004*
	£	*£*
UK corporation tax at 19 per cent. on profits for the period	1,576	1,023

Factors affecting the current tax charge for the period

The current tax charge for the period is lower than (thirteen months ended 31 March 2004: higher than) the small company rate of corporation tax in the UK of 19 per cent. (thirteen months ended 31 March 2004: 19 per cent.).

	Year ended 31 March 2005	*13 months ended 31 March 2004*
	£	*£*
Current tax reconciliation		
Profit on ordinary activities before tax	16,637	2,400
Profit on ordinary activities multiplied by the lower rate of corporation tax in the UK of 19 per cent. (2004: 19 per cent.)	3,161	456
Effects of		
Expenses not allowed for tax purposes	—	567
Marginal rate relief	(1,585)	—
Current tax charge	1,576	1,023

6. Earnings Per Share

Earnings per share has been calculated in accordance with Financial Reporting Standard 14 – *Earnings Per Share* using the profit after tax for the year of £15,061 (thirteen months ended 31 March 2004: £1,377) and the weighted average number of shares in issue during the period as follows:

	Weighted average number of shares	
	Year ended 31 March 2005	*13 months ended 31 March 2004*
Basic	4,200,000	1,976,928
Adjustment to basic for element of shares to be issued on exercise of options	40,320	18,609
Diluted basis	4,240,320	1,995,537

7. Net Assets per Share

	At 31 March 2005 Pence per share	*At 31 March 2004 Pence per share*
Based on shares in issue at 31 March 2005 of 4,200,000 (2004: 4,200,000)	23.7p	23.3p

8. Debtors

	At 31 March 2005	*At 31 March 2004*
	£	*£*
Prepayments and accrued income	1,806	1,718

9. Creditors: amounts falling due within one year

	At 31 March 2005 £	*At 31 March 2004* £
Corporation tax	2,599	1,023
Accruals and deferred income	11,078	517
	13,677	1,540

10. Share Capital

	At 31 March 2005 £	*At 31 March 2004* £
Authorised		
20,000,000 (2004: 20,000,000) ordinary shares of 10 pence each	2,000,000	2,000,000
Allotted, called up and fully paid		
4,200,000 (2004: 4,200,000) ordinary shares of 10 pence each	420,000	420,000

Details of share options held by the directors are set out in paragraph 2.4 of Part 11. At 31 March 2005, by an option Agreement dated 10 October 2003, KBC Peel Hunt had been granted an option to subscribe at a price of 25p each per share for 84,000 ordinary shares, which is exercisable within the period 10 October 2004 and 10 October 2008.

11. Share Premium Account

	£
At 1 April 2004 and 31 March 2005	557,003

12. Profit and Loss Account

	£
At 1 April 2004	1,377
Retained profit for the financial period	15,061
At 31 March 2005	16,438

13. Reconciliation of Movements in Shareholders' Funds

	At 31 March 2005 £	*At 31 March 2004* £
At 1 April 2004	978,380	1
Profit for the financial period	15,061	1,377
Share premium on shares issued in period (net of expenses)	—	557,003
Shares issued in period	—	419,999
At 31 March 2005	993,441	978,380

14. Commitments

There were no commitments under contract at 31 March 2005 (2004: £nil).

15. Gross Cash Flows

	Year ended At 31 March 2005 £	*13 months ended At 31 March 2004* £
Returns on investment and servicing of finance		
Interest received	45,411	16,960
Financing		
Shares issued in the period	—	1,024,998
Expenses of share issue	—	(47,996)
	—	977,002

16. Analysis of Net Funds

	At 31 March 2004 £	*Cash flow* £	*At 31 March 2005* £
Cash at bank	978,202	27,110	1,005,312

17. Related Party Transactions

During the period the company did not enter into any material transactions with related parties.

B. Financial information relating to the accounting period ended 28 February 2003

Balance sheet of the Company

	Note	*4 September 2003* £	*28 February 2003* £	*28 March 2002* £	*28 March 2001* £
Current assets					
Debtors – unpaid share capital		99,998	—	—	
Cash at bank and in hand		1	1	1	1
Current liabilities		—	—		
Creditors: amounts falling due within one year		—	—	—	—
Net assets		99,999	1	1	1
Capital and reserves					
Called up share capital	3	50,000	1	1	1
Share premium account		49,999	—	—	—
Shareholders' funds/equity		99,999	1	1	1

Notes

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's accounts.

Basis of preparation

The accounts have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

2. Profit and Loss account

The Company has not traded since its incorporation on 21 February 2000. Accordingly, no profit and loss account has been presented.

3. Called up share capital

	4 September 2003	*28 February 2003*	*28 February 2002*	*28 February 2001*
Authorised				
Ordinary shares of £1.00 each	—	100	100	100
Ordinary shares of 10p	20,000,000	—	—	—
Allotted and called up				
Ordinary shares of £1.00 each	—	1	1	1
Ordinary shares of 10p	50,000	—	—	—

On 4 September 2003, each of the ordinary shares of £1.00 each were subdivided into ten ordinary shares of 10p each and the authorised share capital increased to £2,000,000 by the creation of a further 19,999,000 ordinary shares of 10p each. On that day the Company also allotted 499,990 ordinary shares at 20p each and the resultant premium of £49,999 was credited to the share premium account in the balance sheet.

4. Audited accounts were not prepared for the three accounting periods to 28 February 2003 as the Company was dormant.

The accounts to 4 September 2003 are not statutory audited accounts but were prepared for the purposes of s43 of the Companies Act 1985 in relation to the re-registration of the Company.

C. Chairman's statement and interim results

Set out below is the text of the Chairman's statement and interim results for the six months ended 30 September 2005 which were announced on 30 November 2005.

Chairman's Statement

Dear Shareholder

General Industries plc is quoted on AIM with a strategy to acquire one or more growing, unquoted companies that wish to seek capital for expansion of their business and a public market for their shares.

For the six months ended 30 September 2005, turnover was £nil *(2004: £nil)*. Profit before taxation was £8,813 *(2004: £8,383)* and comprised interest from cash on deposit of £23,550 *(2004: £21,812)* less administrative expenses of £14,737 *(2004: £13,429)*. Profit after taxation amounted to £7,907 *(2004: £6,790)*. Earnings per share was 0.19p (*2004: £0.16p*).

The directors do not recommend a dividend.

During the period under review further potential acquisitions were analysed including companies in the debt factoring, recruitment, telecommunications and pharmaceutical fields. In one case the potential candidate proceeded with its own IPO at a higher capital value than that attributed by your Directors. We continue to analyse and investigate other suitable acquisitions.

The rating of smaller companies quoted on the Alternative Investment Market has suffered a setback over recent months and it is therefore important to value potential acquisitions at realistic levels.

J Richard Wollenberg
Chairman

30 November 2005

Profit and Loss Account

for the six months ended 30 September 2005

	Six months 30 September 2005 (Unaudited) £	*Six months 30 September 2004 (Unaudited)* £	*Year 31 March 2005 (Audited)* £
Administrative expenses being loss on ordinary activities before interest	(14,737)	(13,429)	(28,774)
Interest receivable and similar income	23,550	21,812	45,411
Profit on ordinary activities before taxation	8,813	8,383	16,637
Tax on profit on ordinary activities	(906)	(1,593)	(1,576)
Profit on ordinary activities after taxation being profit for the financial period	7,907	6,790	15,061
Earnings per share			
On profit for the period			
Basic	0.19	0.16	0.36
Diluted	0.18	0.16	0.36

The above results relate entirely to continuing activities. There were no acquisitions or disposals of businesses in the period.

Balance Sheet

at 30 September 2005

	At 30 September 2005 (Unaudited) £	*At 30 September 2004 (Unaudited)* £	*At 31 March 2005 (Audited)* £
Current assets			
Debtors	2,456	—	1,806
Cash at bank and in hand	1,010,244	992,683	1,005,312
	1,012,700	992,683	1,007,118
Creditors: amounts falling due within one year	(11,352)	(7,513)	(13,677)
Net current and net assets	1,001,348	985,170	993,441
Capital and reserves			
Called up share capital	420,000	420,000	420,000
Share premium account	557,003	557,003	557,003
Profit and loss account	24,345	8,167	16,438
Shareholders' funds – equity	1,001,348	985,170	993,441
Net assets per share	23.8p	23.5p	23.7p

Cash Flow Statement

for the six months ended 30 September 2005

	Six months 30 September 2005 (Unaudited) £	*Six months 30 September 2004 (Unaudited)* £	*Year 31 March 2005 (Audited)* £
Cash outflow from operating activities	(16,570)	(7,331)	(18,301)
Returns on investment and servicing of finance	23,550	21,812	45,411
Taxation	(2,048)	—	—
Cash inflow before financing	4,932	14,481	27,110
Financing	—	—	—
Increase in cash in the period	4,932	14,481	27,110

Reconciliation of Net Cash Flow to Movement in Net Funds

	Six months 30 September 2005 (Unaudited) £	*Six months 30 September 2004 (Unaudited)* £	*Year 31 March 2005 (Audited)* £
Increase in cash and movement in net funds in the period resulting from cash flows	4,932	14,481	27,110
Net funds at beginning of period	1,005,312	978,202	978,202
Net funds at end of period	1,010,244	992,683	1,005,312

Reconciliation of Operating Loss to Net Cash Flow from Operating Activities

for the six months ended 30 September 2005

	Six months 30 September 2005 (Unaudited) £	*Six months 30 September 2004 (Unaudited)* £	*Year 31 March 2005 (Audited)* £
Operating loss	(14,737)	(13,429)	(28,774)
(Increase)/decrease in debtors	(649)	1,718	(88)
(Decrease)/increase in creditors	(1,184)	4,380	10,561
	(16,570)	(7,331)	(18,301)

Notes to the Financial Statements

for the six months ended 30 September 2005

1. Basis of preparation

The figures for the six months ended 30 September 2005, which were approved by the board on 30 November 2005, are prepared on the same basis of accounting as for the year ended 31 March 2005 and are unaudited.

The comparative figures for the financial year ended 31 March 2005 are not the company's statutory accounts for that financial year. Those accounts have been reported on by the company's auditors and delivered to the registrar of companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

2. Dividends

As stated in the prospectus, the directors do not intend to pay any dividend until completion of a significant acquisition. Following such an acquisition, the directors will determine an appropriate dividend policy.

3. Taxation

The tax position for the six months is estimated on the basis of the anticipated tax rates applying for the full year.

4. Reconciliation of Movement in Shareholders' Funds

	At 30 September 2005 (Unaudited) £	*At 30 September 2004 (Unaudited)* £	*At 31 March 2005 (Audited)* £
At beginning of period	993,441	978,380	978,380
Profit after tax for the period	7,907	6,790	15,061
	1,001,348	985,170	993,441

D. Significant changes

Save for the receipt of interest and the payment of expenses, there have been no significant changes in the financial or trading position of GI which have occurred since 31 March 2005, the date to which the GI's most recent audited accounts were prepared.

E. Nature of financial information

The financial information contained in this Part 9 does not constitute statutory accounts within the meaning of section 240 of the Act. Such financial information relating to the three accounting periods ended 28 February 2003, 31 March 2004 and 31 March 2005 has been extracted from the published reports and audited financial statements of GI for such financial reporting periods. GI's auditors, KPMG Audit plc, have made a report under section 235 of the Act on the financial statements for each of the three aforementioned accounting periods. Their reports were unqualified and did not contain a statement under section 237(2) to (4) of the Act. Copies of the audited statutory accounts for the accounting periods ended 28 February 2003, 31 March 2004 and 31 March 2005 have been delivered to the Registrar of Companies in England and Wales. No other information in this document has been audited by GI's auditors.

II. Recent history

GI Shares were admitted to AIM on 28 October 2004 when it raised £570,000 with a view to acquiring a larger company in due course. Prior to its admission to AIM investors subscribed £454,999 for new shares. During the interim period it has received interest income on its cash deposits and paid its administrative costs.

III. Corporate governance

The Present Directors intend, so far as possible given the Company's size and the construction of the Board, to comply with the Combined Code on Corporate Governance.

The Proposed Directors' intentions in relation to Corporate Governance are set out in paragraph 6 of Part 3.

IV. Dividend policy

GI has not declared a dividend in respect of the year ended 31 March 2005.

V. Directors

Details of the Directors and their backgrounds are as follows:

J Richard Wollenberg (Chairman, aged 57)

Mr Wollenberg is Chairman and Chief Executive of The Cardiff Property PLC, a quoted property investment and development company. Since his appointment in 1981 he has substantially increased the asset base of the company. Over the past 20 years he has been actively involved in corporate acquisitions, mergers and capital reorganisations of public and private companies. Between 1981 and 1996 he was an investment consultant with Brown Shipley Stockbroking Ltd. In January 1997, as chairman of BDA Holdings PLC he completed a reverse takeover of Edge Properties PLC subsequently acquired by Grantchester plc. In 1998 Mr Wollenberg, as chairman of an AIM listed company, negotiated the reverse takeover of social housing consultants HACAS Limited and the simultaneous public offer for The Royal Borough of Kensington and Chelsea Assured Homes plc. Mr Wollenberg was, until its acquisition by Tribal Group plc in August 2003, a non-executive director of HACAS Group plc. He is also a non-executive director of The Celltalk Group plc.

Ian Reynolds (Non-Executive Director, aged 62)

Mr Reynolds was Chief Executive of the Association of British Travel Agents from 1994 to 2005. Prior to joining ABTA he spent over 25 years with IBM starting with the company as a sales representative in 1968 and rising through a succession of management and board positions to become Director of Marketing and Services within IBM (UK). During his career with IBM Mr Reynolds gained significant marketing, administration, personnel and communications experience. Mr Reynolds is a non-executive director of NTP Limited, the Family Holiday Association, The Travel Foundation and a trustee of St Mary's Paddington Charitable Trust.

Derek Joseph (Non-Executive Director, aged 55)

Mr Joseph was one of two founding directors of HACAS Group plc, which floated in 1998 via a reverse takeover valuing the company at approximately £6m. HACAS is one of the UK's largest consultancies in the social housing and related health and care sectors. As Group Managing Director of HACAS, his

responsibilities included raising finance for new capital projects, advising housing associations, local authorities and government on strategies and finance for public services and in particular the provision of social housing. HACAS grew through a series of acquisitions and organic growth and in 2003 was acquired by Tribal Group plc for an approximate consideration of £45m. He is also a non-executive director and Chairman of The Celltalk Group plc, non-executive director of Basepoint plc and a non-executive director of a number of public and private companies including a subsidiary of The Cardiff Property plc.

Anthony Shakesby (Finance Director, aged 49)

Mr Shakesby is a graduate chartered accountant, who qualified with Price Waterhouse in 1981. After training in Leeds, he spent time in the Sydney office before returning to the London office where he was responsible for a number of large quoted clients and undertook a wide range of corporate finance work. In 1989, he joined a quoted property and leisure company as a corporate planner, before moving as Finance Director to a quoted company in the health food business. In January 1997 he assisted Mr Wollenberg in the reverse takeover of BDA Holdings plc by Edge Properties plc. As a self employed business consultant, Mr Shakesby has acted as head of finance to a number of public and private companies in a variety of sectors, including support services, aviation, distribution and property. He is currently the Finance Director of Corporate Jet Services Limited, an executive jet charter company.

PART 10

Information on the Zimmer Family

1. Responsibility

The Zimmer Family whose names are set out below, accept responsibility for the information contained in Part 10 and the other information in this document concerning themselves, their holdings and dealings in GI Shares and ImmuPharma Shares and their intentions. To the best of the knowledge and belief of each of the Zimmer Family (who have taken all reasonable care to ensure that such is the case), the information for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Zimmer Family comprises: Dr Robert Zimmer, his wife Mme Elizabeth Zimmer and his daughters Mlle Camille Zimmer and Mlle Lucie Zimmer.

The address of the Zimmer Family is 5, rue du Rhône, F-68100 Mulhouse France.

2. The Zimmer Family's interests in ImmuPharma Shares and GI Shares

The Zimmer Family's interests in ImmuPharma Shares were acquired on 22 February 2005 and 24 March 2005 pursuant to the contracts summarised in paragraphs 14.2 (i) and (ii) of Part 11 in exchange for shareholdings in ImmuPharma France and ImmuPharma Switzerland. The number of ImmuPharma Shares and percentage of ImmuPharma's issued share capital held by them are:

	ImmuPharma Shares	*%*
Dr Robert Zimmer	10,037,384	37.90
Elizabeth Zimmer	357,500	1.35
Camille Zimmer	35,750	0.13
Lucie Zimmer	35,750	0.13
Total	10,466,384	39.52

Under the terms of the Share Purchase Agreement summarised in paragraph 14.1(ii) of Part 11, the Zimmer Family have agreed to exchange their ImmuPharma Shares for GI Shares and will, on completion of the Transaction, hold GI Shares as follows (assuming the minimum subscription under the Placing and 100 per cent. of the ImmuPharma Shares are acquired and the exercise of 750,000 Share Options to be granted to Dr Zimmer and assuming that no other Share Options are exercised):

	GI Shares	*%*
Dr Robert Zimmer	23,013,641	33.57
Elizabeth Zimmer	792,961	1.16
Camille Zimmer	79,296	0.12
Lucie Zimmer	79,296	0.12
Total	23,965,194	34.96

3. Information about the Zimmer Family

Robert Zimmer was born in Strasbourg in 1947. He attended Ecole Centrale at Lyon and obtained his MD at Strasbourg (France) Medical School where he was also Assistant Professor. He became later a department director at the 'Foundation de Recherche en Hormonologie' in Paris, where he was in charge of the development of techniques allowing the measurements of tumor markers and hormone receptors. During this period he obtained a PhD in physics at University of Aix-Marseille. His career in the pharmaceutical industry is described in paragraph 5 of Part 3. He married Elizabeth in 1979 and has two daughters, Camille and Lucie. Elizabeth Zimmer is also a pharmacist and is the chief pharmacist at a hospital in Mulhouse. Camille Zimmer is a teacher at a secondary school in Mulhouse. Lucie Zimmer has just completed a Masters degree in biochemistry and plans to study for her PhD. Elizabeth Zimmer is a director of ImmuPharma France, but has no service contract.

Dr Robert Zimmer's current and recent directorships are set out in paragraph 5.6 of Part 11.

4. The Zimmer Family's intentions for the Company

The Zimmer Family supports the strategy as set out in paragraph 2 of Part 3 and will safeguard the rights, including pension rights, of the employees of the Enlarged Group.

5. Other information

5.1 Save for Dr Robert Zimmer's existing service agreement as a director of ImmuPharma and his new service agreement with GI, the terms of which are summarised in paragraph 6.2 of Part 11, no agreement, arrangement or understanding (including any compensation arrangement) exists between the Zimmer Family or any party acting in concert with the Zimmer Family and any of the Directors, recent directors, shareholders or recent shareholders of GI which has any connection with, or dependence on, or which is conditional upon the Transaction.

5.2 There is no agreement, arrangement or understanding whereby the beneficial ownership of any of the GI Shares to be acquired by the Zimmer Family pursuant to the Transaction will be transferred to any other person.

5.3 No member of the Zimmer Family is a party to any contract, not being a contract entered into in the normal course of business and which is, or may be, material during the two years preceding the date of this document relating to ImmuPharma or to GI except for the contracts summarised in paragraphs 14.1 (ii) and 14.2 of Part 11.

5.4 The commercial justification of the Transaction is to bring together GI with its surplus cash and ImmuPharma which has potentially valuable rights to certain drug candidates and needs additional cash to develop and exploit them.

5.5 €220,134.35 of the Placing proceeds are intended to be used to repay loans made by Dr Zimmer to companies in the ImmuPharma Group. Save as aforesaid, neither GI nor the ImmuPharma Group has entered into any financing arrangement where repayment or security is dependent on the assets of GI. The Placing has been arranged by KBC Peel Hunt.

PART 11

Additional information

1. Responsibility

GI, the Present Directors and the Proposed Directors of GI, whose names appear on page 4 of this document, accept responsibility for the information contained in this document except for the information set out in Part 10. To the best of the knowledge of the Present Directors and the Proposed Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and contains no omission likely to affect its import.

2. Incorporation and share capital

2.1 The Company was incorporated and registered in England and Wales as a private limited company on 21 February 2000 under the Act with the name MC92 Limited and with a registered number 03929567. The name was changed on 4 July 2000 to General Industries III Limited and on 22 August 2003 to General Industries Limited. The Company was re-registered as a public company on 19 September 2003. The principal place of business in the United Kingdom is 56 Station Road, Egham, Surrey TW20 9LF.

2.2 The Company was incorporated with an authorised share capital of £100 divided into 100 ordinary shares of £1 each, of which one ordinary share was issued.

On 4 September 2003 each of the 100 ordinary shares in existence in the Company's authorised and issued share capital was subdivided into 10 shares of 10 pence each, and the authorised share capital of the Company was increased from £100 to £2,000,000 by the creation of an additional 19,999,000 ordinary shares of 10 pence each. On that date 499,990 ordinary shares were allotted for cash at 20 pence per share.

On 7 October 2003 the Company allotted a further 1,420,000 ordinary shares for cash at 25 pence per share.

On 27 October 2003 the Company allotted a further 2,280,000 ordinary shares for cash at 25 pence per share.

The table below sets out the authorised and issued share capital of GI as at 31 March 2005 (the date to which the most recent balance sheet of the Company was prepared) and as at 20 January 2006 (the latest practicable date before the publication of this document) and as it is expected to be immediately following completion of the Transaction (assuming full subscription under the Placing and 100 per cent. of the ImmuPharma Shares are acquired):

	Authorised		*Issued and fully paid*	
Ordinary shares of 10p each	*£*	*Number*	*£*	*Number*
As at 31 March and 20 January 2006	2,000,000	20,000,000	420,000.00	4,200,000
Proposed Increase	10,400,000	104,000,000	—	—
Minimum Placing Shares	—	—	485,903.70	4,859,037
Consideration Shares	—	—	5,875,000.00	58,750,000
Minimum post Transaction total	10,400,000	104,000,000	6,780,903.70	67,809,037
Potential Placing Shares	—	—	314,096.30	3,140,963
Maximum post Transaction total	10,400,000	104,000,000	7,095,000.00	70,950,000

2.3 The existing Shares have been traded on AIM but trading will be suspended following the EGM if the Transaction is approved as required by the AIM Rules. Application will be made to the London Stock Exchange for the existing Shares, the Placing Shares and the Consideration Shares to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in Shares will commence on 16 February 2006. The Placing Shares and the Consideration Shares are expected to be allotted by resolution of the Directors (or a duly authorised committee thereof) on 15 February 2006, conditionally only on Admission.

2.4 *Present Directors' Options*

(a) By option certificates dated 10 October 2003 granted by the Company to each of Richard Wollenberg, Ian Reynolds, Derek Joseph and Anthony Shakesby and varied on 20 January 2006 each of the Present Directors was granted an option to subscribe at a price of 25 pence per share for the following:

J Richard Wollenberg	210,000 Shares
Ian Reynolds	84,000 Shares
Derek Joseph	84,000 Shares
Anthony Shakesby	42,000 Shares

(b) The holders of these options may exercise them at any time up to 10 October 2008. Exercise is by notice in writing lodged at the Company's registered office accompanied by a cheque or bankers' draft for the appropriate remittance. The Company is obliged to allot the appropriate number of Shares and despatch definitive share certificates within 30 days of receiving such notice.

(c) If at any time either (a) a general offer is made to acquire all the issued shares of the Company or the part thereof which is not already owned by the offeror and/or any company controlled by the offeror and such offer has become or been declared unconditional, or (b) any scheme of arrangement shall become effective whereby more than 50 per cent of the issued shares of the Company carrying a right to vote in general meetings of the Company shall become vested in another person or in any combination of persons acting in concert:

(i) provided that the option remains exercisable the option holder may at any time within six months thereafter exercise this option (either in whole or in part); and

(ii) the Company shall endeavour to procure that the offeror shall offer to acquire any shares which are allotted to the option-holder pursuant to the exercise of this option upon the same terms as those upon which the shares were acquired by the offeror pursuant to the said general offer or scheme of arrangement.

(d) If an order is made or an effective resolution is passed on or before the final exercise date of these options for the voluntary winding up of the Company (except for the purpose of reconstruction or amalgamation) each holder of options may forthwith and until the commencement of the winding up or expiry date (if earlier) be entitled to exercise his option before the date on which such resolution is duly passed. Subject to this, these options shall lapse on the liquidation of the Company.

2.5 *KBC Peel Hunt Option*

(a) By an option certificate dated 10 October 2003 ("the Agreement") as varied on 20 January 2006 KBC Peel Hunt was granted an option to subscribe for 84,000 Shares at a price of 25p each per share ("the KBC Peel Hunt Option") which is exercisable within the period commencing on the expiry of twelve months from the date of the Agreement and expiring on the fifth anniversary of the Agreement.

(b) The KBC Peel Hunt Option is exercisable in whole or in part by delivery to the registered office of the Company of a written notice of exercise of the KBC Peel Hunt Option. The Company is obliged to allot the appropriate number of Shares and despatch (where applicable) definitive share certificates within 14 days of receipt of such notice.

(c) In the event of a variation of the share capital of the Company by way of rights issue, sub-division, consolidation or reduction or otherwise the Board shall instruct auditors to make such adjustments as are fair and reasonable in respect of the number of Shares over which the KBC Peel Hunt Option can be exercised and the price upon which the Shares may be acquired upon the exercise of the KBC Peel Hunt Option.

(d) The Agreement terminates in the event of the Company entering into liquidation or compounding or making any voluntary arrangement with its creditors or has a receiver, administrative receiver, administrator or other similar officer or encumbrancer appointed of it or over all or any part of its assets or takes or suffers similar action in consequence of debt or becomes unable to pay its debts as and when they fall due. On termination of the Agreement the rights and obligations of the parties shall cease.

2.6 *Dawnay Day Option*

(a) By an option certificate dated 20 January 2006 ("the Agreement") Dawnay Day was granted an option to subscribe at a price of 42.5p each per share for 588,000 Shares ("the Dawnay Day Option") which is exercisable within the period commencing on the expiry of twelve months from the date of the Agreement and expiring on the tenth anniversary of the Agreement.

(b) The Dawnay Day Option is exercisable and assignable in whole or in part by delivery to the registered office of the Company of a written notice of exercise of the Dawnay Day Option. The Company is obliged to allot the appropriate number of Shares and despatch (where applicable) definitive share certificates within 14 days of receipt of such notice.

(c) In the event of a variation of the share capital of the Company by way of rights issue, sub-division, consolidation or reduction or otherwise the Board shall instruct auditors to make such adjustments as are fair and reasonable in respect of the number of Shares over which the Dawnay Day Option can be exercised and the price upon which the Shares may be acquired upon the exercise of the Dawnay Day Option.

(d) The Agreement terminates in the event of the Company entering into liquidation or compounding or making any voluntary arrangement with its creditors or has a receiver, administrative receiver, administrator or other similar officer or encumbrancer appointed of it or over all or any part of its assets or takes or suffers similar action in consequence of debt or becomes unable to pay its debts as and when they fall due. On termination of the Agreement the rights and obligations of the parties shall cease.

2.7 Options to subscribe for up to 3,665,000 Shares may be granted to employees under the share option schemes described in paragraph 7 below.

2.8 At the Extraordinary General Meeting resolutions will be proposed:

(a) subject to the passing of another Resolution, to authorise the Directors to allot the Placing Shares and the Consideration Shares and, in addition, to allot relevant securities (as defined in section 80(2) of the Act) up to an aggregate nominal amount of £3,305,000 and any remaining Placing Shares if less than 8,000,000 Placing Shares are issued during the period commencing on the date of the passing of the Resolution and expiring at the conclusion of the Annual General Meeting of the Company in 2006; and

(b) to empower the Directors, pursuant to section 95 of the Act, to allot equity securities (as defined in section 94 of the Act) of the Company as if section 89(1) of the Act did not apply to such allotments, such power being limited to:

(i) the allotment of the Placing Shares;

(ii) the allotment for cash of equity securities in connection with a rights issue, open offer or other issue in favour of ordinary shareholders and holders of any other shares or securities of the Company on a basis *pro rata* to their holdings; and

(iii) the allotment (otherwise than pursuant to sub-paragraphs (i) and (ii)) of equity securities for cash up to an aggregate nominal amount of £3,305,000 and any remaining Placing Shares if less than 8,000,000 Placing Shares are issued;

This power will expire at the conclusion of the Annual General Meeting of the Company in 2006.

The full text of the Resolutions is set out in the Notice of the Extraordinary General Meeting at the end of this document.

2.9 The Placing Shares and the Consideration Shares will be issued at 42.5p per Share, which will represent a premium of 32.5p over their nominal value of 10p.

2.10 The existing GI Shares are, and the new GI Shares will be, in registered form. The new GI Shares may be held in either certificated or in uncertificated form.

2.11 Shares may be transferred into the CREST system for which there will be no charge to stamp duty or stamp duty reserve tax ("SDRT") on the transfer (unless made for consideration). Any transfer into the CREST system made for consideration or any subsequent transfer for value of Shares will generally be subject to SDRT at the rate of 0.5 per cent. of the value of the consideration.

2.12 Save for the Placing Shares and the Consideration Shares and the possible issue of further new Shares pursuant to the exercise of share options described in this paragraph 2, there is no present intention to issue any of the authorised but unissued share capital of the Company.

2.13 The Company is subject to the continuing obligations of the AIM Rules with regard to the issue of securities for cash, and, save as disclosed in paragraph 2.8(b) above, the provisions of section 89 of the Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) apply to the authorised but unissued share capital of the Company.

3. Restrictions on dealing

No existing shareholders of the Company are selling Shares in the Placing.

The Proposed Directors, and their wives and trusts who, on completion of the Transaction, will hold 52,051,281 Shares representing 76.8 per cent. of the expected Enlarged Issued Share Capital of the Company (assuming the minimum subscription pursuant to the Placing) have, subject to certain exceptions which include the ability to accept an offer for GI, undertaken to Dawnay Day, KBC Peel Hunt and the Company not to dispose of Shares held immediately after Admission by them for 12 months following Admission.

Following the Transaction, the interests of the Present Directors and Proposed Directors and connected persons or trusts are expected to amount, in aggregate, to approximately 78.9 per cent. of the Enlarged Issued Share Capital of the Company.

4. CREST and ISIN number

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Company has applied for the Shares to be admitted to CREST and it is expected that the Shares will be so admitted and accordingly enabled for settlement in CREST on the date of Admission. It is expected that Admission will become effective and dealings in the Shares will commence on 16 February 2006. Accordingly, settlement of transactions in Shares following Admission may take place within the CREST system if any Shareholder so wishes. Further information is set out in the placing letters in connection with the Placing.

CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so. Persons acquiring shares as part of the Placing may elect to receive Shares in uncertificated form if, but only if, that person is a "system member" (as defined in the CREST Regulations) in relation to CREST.

The ISIN number of the Shares is GB00033711010.

5. Directors' and other interests

5.1 At the date of this document the interests of each Present Director and Proposed Director in the share capital of the Company which (a) have been notified by each Present Director and/or Proposed Director pursuant to section 324 or section 328 of the Act, (b) are required pursuant to section 325 of the Act to be entered in the register referred to therein or (c) so far as is known to, or could with reasonable diligence be ascertained by, the relevant Present Director and/or Proposed Director, are the interests of persons connected with such Present Director and/or Proposed Director (within the meaning of section 346 of the Act) which would, if the connected person were a Present Director and/or Proposed Director, be required to be so disclosed under sections 324, 325 or 328 of the Act, are (and will be following the Transaction) as follows:

	No. of GI Shares at present	*Percentage of current issued share capital*	*To be issued pursuant to the Transaction*	*No. of GI Shares after the Transaction*	*Percentage of Enlarged Issued Share Capital (vi)*
Present Directors					
J Richard Wollenberg (ii)	700,000	16.7%	25,000	725,000	1.07%
Anthony Shakesby	60,000	1.4%		60,000	0.09%
Derek Joseph	120,000	2.9%		120,000	0.18%
Ian Reynolds	600,000	14.3%		600,000	0.88%
Proposed Directors					
Richard Warr (iii)			14,417,468	14,417,468	21.26%
Dimitri Dimitriou (iv)			14,417,469	14,417,469	21.26%
Dr Robert Zimmer (v)			23,056,602	23,056,602	34.00%
Paddy Walker Taylor			100,922	100,922	0.15%
Douglas Paterson			47,058	47,058	0.07%
Anthony Johnson			11,762	11,762	0.02%

Notes:

(i) All of the above interests are beneficial, unless otherwise stated.

(ii) Richard Wollenberg's interest includes 100,000 shares held by his wife. Mr Wollenberg is also a director and substantial shareholder of The Cardiff Property Plc whose interest in the Company is shown in paragraph 5.8 below.

(iii) Richard Warr's interest includes 7,208,734 Shares to be held by Constantia Trust, in which his wife has a beneficial interest

(iv) Dimitri Dimitriou's interest comprises 14,417,469 Shares to be held by Hawthorn Invest Limited.

(v) Robert Zimmer's interest includes 792,961 shares to be held by his wife

(vi) Assumes 4,859,037 Placing Shares are issued and 100 per cent. of the ImmuPharma Shares are acquired.

5.2 Following the completion of the Transaction it is proposed that the following options be granted to Proposed Directors, exercisable, subject to paragraph 7(i)(d), at the Placing Price at any time over the ten years from the date of grant. None of the following options will be exercisable within 12 months of Admission or if the closing middle market price of a GI Share in the ten dealing days prior to exercise is less than 75p. The Remuneration Committee will set performance criteria to be met prior to the options becoming exercisable.

Proposed Director	*No. of options*
Richard Warr	750,000
Dimitri Dimitriou	750,000
Robert Zimmer	750,000
Paddy Walker-Taylor	365,000

5.3 Save as disclosed in paragraph 5.1 above no Present Director of the Company or Proposed Director nor any person connected with any Director of the Company for the purposes of section 346 of the Act has or will on completion of the Transaction have any interest in the share capital of the Company or any of its subsidiaries.

5.4 Save as disclosed in this Part 11, no Present Director of the Company or Proposed Director has or has had any interest in any transaction which is or was unusual in its nature or conditions or significant in relation to the business of the Enlarged Group during the current or immediately preceding financial year or which was effected during any earlier financial year and remains in any respect outstanding or unperformed.

5.5 At the date of this document there are no loans outstanding from the Company to any of the Present Directors nor has any guarantee been provided by the Company for the benefit of any of the Proposed Directors.

5.6 In addition to their directorships in the Company and its subsidiaries (and in ImmuPharma and its subsidiaries in the case of the Proposed Directors), the Present Directors and Proposed Directors currently hold or have within the five years preceding the date of this document held the following directorships and are or have within such period been partners in the following firms:

Present Director	*Current directorships/partnerships*	*Past directorships/partnerships*
J Richard Wollenberg	The Cardiff Property PLC Cardiff Property (Construction) Ltd First Choice Estates PLC Thames Valley Retirement Homes Ltd Village Residential PLC The Land Bureau Ltd Wadharma Holdings Limited Campmoss Property Company Ltd Campmoss Property Developments Ltd Rocott Developments Ltd General Industries III Ltd Betswap.com UK Limited West End Tst. Limited The Celltalk Group plc	HACAS Group plc
Ian Reynolds	NTP Limited St Mary's Paddington Charitable Trust The Family Holiday Association The Travel Foundation	Abtasure Limited ABTA Limited American Chamber of Commerce (United Kingdom) TTC Training Limited St Mary's NHS Trust Ttento (UK) Limited The Tourism Alliance Ltd
Derek Joseph	ACG Developments PLC ACG Rented Properties PLC ACG Services Ltd Airways Homes IV Assured Tenancies PLC Tribal Treasury Services Ltd Airways V Home Ownership plc Basepoint plc Bramah House Ltd The Celltalk Group plc HACAS Group Ltd	Presentation Housing Partnerships Ltd Aerospace Homes Assured Tenancies PLC Airways Unit Trust Managers Ltd Gatehouse Properties Ltd Tribal HCH Ltd Arawak Developments Ltd SDP Employees Ltd Laurel Fields Management Company Ltd

Present Director	*Current directorships/partnerships*	*Past directorships/partnerships*
Derek Joseph *(continued)*	European Project and Administration Ltd First Choice Estates PLC Homeless International Tilfen Ltd The Royal Borough of Kensington and Chelsea Assured Homes Ltd BHAT Ltd Tribal (Scotland) Ltd Chapman Hendy Associates Ltd Morley Lodge Properties Ltd Murehouse Properties Ltd Merchant Homes Ltd Basepoint Enterprise Centre Basingstoke Ltd Broadmarsh Business & Innovation Centre Ltd Hollway Ltd Northernrain Ltd Royal Quarter Management Company Ltd Seedbed Ltd SDP Regeneration Services 2 Ltd Tribal SDP Ltd	
Anthony Shakesby	Corporate Jet Services Limited The Gainsborough Trading Post Limited Jet Engineering Technical Support Ltd Club 328 Ltd	Gainsborough Printing Company Limited
Proposed Director		
Richard Warr	—	Marathon Land Limited
Dimitri Dimitriou	DyoDelta Biosciences Ltd W.O.C.P. Ltd DX Therapeutics Ltd	Xcellsyz Ltd Polytherics Ltd
Dr Robert Zimmer	—	Biovector Therapeutics SA
Paddy Walker-Taylor	Reddiford School Trustee	Marchmont Estates Ltd The British & General Debenture Trust Public Limited Company St Blaise (1998) Ltd McAlpine Enterprises Ltd Derby Joinery Ltd Renewable Energy Systems Holdings Ltd Newarthill Ltd Sir Robert McAlpine Ltd Sir Robert McAlpine (Holdings) Ltd Sir Robert McAlpine Enterprises Ltd PFI Investors Ltd PFI Financing Ltd Northern Micro Developments Ltd

Proposed Director	*Current directorships/partnerships*	*Past directorships/partnerships*
Paddy Walker Taylor *(continued)*		Oxford Court (Manchester) Ltd Aquae Sulis Ltd Herbrand Ltd Ringmoors Properties Ltd Oak Court Estates Interior Services Group plc Ninegrade Ltd Colguy Holdings Ltd River Road Investments Ltd Two Parks Development Ltd Norpam Ltd Liminse Ltd Espeel Ltd Majorpark Ltd Marchmont Properties Ltd Brickworth Developments Ltd British Contracts Company Ltd
Douglas Paterson	Close Brothers Group plc Goldman Sachs International Bank Cdb Web Tech Management Limited	PricewaterhouseCoopers The British German Association German British Chamber of Industry and Commerce
Anthony Johnson	—	—

5.7 No Present Director or Proposed Director has:

(a) any unspent convictions in relation to indictable offences;

(b) ever been declared bankrupt or entered into any voluntary arrangement;

(c) been a director of any company which has gone into receivership, compulsory liquidation, creditors voluntary liquidation or administration or entered into a company arrangement or any composition or arrangement with its creditors generally or any class of its creditors where he was a director at the time of the relevant event or within the preceding 12 months;

(d) been a partner in a partnership which has gone into compulsory liquidation or administration or entered into any partnership voluntary arrangement where he was a partner at the time of the relevant event or within the preceding 12 months;

(e) owned an asset or been a partner of a partnership owning an asset over which a receiver has been appointed where he was a partner at the relevant time or within the preceding 12 months; or

(f) had any public criticism of him by any statutory or regulatory authority (including recognised professional bodies) or been disqualified by a court from acting as a director of a company or acting in the management or conduct of the affairs of any company.

5.8 In addition to certain Present Directors' and Proposed Directors' interests disclosed in paragraph 5.1 above, as at 20 January 2006 (the latest practicable date before the publication of this document) so far as the Company is aware, the following persons were interested in 3 per cent. or more of the Company's issued share capital:

	No. of Shares	*Percentage of present issued share capital*
B. John	500,000	11.90%
The Cardiff Property PLC	400,000	9.52%

5.9 All GI Shares have the same voting rights and there are no arrangements for major shareholders to have different voting rights. The shareholdings of Robert Zimmer and his family are set out in Part 10 of this document. Subject to that, no individual major shareholder will be in a position to exercise control over the Company following the Transaction and there are no arrangements in place which may subsequently result in a change of control of the Company.

6. Directors' service arrangements and emoluments and period in office

6.1 The Present Directors have entered into the following service arrangements with the Company:

The two executive Present Directors were employed for an initial fixed term of one year and thereafter their employment was deemed to continue until terminated by the Company giving 12 months' prior notice or the employee giving six months' prior notice save in the case of breach of contract when the Present Directors can be dismissed without notice. The contract relating to J Richard Wollenberg provides that he will be paid a salary of £5,000 per annum, and that of Anthony Shakesby provides that he will be paid a salary of £2,000 per annum.

The letters of engagement issued by the Company to each of the non-executive Present Directors, Derek Joseph and Ian Reynolds provided that they will each receive an annual fee of £1,500.

None of the Present Directors' service contracts and/or letters of engagement has been amended within the six months preceding the date of this document.

On completion of the Transaction the Present Directors will resign. J Richard Wollenberg and Anthony Shakesby have each entered into compromise agreements in respect of their employment under which they will receive termination payments of £10,000 and £3,000 respectively.

6.2 On 13 January 2006, each of the four executive Proposed Directors entered into service agreements with the Company and/or its subsidiaries, superceding any prior service or other agreement and to become effective on completion of the Transaction. Each executive Proposed Director's service agreement is for a fixed period of two years from Admission, and is thereafter terminable by either him giving 12 months' or the Company (or the relevant subsidiary) on giving no less than 12 months' prior written notice. The Company (or the relevant subsidiary) may, at its discretion, terminate the service agreements forthwith at any time by making a payment in lieu of notice. The agreements contain rights in favour of the Company (or the relevant subsidiary) with regard to intellectual property rights and know-how developed or invented by the executive Proposed Directors.

In addition, the service agreements provide for the following:

Proposed Director	*Annual salary*	*Position*	*Period served**
Richard Warr	£140,000	Executive Chairman	Since 6 April 2005
Dimitri Dimitriou**	£65,000	Chief Executive	Since 6 April 2005
Dr Robert Zimmer	£130,000	Chief Scientific Officer	Since 6 April 2005
Paddy Walker-Taylor**	£45,000	Chief Financial Officer	Since 6 April 2005

* refers to period served as director and/or employee with any ImmuPharma Group company.

** Paddy Walker-Taylor's contract provides for him to work two days per week and Dimitri Dimitriou's contract provides for him to work for two and a half days per week.

The annual salaries of the executive Proposed Directors will be subject to review by the Remuneration Committee of the Board.

The Company intends to operate a discretionary bonus scheme with bonuses to be awarded by the Remuneration Committee. No cash bonuses will be paid within six months of Admission. Between seven and twelve months of Admission the Remuneration Committee may award bonuses to executive directors up to an aggregate limit of £300,000 subject to (i) the closing middle market price for a GI Share on ten consecutive dealing days prior to payment of the bonus being above 75p and (ii) an announcement being made that Phase II trials on IP-201101 have commenced. However the £300,000 limit will not apply if the closing middle market price for a GI Share on ten consecutive dealings days prior to payment of the bonus is 130p or more. After twelve months from Admission, bonus levels and performance targets will be reviewed by the Remuneration Committee. All bonuses will be awarded having regard to the acheivement of performance targets and the Nominated Adviser and Broker being satisfied that the Enlarged Group has the required financial resources. The Company (and/or the relevant subsidiary) will contribute to the executive Proposed Directors' pensions and other benefits a sum equal to 15 per cent. of their respective salaries.

Each service contract contains a confidentiality clause and restrictive covenants on the part of the relevant Proposed Director that, during the agreement and for a period of 6 months (in the case of non-competition) and 12 months (in the case of non-solicitation) thereafter, the Proposed Director shall not, without prior board approval, be concerned with any business that competes with the Enlarged Group nor solicit any clients or employees of the Enlarged Group.

6.3 Under the terms of their appointments, effective from Admission, Douglas Paterson and Anthony Johnson will each receive a fee of £25,000 per annum for their services as senior independent Director and as a non executive Director respectively. Their appointments will be terminable by either the Company or the relevant non-executive Proposed Director giving to the other not less than 6 months written notice, subject to the Company's articles of association.

6.4 Under their previous service agreements with ImmuPharma the executive Proposed Directors' annual salaries were: Richard Warr £150,000; Robert Zimmer £140,000; Dimitri Dimitriou £70,000 for two and a half days per week; and Paddy Walker-Taylor £40,000 for two days per week.

6.5 Save as disclosed in this paragraph 6, there are no existing or proposed service or consultancy agreements between any Proposed Director or Present Director and any member of the Enlarged Group.

6.6 The aggregate remuneration paid and benefits in kind granted to the Present Directors in the financial period ended 31 March 2005 amounted to £6,416.

6.7 The aggregate remuneration to be paid and benefits in kind to be granted to the Proposed Directors and Present Directors in the financial year ending 31 March 2006 are expected to be approximately £58,465 comprising £8,850 (46 weeks) and £49,615 (6 weeks) respectively under the arrangements in force at the date of this document.

6.8 There are no arrangements under which any Proposed Director and/or Present Director has agreed to waive future emoluments nor have there been any waivers of such emoluments during the financial year immediately preceding the date of this document.

7. Options

The Company proposes to adopt a HM Revenue & Customs approved company share ownership plan ("CSOP") and an unapproved share option scheme ("the Unapproved Scheme"). The CSOP will be (subject to HM Revenue & Customs approval) an approved scheme, pursuant to the provisions of the Schedule 4 to the Income Tax (Earnings and Pensions) Act 2003 ("ITEPA"). The details of the CSOP and the Unapproved Scheme (together "the Schemes") are summarised below. Both the CSOP and the Unapproved Scheme share a number of common features.

Options granted under the Schemes will entitle the participant to acquire Shares at a price determined in accordance with the rules of the Schemes. The options will be exercisable within a period of ten years from the date of grant by a participant who remains a director or employee of a participating company and subject to the satisfaction of the conditions referred below.

Shares issued and allotted pursuant to both of the Schemes will rank *pari passu* in all respects with Shares then in issue except for dividends and other entitlements arising by reference to a date prior to the date on which the relevant option is exercised.

Options granted under both of the Schemes may be exercised earlier than the earliest permissible exercise date (described in more detail below) in each case in certain special circumstances such as death, cessation of employment on account of injury or disability, redundancy or the sale of the business or company for which the participant works. In addition, such early exercise provisions will apply where cessation of a participant's employment arises through pregnancy or early retirement or in other circumstances where the Remuneration Committee in its absolute discretion decides that early exercise may take place.

In the event of an amalgamation, reconstruction or takeover of the Company, options granted under the Schemes may either be exchanged for options over shares in the acquiring company, or a company associated with the acquiring company, if the acquiring company so consents, or exercised within certain specified periods after the occurrence of such an event. Options granted under the Schemes may also be exercised in the event of the voluntary winding up of the Company.

In the event of any capitalisation or rights issue by the Company, or of any consolidation, sub-division or reduction of its share capital, or, if its shareholders approve in general meeting, any other variation in its share capital, the number of shares subject to any option and/or the exercise price may be adjusted by the Remuneration Committee, with, in the case of the CSOP, the prior approval of HM Revenue & Customs, subject to the auditors of the Company for the time being, confirming in writing that such adjustment is, in their opinion, fair and reasonable.

The Remuneration Committee shall specify dates or objective conditions subject to the occurrence of which, the exercise of any option granted under the Schemes is dependent.

In any ten-year period, not more than ten per cent of the issued ordinary share capital of the Company for the time being may, in aggregate, be allocated under the Schemes, or any other employees' share option scheme adopted by the Company.

For the purposes of the above limit, options which lapse in accordance with the rules of the relevant scheme or are released without being exercised will not be taken into account. References to shares being "allocated" under the Schemes refer to unissued Shares being placed under option.

(i) *The CSOP*

The CSOP has the following additional features:

(a) options granted under the CSOP may ordinarily only be exercised on or after the third anniversary of the date of grant, save where early option exercise is permitted in the exceptional circumstances referred to above.

(b) each participant's personal participation under the CSOP will be limited so that no options may be granted to an individual under the CSOP (or any other discretionary share option scheme approved by HM Revenue & Customs under Schedule 4 to ITEPA) where the market value of the Shares to be placed under option, would exceed £30,000 (or any other limit which may be imposed from time to time for individual participation under such HM Revenue & Customs approved schemes). In calculating such limit, however, no account shall be taken of any options which have been exercised or which have been released or lapsed without being exercised.

(c) No CSOP option may be granted to an individual who, at any time in the preceding 12 months, has had a material interest in the Company when the Company was a close company.

(d) In relation to options granted under the CSOP, the price payable on the exercise of the option will be a price not less than the market value of the Shares as determined in accordance with the rules of the CSOP.

(ii) *The Unapproved Scheme*

The Unapproved Scheme has the following additional features:

(a) Options granted under the unapproved scheme may be exercised no earlier than three years following the date of grant. Options may be exercised earlier than the expiry of three years in the special circumstances mentioned above.

(b) The limits on individual participation applicable to CSOP options do not apply in relation to options granted under the Unapproved Scheme.

(c) There is no restriction preventing persons having had a material interest in a close company from being granted options under the Unapproved Scheme.

(d) The option exercise price for options granted under the Unapproved Scheme will generally be the market value of the Shares placed under option at the date of option grant.

(e) No option may be exercised under the Unapproved Scheme unless the participant has entered into arrangements satisfactory to the Committee to reimburse the Company for any income tax payable under the PAYE system and employee's national insurance contributions in each case consequent upon the exercise of the option and, in addition, if required, unless the participant has agreed to bear any employer's national insurance contributions arising in respect of such option exercise.

(iii) *Enterprise Management Incentive Plan*

The Company is presently investigating whether it might be possible to establish an Enterprise Management Incentive (EMI) plan pursuant to the provisions of Schedule 5 ITEPA in place of the CSOP. EMI has the following additional features:

(a) Any director or employee of the Company or the group company whose committed time amounts to not less than 25 hours per week, or if less, not less than 75 per cent. of his Working Time, and who does not hold over 30 per cent. in the Company or other group company, are eligible to participate;

(b) Options granted under an EMI plan may ordinarily be exercised at any time after the date of grant (but subject to the Company's requirements);

(c) Each participant's personal participation under the EMI will be limited so that no options may be granted to an individual under the EMI (or any other discretionary share option scheme approved by HM Revenue & Customs) where the market value of the Shares to be placed under option would exceed £100,000 (or any other limit which may be imposed from time to time for individual participation under such HM Revenue & Customs approved schemes). In calculating such limit, however no account shall be taken of any options which have been exercised or which have been released or lapsed without being exercised;

(d) Capital gains tax business asset taper relief runs from the date of grant; and

(e) In relation to options granted under the EMI, the price payable on exercise of the option may be a price less than the market value of the Shares as determined in accordance with the rules of the EMI plan (but subject to the Company's requirements).

8. The Company and its subsidiaries

(a) The Company has no subsidiaries, pending completion of the Transaction, when the companies in the ImmuPharma Group will become wholly owned subsidiaries.

(b) The following are the subsidiaries of ImmuPharma, both of which are wholly owned by ImmuPharma.

Name	*Activity*	*Authorised share capital*	*Issued and fully paid share capital*	*Issued and unpaid share capital*
ImmuPharma France	France	93,750 shares of €16 each	31,835 Shares of €16 each	61,915 shares of €16 each
ImmuPharma Switzerland	Switzerland	100 shares of SFR 1,000 each	100 shares of SFR1,000 each	—

(c) The registered office of ImmuPharma plc is 50 Broadway, London SW1H 0B, of ImmuPharma France is 21 Avenue Joseph-Else, 68310 Wittelsheim, France and of ImmuPharma Switzerland is Kagenstrasse 12, 4153 Reinach, Switzerland.

9. Memorandum of Association

The provisions contained in the Company's Memorandum of Association determining its objects state that the Company's main activity is that of a general commercial company.

10. Articles of Association

The Articles of Association of the Company (the "Articles") contain provisions to the following effect:

10.1 *Voting rights*

10.1.1 Shareholders have the right to receive notice of, to attend and to vote at all general meetings. Save as otherwise provided in the Articles of Association, on a show of hands each holder of shares present in person (or by proxy) and entitled to vote has one vote in respect of every share held by him.

10.1.2 No member shall, unless the Board otherwise determine, be entitled (save as proxy for another member) to be present or vote at a general meeting either personally or by proxy or to exercise any other right conferred by membership in relation to the meetings of the Company if:

(i) any call or such other sum as is presently payable by him to the Company in respect of shares in the Company remains unpaid; or

(ii) he or any other person who is interested or who appears to be interested in shares held by such member has been duly served, pursuant to any statutory provision concerning the disclosure of interests in voting shares, with a notice lawfully requiring the provision to the Company (within such period (not being less than 28 days) as is specified in such notice) of information regarding shares held by such member and he or such other person is in default in complying with such notice.

10.2 *Dividends and purchase of own shares*

10.2.1 Subject to any preferential or other special rights attached to any shares issued by the Company (of which at present there are none), the profits of the Company available for dividend and which the Company shall so determine to distribute by way of dividend shall be apportioned and paid to the members entitled thereto proportionately to the amounts paid up on the shares.

10.2.2 Any dividend unclaimed after a period of 12 years from the date such dividend is payable shall be forfeited and shall revert to the Company.

10.2.3 subject to the provisions of the Act, the Company may purchase any of its own shares, provided that the terms of any contract under which the Company will or may become entitled or obliged to purchase its own shares be authorised by special resolution of the Company in a General Meeting before the Company enters into such a contract.

10.3 *Distribution of assets on a winding up*

10.3.1 Subject to any special rights for the time being attached to any class of shares, on a return of assets on liquidation or otherwise the surplus assets of the Company remaining after payment of its liabilities shall be distributed in proportion to the amounts paid up or deemed to be paid up on the shares of the Company then in issue.

10.3.2 If the Company is wound up, the liquidator may, with the authority of an extraordinary resolution, subject to the Act, divide among the members (or their trustees) *in specie* the whole or any part of the assets of the Company and may determine how such division shall be carried out as between different classes of members (if any).

10.4 *Transfer of shares*

10.4.1 A transfer of shares may be affected by the transfer in writing in any usual form or in any other form approved by the Board. The transferor shall be deemed to remain the holder of the shares until the name of the transferee is entered into the register of members in respect thereof.

10.4.2 The Board may, in its absolute discretion, and without assigning any reason therefore, refuse to register any transfer of any share unless all of the following conditions are satisfied:

(a) it is in respect of a share which is fully paid up or over which the Company has no lien;

(b) it is in respect of only one class of share;

(c) it is in favour of a single transferee or not more than four joint transferees;

(d) it is delivered for registration at the registered office of the Company or such other place as the Board may decide accompanied by the certificate for the share to be transferred (save in the case of a transfer by a recognised person to whom no certificate was issued or in the case of a renunciation) and such other evidence as the Board may reasonably require to prove the title of the transferor or person renouncing and the due execution by him of the transfer or renunciation or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so.

Save as aforesaid, the Articles contain no restrictions as to the free transferability of fully paid shares and nothing shall prevent dealings taking place on an open and proper basis. Nor shall anything contained in the Articles preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.

10.5 *Variation of rights attaching to shares*

Subject to the Act, whenever the capital of the Company is divided into different classes of shares, the rights attached to any class may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated, whether or not the Company is being wound up, either with the consent in writing of the holders of three-quarters of the issued shares of the class or with the sanction of any extraordinary resolution passed at a separate meeting of such holders (but not otherwise). The special rights conferred on the holders of any shares or class of shares shall, unless otherwise provided by the Articles or the terms of issue of the shares concerned, be deemed to be varied by a reduction of capital paid up on those shares but shall be deemed not be varied by the creation or issue of further shares ranking *pari passu* with them or subsequent to them. The special rights conferred on the holders of ordinary shares shall be deemed not to be varied by the creation or issue of any further shares ranking in priority to them nor shall any consent or sanction of the holders of ordinary shares be required to any variation or abrogation effected by a resolution on which only the holders of ordinary shares are entitled to vote.

10.6 *General meetings*

The Company shall, at a time and place as the Board see fit, hold an annual general meeting at least once a year with a gap of not more than 15 months between each annual general meeting. The Board may convene other meetings, known as extraordinary general meetings, whenever it thinks fit.

All meetings must be called with at least 14 clear days' notice, with the exception of the annual general meeting or an extraordinary general meeting at which a special resolution is proposed or a resolution with special notice is has been given to the Company, when at least 21 clear days' notice is required.

The Board may convene an extraordinary general meeting whenever it thinks fit. The Board must convene an extraordinary general meeting immediately on receipt of a requisition from members in accordance with the Act and in default a meeting may be convened by requisitionists as provided in the Act. At a meeting convened on a requisition or by requisitionists no business may be transacted except that stated by the requisition or proposed by the Board. An extraordinary general meeting may also be convened in accordance with the Articles.

Subject to the Act, and although called by shorter notice than that specified in the paragraph above, a general meeting is deemed to have been duly called if it is so agreed:

(i) in the case of an annual general meeting, by all the members entitled to attend and vote at the meeting; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right.

The notice of meeting shall specify:

(i) whether the meeting is an annual general meeting or an extraordinary general meeting;

(ii) the place, the date and the time of the meeting;

(iii) in the case of special business, the general nature of that business;

(iv) if the meeting is convened to consider a special or an extraordinary resolution, the intention to propose the resolution as such; and

(v) with reasonable prominence, that a member entitled to attend and vote may appoint one or more proxies to attend and, on a poll, vote instead of him and that a proxy need not also be a member.

The notice of meeting shall be given to the members (other than any who, under the provisions of the Articles or the terms of allotment or issue of shares, are not entitled to receive notice), to the directors and to the auditors.

The Board may determine that persons entitled to receive notices of meeting are those persons entered on the register at the close of business on a day determined by the Board, provided that, if the Company is a participating issuer, the day determined by the Board may not be more than 21 days before the day that the relevant notice of meeting is being sent.

The notice of meeting may also specify a time (which, if the Company is a participating issuer, shall not be more than 48 hours before the time fixed for the meeting) by which a person must be entered on the register in order to have the right to attend or vote at the meeting. Changes to entries on the register after the time so specified in the notice shall be disregarded in determining the rights of any person to attend or vote.

Each member of the Board shall be entitled to speak at a general meeting and at a separate meeting of the holders of a class of shares or debentures, whether or not he is a member.

10.7 *Powers and duties of the board*

Subject to the Act, the business and affairs of the Company shall be managed by the Board which may exercise all the powers of the Company, whether relating to the management of the business or not. No alteration of the Memorandum of Association or of the Articles and no direction given by the Company shall invalidate a prior act of the Board, which would have been valid if the alteration had not been made or the direction had not been given.

The Board may delegate to a director holding executive office any of its powers, authorities and discretions for such time and on such terms and conditions as it thinks fit. In particular, without limitation, the Board may grant the power to sub-delegate, and may retain or exclude the right of the Board to exercise the delegated powers, authorities or discretions collaterally with the director. The Board may at any time revoke the delegation or alter its terms and conditions.

The Board may delegate any of its powers, authorities and discretions (with power to sub-delegate) to a committee consisting of one or more persons (whether a member or members of the Board or not) as it thinks fit. A committee may exercise its power to sub-delegate by sub-delegating to any person or persons (whether or not a member or members of the Board or of the committee). The Board may retain or exclude its right to exercise the delegated powers, authorities or discretions collaterally with the committee. The Board may at any time revoke the delegation or alter any terms and conditions or discharge the committee in whole or in part.

Where a provision of the Articles refers to the exercise of a power, authority or discretion by the Board and that power, authority or discretion has been delegated by the Board to a committee, the provision shall be construed as permitting the exercise of the power, authority or discretion by the committee.

The Board may appoint a person (not being a director) to an office or employment having a designation or title including the word 'director' or attach to an existing office or employment that designation or title and may terminate the appointment or use of that designation or title. The inclusion of the word 'director' in the designation or title of an office or employment does not imply that the person is, or is deemed to be, or is empowered to act as, a director for any of the purposes of the Act or the Articles.

The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or part of the undertaking, property and assets (present or future) and uncalled capital of the Company and, subject to the Act, to issue debentures and other securities, whether outright or as collateral security for a debt, liability or obligation of the Company or of a third party.

10.8 *Proceedings of directors*

The Board may meet for the dispatch of business, adjourn and otherwise regulate its proceedings as it thinks fit. The Board may appoint a chairman to preside at every Board meeting. The directors may summon such a Board meeting at any time and questions arising at that meeting will be decided by majority voting and in cases where there is equality of votes, the chairman has the casting vote.

Unless otherwise decided by the directors, the quorum necessary for the directors to exercise their authorities, powers and discretions at a Board meeting is two.

A resolution in writing executed by all directors entitled to receive notice of a Board meeting and not being less than a quorum or by all members of a committee of the Board for the time being entitled to receive notice of a committee meeting and not being less than a quorum is valid.

10.9 *Ownership threshold and change of control*

The Articles do not prescribe any ownership threshold above which shareholder ownership must be disclosed. There are no provisions in the Articles that would have the effect of delaying, deferring or preventing a change in control of the Company.

11. Mandatory offers and compulsory acquisition of Shares

The Company is subject to the Takeover Code, which, *inter alia*, provides that if any person, or group of persons acting in concert, acquires Shares carrying 30 per cent. or more of the voting rights exercisable in general meetings, that person shall be required to make an offer for all the issued Shares not already held by him (or persons acting in concert with him) in cash at the highest price paid by that person, or any person acting in concert with him, during the 12 month period prior to the purchase of shares which triggered the obligation. There are certain circumstances where no such offer may be required. Section 428 of the Act provides that if an offer is made for the issued share capital of the Company, the offeror is entitled to acquire compulsorily any remaining shares if it has received acceptances or purchased shares subsequent to the making of the offer amounting (in aggregate) to 90 per cent. or more of the Shares to which the offer relates. Certain time limits apply. Section 430 of the Act permits a minority shareholder to require an offeror to buy his Shares if that offeror has received acceptances or purchased shares subsequent to the making of the offer amounting (in aggregate) to 90 per cent. or more of the Shares to which the offer relates. Certain time limits apply.

12. Disclosure of interests and dealings in GI Shares and in ImmuPharma Shares

12.1 *Definitions and references*

For the purposes of this paragraph 12:

(i) an "Arrangement" includes any indemnity or option arrangement and any agreement or understanding, formal or informal, of whatever nature relating to Relevant Securities which may be an inducement to deal or refrain from dealing;

(ii) "Associate" means: (a) the parent company (if any), the subsidiaries, fellow subsidiaries and associated companies of GI or Immupharma, and companies of which any such subsidiaries or associated companies are associated companies; (b) connected advisers and persons controlling, controlled by or under the same control as such connected advisers; (c) the Present Directors and Proposed Directors of GI, and the directors of any company covered in sub-paragraph (a) above; (d) the Zimmer Family (together in each case with their close relatives and related trusts); and (e) the pension funds of the Zimmer Family or, as the case may be, GI, or any company covered in sub-paragraph (a) above; (f) any investment company, unit trust or other person whose investments any associate (as defined in (a)-(e) above or (g) below) manages on a discretionary basis in respect of the relevant investment accounts; (g) a company having a material trading arrangement with the Zimmer Family, GI or ImmuPharma; and (h) any employee benefit trust of GI or any company covered in sub-paragraph (a) above.

(iii) "connected advisers" normally include only the following:

(a) in relation to the Zimmer Family or GI or ImmuPharma, an organisation which is advising that party in relation to the Transaction and a corporate broker to that party; (b) in relation to a person who is acting in concert with any member of the Zimmer Family or with the Present Directors or Proposed Directors of GI, an organisation which is advising that person either in relation to the Transaction or in relation to the matter which is the reason for that person being a member of the relevant concert party; and (c) in relation to a person who is an Associate of the Zimmer Family or GI or ImmuPharma by virtue of sub-paragraph (ii) above an organisation which is advising that person in relation to the Transaction.

(iv) ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status and "control" means a holding, or aggregate holdings, of shares carrying 30 per cent or more of the voting rights attributable to the share capital of the company which are currently exercisable at a general meeting, irrespective of whether the holding or holdings give de facto control;

(v) "Relevant Securities" means GI Shares, ImmuPharma Shares and any securities convertible into or exchangeable into, or rights to subscribe for, or options (including traded options) in respect of, and derivatives referenced to, any of the foregoing; and

(vi) "Disclosure Period" means the period commencing on 23 January 2005 (being the date 12 months prior posting of this document) and ending on 20 January 2006 (being the last practicable date before posting of this document).

12.2 *Interests and dealings in GI Shares*

(i) The Zimmer Family, none of whom hold any GI Shares or have dealt for value therein during the disclosure period, will be allotted 23,215,194 GI Shares representing 34.2 per cent. of the Enlarged Issued Share Capital pursuant to the Share Purchase Agreement described in paragraph 14.1(ii) of this Part 11. The holdings of individual members of the Zimmer Family are set out in Part 10.

(ii) The holdings of the Present Directors and Proposed Directors of GI at present and on Admission are set out in paragraph 5 of this Part 11 and the options held by the Present Directors of GI are disclosed in paragraph 2.4 of this Part 11.

(iii) So far as the Zimmer Family are aware no connected adviser (as defined in paragraph 12.1(iii) above) to the Zimmer Family, to a company which is an Associate of the Zimmer Family (as defined in paragraph 12.1(ii) above) or to a person acting in concert with the Zimmer Family or by persons controlling or controlled by or under the same control as any such adviser (except an exempt principal trader or exempt fund manager) owns or controls any Relevant Securities of GI nor has any such person dealt for value therein in the Disclosure Period.

(iv) The Present Directors of GI have not dealt for value in GI Shares during the Disclosure Period.

Save as disclosed in paragraph 5 of this Part 11, none of the Present Directors or Proposed Directors of GI nor any member of their immediate families or related trusts controls or is interested, directly or indirectly, in any Relevant Securities of GI, nor has any such person dealt for value in Relevant Securities of GI during the Disclosure Period.

(v) IDJ Limited, adviser to ImmuPharma, or its directors, will be allotted 117,646 Placing Shares as disclosed in paragraph 14.2(vii) of this Part 11. Employees of Dawnay Day and members of their families and pension funds have applied for 21,764 Placing Shares at the Placing Price. A partner of Buzzacott, tax adviser to ImmuPharma has applied for 23,529 Placing Shares at the Placing Price. Dawnay Day, KBC Peel Hunt and Bircham Dyson Bell (solicitors to ImmuPharma) have each applied for 70,588 Placing Shares at the Placing Price.

(vi) No person who is acting in concert with the Zimmer Family holds any GI Shares or has dealt for value therein during the Disclosure Period.

(vii) Save as disclosed in paragraph 12.3(iv) below no company which is an Associate of GI or of ImmuPharma, no pension fund or employee benefit trust of GI or of ImmuPharma or pension fund or employee benefit trust of a company which is an Associate of GI or of ImmuPharma, no connected adviser to GI or of ImmuPharma, to a company which is an Associate of GI or of ImmuPharma or to a person acting in concert with the directors of GI or of ImmuPharma or persons controlling or controlled by or under the same control as any adviser (except an exempt principal trader or exempt fund manager) owns or controls any Relevant Securities of

GI or of ImmuPharma nor has any such person dealt for value therein in the Disclosure Period nor save for the provision of the Shareholders Agreement (to which all ImmuPharma Shareholders are bound) is any such person a party to any arrangement relating to Relevant Securities.

12.3 *Interests and dealings in ImmuPharma Shares*

(i) The Zimmer Family holds 10,466,384 ImmuPharma Shares, representing 39.52 per cent. of the total ImmuPharma Shares in issue, which were allotted on 24 March 2005 in consideration for shares in ImmuPharma France and ImmuPharma Switzerland pursuant to the contracts for the purchase of those companies by ImmuPharma described in paragraphs 14.2 (i) and (ii) of this Part 11. The holdings of individual members of the Zimmer Family are set out in Part 10;

(ii) The Proposed Directors' holdings of ImmuPharma Shares and percentage of the issued share capital of ImmuPharma are:

Director	*ImmuPharma Shares*	*%*
Richard Warr*	6,500,000	24.54
Dimitri Dimitriou*	6,500,000	24.54
Robert Zimmer	10,037,384	37.90

* Includes ImmuPharma Shares held in trusts for the benefit of the director or members of his family.

Under the terms of the Share Purchase Agreement, these ImmuPharma Shares are to be exchanged for GI Shares on completion of the Transaction.

The Proposed Directors (and their family and family trusts) have dealt for value in ImmuPharma Shares as follows:

Director	*Date*	*Transaction*	*No. of ImmuPharma Shares***	*Price*
Richard Warr	21.2.05	Subscription	6,500,000	0.1p
Dimitri Dimitriou	21.2.05	Subscription	6,500,000	0.1p
Zimmer Family	22.2.05	Share exchange*	8,071,849	n/a
Zimmer Family	24.3.05	Share exchange*	2,394,535	n/a

* ImmuPharma Shares issued pursuant to the contracts summarised in paragraphs 14.2 (i) and (ii) below.

** On 1 July 2005 ImmuPharma's share capital was reorganised by way of a bonus issue and a share consolidation. The holdings shown above are the equivalent number of ImmuPharma Shares of 0.2p each resulting from such reorganisation.

(iii) So far as the Zimmer Family are aware no connected adviser (as defined in 12.1(iii) above) to the Zimmer Family, to a company which is an Associate of the Zimmer Family (as defined in paragraph 12.1(ii) above) or to a person acting in concert with the Zimmer Family or by persons controlling or controlled by or under the same control as any such adviser (except an exempt principal trader or exempt fund manager) owns or controls any Relevant Securities of ImmuPharma nor has any such person dealt for value therein in the Disclosure Period.

(iv) Martin McLellan who is a partner of Buzzacott which has provided tax advice to ImmuPharma subscribed for 22,601 new ImmuPharma Shares at a price of 88.5p each on 27 July 2005. Following completetion of the Transaction Mr McLellan will hold 50,131 GI Shares (representing 0.07 per cent. of the expected Enlarged Issued Share Capital).

(v) No person who is acting in concert with any member of the Zimmer Family holds any ImmuPharma Shares or has dealt therein during the Disclosure Period.

(vi) Save as disclosed in (iv) above no company which is an Associate of GI or of ImmuPharma, no pension fund or employee benefit trust of GI or of ImmuPharma or pension fund or employee benefit trust of a company which is an Associate of GI or of ImmuPharma, no connected adviser to GI or of ImmuPharma, to a company which is an Associate of GI or of ImmuPharma or to a person acting in concert with the directors of GI or of ImmuPharma or persons controlling or controlled by or under the same control as any adviser (except an exempt principal trader or exempt fund manager) owns or controls any Relevant Securities of GI or of ImmuPharma nor has any such person dealt for value therein in the Disclosure Period nor save for the investment agreements summarised in paragraph 14.2(ii)-(vi) of this Part II is any such person a party to any arrangement relating to Relevant Securities.

13. Middle Market Quotations

The following table shows the closing middle-market prices for Shares as derived from the AIM appendix to the Daily Official List on the first dealing day in each of the six months immediately prior to the date of this document, for 20 January 2006 (being the last dealing day prior to the announcement of the Transaction and the latest practicable date to obtain the relevant information prior to the posting of this document):

Date	
2005	*GI Share price*
1 August	43.5p
1 September	44.5p
3 October	45.5p
1 November	45.0p
1 December	45.5p
2006	
3 January	45.5p
20 January	45.5p

14. Material contracts

14.1 *GI*

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company since 23 January 2004 and are or may be material:

(i) A Placing Agreement dated 20 January 2006 between the Company (1), KBC Peel Hunt (2) Dawnay Day (3) and the Present Directors and the Proposed Directors (4) pursuant to which KBC Peel Hunt has agreed to use its reasonable endeavours to procure placees to subscribe for the Placing Shares at the Placing Price. The Company has agreed to pay: (a) to KBC Peel Hunt fees of £180,000; (c) to Dawnay Day a fee equal to 1 per cent. of the value at the Placing Price of the Placing Shares (subject to a minimum fee of £100,000) plus fees equal to £40,000; and (d) all expenses of or incidental to the Placing and Admission. The Company, the Present Directors and the Proposed Directors have given certain warranties to KBC Peel Hunt and Dawnay Day as to the accuracy of the information in this document and as to other matters relating to the Enlarged Group. The liability of the Present Directors and the Proposed Directors under these warranties is limited in time and amount. The Placing Agreement is conditional, *inter alia*, on (i) the passing of the Resolutions, and (ii) the Share Purchase Agreement having become unconditional and been completed in respect of not less than 95 per cent. of the issued share capital of ImmuPharma plc.

(ii) A Share Purchase Agreement dated 20 January 2006 between the ImmuPharma Vendors, the Company and the current directors of GI and ImmuPharma, pursuant to which the Company has conditionally agreed to acquire the whole of the issued share capital of ImmuPharma in consideration of the issue credited as fully paid of 58,750,000 Shares in total. The Agreement is conditional on the London Stock Exchange having agreed to admit the GI Shares, in issue and to be issued in connection with the Transaction, to trading on AIM and the Placing Agreement having become unconditional save only as to those matters which are the subject of the Share Purchase Agreement. Under the agreement the Present Directors have warranted certain information about GI to ImmuPharma, and Richard Warr, Dimitri Dimitriou and Robert Zimmer have warranted certain information about ImmuPharma to GI.

Save as disclosed above, there are no contracts (not being contracts entered into in the ordinary course of business) entered into by the Company or any of its subsidiaries which contain any provision under which any such company has any obligation or entitlement which is material to the Company as at the date of this document.

14.2 *ImmuPharma*

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by ImmuPharma or its subsidiaries within two years preceding the date of this document and are or may be material:

(i) By an agreement dated 22 February 2005 between (1) ImmuPharma and (2) Dr Robert Zimmer (the "**Vendor**"), ImmuPharma agreed to purchase the entire issued share capital of ImmuPharma Switzerland from the Vendor in consideration for the issue by ImmuPharma to the Vendor of 1,241,823 shares of 0.1p in ImmuPharma. The agreement contains warranties from the Vendor to ImmuPharma in respect of the affairs of ImmuPharma Switzerland and which were given on an indemnity basis. The total amount recoverable against the Vendor for any breach of the warranties was limited to £150,000 and no claim may be brought against the Vendor after 31 March 2006.

(ii) By an agreement dated 24 March 2005 between (1) ImmuPharma and (2) Dr Robert Zimmer (the "**Vendor**"), ImmuPharma acquired the entire issued share capital of ImmuPharma France from the Vendor and certain other shareholders in consideration for the allotment of 583,000 shares of 0.1p in ImmuPharma. The agreement contains warranties from the Vendor as to the state of the affairs of ImmuPharma France and were given on an indemnity basis. The total amount recoverable against the Vendor for any breach of the warranties was limited to £150,000 and no claim may be brought against the Vendor after 31 March 2006.

(iii) By an agreement dated 30 March 2005 between (1) ImmuPharma (2) Richard Warr (3) Dimitri Dimitriou (4) Robert Zimmer (together with Richard Warr and Dimitri Dimitriou, the "**Managers**") and (5) Close Trustees Jersey Limited as trustees of the Antonio Moralis Settlement (the "**Investor**"), ImmuPharma allotted 17,385 shares of 0.1p to the Investor in consideration for £99,996.79. Under the agreement the Managers gave standard warranties to the Investor as to the state of ImmuPharma's affairs and agreed that certain decisions as to ImmuPharma's management could not be made without the consent of the holders of more than 75 per cent. of the shares in ImmuPharma at any time. The agreement will terminate upon Admission save that the accrued rights and obligations of the parties shall not be affected.

(iv) By an agreement dated 30 March 2005 between (1) ImmuPharma (2) Richard Warr (3) Dimitri Dimitriou (4) Robert Zimmer (together with Richard Warr and Dimitri Dimitriou, the "**Managers**") and (5) Blydenstein Nominees Limited (the "**Investor**"), ImmuPharma allotted 35,000 shares of 0.1p to the Investor in consideration for £201,316.50. Under the agreement the Managers gave standard warranties the Investor as to the state of ImmuPharma's affairs and agreed that certain decisions as to ImmuPharma's management could not be made without the consent of the holders of more than 75 per cent. of the shares in ImmuPharma at any time. The agreement will terminate upon Admission save that accrued rights and obligations of the parties shall not be affected.

(v) By an agreement dated 30 March 2005 between (1) ImmuPharma (2) Richard Warr (3) Dimitri Dimitriou (4) Robert Zimmer (together with Richard Warr and Dimitri Dimitriou, the "**Managers**") and (5) Modulas Europe Limited (the "**Investor**"), ImmuPharma allotted 157,318 shares of 0.1p to the Investor in consideration for £904,878. Under the agreement the Managers gave standard warranties to the Investor as to the state of ImmuPharma's affairs and agreed that certain decisions as to ImmuPharma's management could not be made without the consent of the holders of more than 75 per cent. of the shares in ImmuPharma at any time. The agreement shall terminate upon Admission save that accrued rights and obligations of the parties will not be affected.

(vi) By an agreement dated 28 April 2005 between (1) ImmuPharma (2) Richard Warr (3) Dimitri Dimitriou (4) Robert Zimmer (together with Richard Warr and Dimitri Dimitriou, the "**Managers**") and (5) Blydenstein Nominees Limited, ImmuPharma allotted 21,223 shares of 0.1p to the Nominees in consideration for £122,072.57. Under the agreement the Managers gave standard warranties to the Investor as to the state of ImmuPharma's affairs and agreed that certain decisions as to ImmuPharma's management could not be made without the consent of the holders of more than 75 per cent. of the shares in ImmuPharma at any time. The agreement will terminate upon Admission save that accrued rights and obligations of the parties shall not be affected.

(vii) By an engagement letter dated 13 October 2005 between (1) ImmuPharma and (2) IDJ Limited ("**IDJ**") and amended by a side letter dated 13 January 2006, ImmuPharma has agreed to pay to IDJ a fee of £50,000 in consideration for IDJ procuring investors to participate in the Placing. IDJ has agreed to subscribe for Placing Shares, or procure subscription by directors of IDJ, at the Placing Price in an amount that so far as possible is equal to the fee payable to it by

ImmuPharma. ImmuPharma has agreed to pay in cash the costs and expenses of IDJ in connection with the engagement letter. IDJ's appointment under the engagement letter will expire on 31 March 2006 and is subject to the standard terms and conditions of an agreement of this type.

15. Working capital

In the Proposed Directors' opinion, having made due and careful enquiry, the working capital available to the Company and to the Enlarged Group will be sufficient for the Enlarged Group's present requirements, that is for at least 12 months following the date of Admission, assuming the Transaction is completed.

16. Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Present Directors or Proposed Directors are aware) which may have or have had in the recent past (covering at least the previous twelve months) a significant effect on GI or ImmuPharma and/or the financial position or profitability of the Enlarged Group.

17. United Kingdom taxation

The following statements are only intended as a general guide to current United Kingdom tax legislation and to the current practice of HM Revenue and Customs. They may not apply to certain Shareholders, such as dealers in securities. They relate to persons who are resident and ordinarily resident in the UK for UK tax purposes and who are beneficial owners of Shares and who hold them as investments. Any person who is in any doubt as to his tax position or who is subject to taxation in any jurisdiction other than the UK should consult his professional adviser immediately.

Taxation of Shareholders on a disposal of Shares

Any gains on a disposal (which includes a disposal on a winding-up) of Shares by UK resident or ordinarily resident Shareholders may give rise to a liability to UK taxation on capital gains. An individual or trustee may be eligible for taper relief which can reduce the effective rate of tax to 10 per cent. for higher rate tax payers who have held their Shares for two or more years. The annual exemption (£8,500 for the tax year 2005-2006) and taper relief will reduce the amount of chargeable gain according to how long (measured in complete years) the Shares have been held. Corporate Shareholders may be entitled to an indexation allowance.

Shareholders who are not resident or ordinarily resident in the UK for the purpose of UK taxation will not normally be liable to UK taxation on chargeable gains arising from a disposal of their Shares unless they carry on a trade, profession or vocation in the UK through a branch or agency in connection with which the Shares are held. However, such Shareholders may be subject to foreign taxation depending on their personal circumstances.

Taxation of Shareholders in respect of dividends

Under current UK law, no tax will be withheld by the Company when it pays a dividend. However, individual Shareholders resident in the UK (for tax purposes) will be entitled to a tax credit in respect of dividends paid by the Company at the rate of one ninth of the cash dividend or 10 per cent. of the aggregate of the cash dividend and the associated tax credit (the "Tax Credit Amount"). Such Shareholders will be liable to income tax (if any) on the aggregate of the dividend and the associated tax credit at, in the case of starting and basic rate taxpayers, the dividend ordinary rate (10 per cent. in 2005-2006) or, in the case of higher rate taxpayers, the dividend upper rate (32.5 per cent. in 2005-2006). The Tax Credit Amount will be offset against their total income tax liability. Taxpayers who, after taking into account dividend income, are liable to UK Income tax at only the starting or basic rate will have no further liability to income tax.

UK Shareholders will not be able to reclaim tax credits in respect of dividends.

A company which holds the Shares as an investment and which is resident in the UK for tax purposes will not generally be liable to UK corporation tax on any dividend received from the Company.

Stamp duty and stamp duty reserve tax

No stamp duty or stamp duty reserve tax will be payable on the issue of Shares unless they are issued to persons to whom the depositary receipt or clearance service charge to stamp duty reserve tax may apply at the rate of 1 per cent. of the consideration. Any transfer of Shares will be liable to *ad valorem* stamp duty at the rate of 0.5 per cent. (rounded up to the nearest multiple of £5), or (if an unconditional agreement to transfer the Shares is not completed by a duly stamped transfer) stamp duty reserve tax at the rate of 0.5 per cent. of the actual consideration paid. Liability to pay any stamp duty or stamp duty reserve tax is generally that of the purchaser or transferee.

Special rules apply to agreements made by market makers and broker-dealers in the ordinary course of their business.

Paperless transfers of Shares within CREST are liable to stamp duty reserve tax (usually at the rate at 0.5 per cent. of the actual consideration paid) rather than stamp duty and stamp duty reserve tax on relevant transactions settled within the system or reported through it for regulatory purposes is collected by CREST.

ISAs and PEPs

The Shares will not be eligible for inclusion in the stocks and shares components of an ISA and/or within a PEP.

If prospective investors are in any doubt as to the consequences of their acquiring, holding or disposing of Shares, they should consult their stockbroker, bank manager, solicitor, accountant or other independent financial adviser.

18. Miscellaneous

18.1 Save for the approval of certain grants by Anvar and ANR totalling over €1 million, there has been no significant change in the financial or trading position of the ImmuPharma Group since 31 March 2005, the date to which the accounts in Part 5 were made up.

18.2 The Company's registrar and paying agent is Computershare Investor Services PLC, PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 7NH.

18.3 The expenses of, or incidental to, the Transaction, which are payable by the Company, are estimated to amount to approximately £858,000 (inclusive of non-recoverable VAT) of which an estimated £462,000 relate to the Placing. The estimated net proceeds of the Placing amount to £1.60 million.

18.4 No person has been authorised to give any information or make any representation in connection with the Transaction, other than as contained in this document or in any announcement relating to the Transaction which may be published or made by the Company, and, if given or made other than as aforesaid, such information or representation must not be relied upon as having been authorised by the Company, the Present Directors, the Proposed Directors, Dawnay Day, KBC Peel Hunt or any of them.

18.5 Dawnay Day, which is regulated by the Financial Services Authority, has given and has not withdrawn its written consent to the publication of this document containing references to its name in the form and context in which they appear.

Dawnay Day is acting for GI in its capacity as Nominated Adviser and for ImmuPharma and no-one else. It will not be responsible to any other person for providing the protection afforded to customers of Dawnay Day or for giving advice in relation to the Transaction.

18.6 KBC Peel Hunt, which is regulated by the Financial Services Authority, has given and has not withdrawn its written consent to the publication of this document containing references to its name in the form and context in which they appear.

KBC Peel Hunt is acting for GI and no-one else and will not be responsible to any other person for providing the protection afforded to customers of KBC Peel Hunt or for giving advice in relation to the Transaction.

18.7 Dawnay Day is referred to in his document in its capacity as Nominated Adviser, KBC Peel Hunt in its capacity as Broker and as principal under the Placing Agreement, Nexia Audit Limited as auditors and reporting accountants and McCarter & English LLP as Patent Agent, save for the reference to KBC Peel Hunt in paragraph 13 of Part 1 where it is referred to in its capacity as an independent financial adviser to GI.

18.8 Nexia Audit Limited has given and not withdrawn its written consent to the inclusion in this document of its reports and letter set out in Parts 5 to 7 of this document and the references thereto and to its name in the form and context in which they appear.

Nexia Audit Limited has no material interest in the Company.

With reference to and for the purposes of paragraph 23.1 of Annex I to the Prospectus Rules, Nexia Audit Limited authorises the contents of Parts 5 to 7 of this document in which its reports and letter are set out.

18.9 Save as disclosed in this document no shares have been issued and no fees have been paid or benefits provided by GI in the 12 months preceding the date of this document (other than to trade suppliers and to professional advisers whose fees are taken into account in the estimate of expenses referred to in paragraph 18.3 above) in the sum of £10,000 or more in cash or in kind.

18.10 McCarter & English LLP has given and has not withdrawn its written consent to the publication of this document containing references to its name in the form and context in which they appear.

McCarter & English has no material interest in the Company.

With reference to and for the purposes of paragraph 23.1 of Annex I to the Prospectus Rules, McCarter & English authorises the contents of Part 4 of this document containing its report.

18.11 Data Monitor has given and has not withdrawn its written consent to the publication of this document containing references to its reports entitled Systemic Lupus Erythematosus-Market Assessment, Cancer Pain Overview, MRSA Overview and Post Operative Pain Overview, all dated July 2005.

With reference to and for the purposes of paragraph 23.1 of Annex I to the Prospectus Rules, Data Monitor authorises the statements sourced from its reports in Part 3.

18.12 Where information in this Admission Document has been sourced from a third party, it has been accurately reproduced so far as the Company is aware and is able ascertain from information published by that third party, and no facts have been omitted which would render the reproduced information inaccurate or misleading. The sources of information from third parties is shown by way of note on the relevant pages of this document.

18.13 The Present Directors have given irrevocable undertakings to ImmuPharma and GI to vote in favour of the Resolutions. These undertakings convey no rights to the ImmuPharma Vendors in respect of the Present Directors' ability to vote on other matters or any restrictions on dealing in Shares.

19. Documents for inspection

Copies of the following documents will be available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until Admission at the offices of Bircham Dyson Bell, 50 Broadway, Westminster, London SW1H 0BL:

(a) the Memorandum and Articles of Association of GI and of ImmuPharma;

(b) the directors' report and audited consolidated accounts of GI for each of the two years ended 31 March 2005;

(c) the audited financial statements of ImmuPharma for the period ended 31 March 2005;

(d) the letters of consent referred to in paragraphs 18.5, 18.6, 18.8, 18.10 and 18.11 above;

(e) the material contracts of GI and ImmuPharma referred to in paragraph 14 above;

(f) the Present Directors' and Proposed Directors' service contracts summarised in paragraph 6 above;

(g) the irrevocable undertakings referred to in paragraph 18.13 above;

(h) copies of the reports set out in Parts 5-7 and the market reports by Datamonitor dated July 2005;

(i) copy of the Patent Report prepared by McCarter & English LLP; and

(j) the undertakings restricting dealings in Shares referred to in paragraph 3 of this Part 11.

Dated 23 January 2006

PART 12

Definitions

The following definitions apply throughout this document, unless the context requires otherwise:

"Act"	the Companies Act 1985 (as amended)
"Admission"	the admission of the GI Shares, in issue and to be issued in connection with the Transaction, to trading on AIM becoming effective in accordance with the AIM Rules
"AIM"	the Alternative Investment Market of the London Stock Exchange
"AIM Rules"	the rules for AIM companies and their nominated advisers issued by the London Stock Exchange from time to time
"Board" or "Directors"	the board of directors of the Company from time to time
"certificated" or "in certificated form"	a share or other security which is not in uncertificated form
"CNRS"	Centre Nationale de la Recherche Scientifique, the French government research scientific institution
"Consideration Shares"	the new Shares to be issued pursuant to the Share Purchase Agreement
"CREST"	the relevant system (as defined in the CREST Regulations) for paperless settlement of share transfers and the holding of shares in uncertificated form in respect of which CRESTCo is the operator (as defined in the CREST Regulations)
"CRESTCo"	CRESTCo Limited, the operator of CREST
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended
"Daily Official List" or "Official List"	the daily official list of the London Stock Exchange
"Dawnay Day"	Dawnay, Day Corporate Finance Limited
"EMEA"	the European Medicines Evaluation Agency, a EU regulatory body similar to the FDA
"Enlarged Group"	the Company and its subsidiaries following completion of the Transaction
"Enlarged Issued Share Capital"	the issued share capital of the Company following completion of the Transaction assuming full subscription under the Placing and 100 per cent. of the ImmuPharma Shares are acquired
"Extraordinary General Meeting" or "EGM"	the Extraordinary General meeting of GI, notice of which is set out at the end of this document or any adjournment thereof
"Existing Shares"	the 4,200,000 issued Shares as at the date of this document prior to the Transaction
"FDA"	the Food and Drug Administration, a US regulatory body
"FSA"	the Financial Services Authority
"FSMA"	the Financial Services and Markets Act 2000
"GI" or the "Company"	General Industries PLC
"GI Shares" or "Shares"	ordinary shares of 10p in the Company
"ImmuPharma"	ImmuPharma plc (which has resolved to change its name to ImmuPharma UK Ltd subject to the passing of the Resolutions) and, where the context so requires, the ImmuPharma Group or subsidiaries of ImmuPharma
"ImmuPharma France"	ImmuPharma (France) SA a company incorporated in France, a subsidiary of ImmuPharma plc and formerly named Bio Delivery Systems SA.

"ImmuPharma Group"	ImmuPharma and its subsidiaries
"ImmuPharma Switzerland"	ImmuPharma AG, a company incorporated in Switzerland, a subsidiary of ImmuPharma plc and formerly named Zimmer & Associates AG
"ImmuPharma Shares"	ordinary shares of 0.2p each in the capital of ImmuPharma plc
"ImmuPharma Vendors"	the holders of ImmuPharma Shares who have signed the Share Purchase Agreement
"INSERM"	Institut National de la Santé et de la Recherche Médicale, the French government health and medical research institution
"KBC Peel Hunt"	KBC Peel Hunt Ltd
"London Stock Exchange"	London Stock Exchange plc
"Placing"	the issue of new Shares pursuant to the Placing Agreement
"Placing Agreement"	the Agreement dated 20 January 2006 between the Company, KBC Peel Hunt, Dawnay Day and others, the terms of which are summarised in paragraph 14.1 (i) of Part 11
"Placing Shares"	the Shares to be issued pursuant to the Placing Agreement
"Present Directors"	the persons named as Present Directors on page 4 of this document
"Proposed Directors"	the persons named as Proposed Directors on page 4 of this document
"Resolutions"	the resolutions to be proposed at the EGM as set out in the Notice of Extraordinary General Meeting at the end of this document
"Share Purchase Agreement"	the Agreement dated 20 January 2006 between the ImmuPharma Vendors, the Company and others for the purchase by the Company of all the issued ImmuPharma Shares, the terms of which are summarised in paragraph 14.1 (ii) of Part 11
"Shareholder" or "GI Shareholder"	a holder of GI Shares
"Share Option Schemes" or "Schemes"	the Company's proposed HM Revenue & Customs approved company share ownership plan and unapproved share option scheme
"Takeover Code"	the City Code on Takeovers and Mergers
"Transaction"	the Placing and proposed acquisition of ImmuPharma by the Company
"uncertificated" or "in uncertificated form"	a Share recorded on the relevant register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
"Zimmer Family"	Dr Robert Zimmer, Mme Elizabeth Zimmer, Mlle Camille Zimmer and Mlle Lucie Zimmer

GENERAL INDUSTRIES PLC

(Incorporated in England and Wales – No. 03929567)

(the "Company")

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at 50 Broadway, Westminster, London SW1H 0BL on 15 February 2006 at 12 noon for the purpose of considering and, if thought fit, passing the following resolutions, of which Resolutions 1, 2, 3 and 4 will be proposed as Ordinary Resolutions and Resolutions 5 and 6 will be proposed as Special Resolutions. Words and expressions used in this notice of Extraordinary General Meeting have the meanings given to them in the document of which this notice forms part unless the context otherwise requires.

ORDINARY RESOLUTIONS

1. **THAT** the proposed acquisition by the Company of ImmuPharma on and subject to the terms and conditions of the Share Purchase Agreement dated 20 January 2006 between the Company, shareholders of ImmuPharma and others be and is hereby approved.

2. **THAT** the waiver by the Panel on Takeovers and Mergers of any requirement that the Zimmer Family make a general offer under Rule 9 of the City Code on Takeovers and Mergers which would otherwise arise by reason of the issue to them of up to 23,965,194 GI Shares representing 34.96 per cent. of the enlarged issued share capital of the Company be and is hereby approved.

3. **THAT**, subject to the passing of Resolution 5, the authorised share capital of the Company be increased from £2,000,000 to £10,400,000 by the creation of 104,000,000 new GI Shares ranking *pari passu* in all respects with the existing GI Shares.

4. **THAT**, subject to the passing of Resolution 5, the Directors be and are hereby generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 ("the Act") (in substitution for any existing authorities to the extent unused) to exercise all the powers of the Company to allot relevant securities (as defined in section 80(2) of the Act) during the period commencing on the date of the passing of this Resolution and expiring at the conclusion of the Annual General Meeting of the Company in 2006 provided that such authority shall be limited to the issue and allotment of:

   (i) the 58,750,000 GI Shares to be issued to the shareholders of ImmuPharma plc pursuant to the terms of the Share Purchase Agreement referred to in Resolution 1 above;

   (ii) up to 8,000,000 GI Shares to be issued to placees pursuant to the Placing Agreement dated 20 January 2006 made between the Company, KBC Peel Hunt, Dawnay, Day Corporate Finance Limited and others; and

   (iii) relevant securities (otherwise than pursuant to sub-paragraphs (i) and (ii) above) of up to an aggregate nominal amount of £3,305,000 and any remaining Placing Shares if less than 8,000,000 Placing Shares are issued;

   save that the Company may before such expiry make offers or agreements which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

SPECIAL RESOLUTIONS

5. **THAT** the Directors be and are hereby empowered, pursuant to section 95 of the Act, to allot equity securities (within the meaning of section 94 of the Act) for cash pursuant to the authority conferred by Resolution 4, as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of:

   (i) up to 8,000,000 GI Shares to placees pursuant to the Placing Agreement referred to in Resolution 4 above; and

   (ii) equity securities in connection with or the subject of an offer or invitation, open for acceptance for a fixed period by the Directors, to holders of Ordinary Shares in the capital of the Company and such other equity securities of the Company as the Directors may determine on the register on a fixed record date in proportion (as nearly as may be) to their respective holdings of such securities or in accordance with the rights attached thereto (including equity securities which, in

connection with such offer or invitation, are the subject of such exclusions or other arrangements the Directors may deem necessary or expedient to deal with fractional entitlements that would otherwise arise or with legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory); and

(iii) otherwise than pursuant to sub-paragraphs (i) and (ii) above, up to an aggregate nominal amount of £3,050,000 and any remaining Placing Shares if less than 8,000,000 Placing Shares are issued;

and shall (unless previously renewed, varied or revoked by the Company) expire at the conclusion of the Annual General Meeting of the Company in 2006, except that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and, notwithstanding such expiry, the Directors may allot equity securities in pursuance of such offers or agreements and provided that such power shall be in substitution for any such power previously conferred pursuant to section 95 of the Act which shall be and which is hereby revoked, provided that such revocation shall not have retrospective effect.

6. **THAT**, subject to the passing of Resolution 5, the name of the Company be changed to ImmuPharma plc.

Registered office:
56 Station Road,
Egham, Surrey TW20 9LF

By Order of the Board,
Anthony Jonathan Shakesby,
Company Secretary

Dated 23 January 2006

Notes:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
2. A form of proxy is enclosed for your use. To be valid, the form of proxy and any power of attorney or other authority under which it is signed must be lodged with the Company Secretary, 56 Station Road, Egham, Surrey TW20 9LF by not later than 12 noon on 13 February 2006. Completion and return of a form of proxy will not preclude a member from attending and voting at the Meeting or at any adjournment thereof in person if he or she wishes to do so.
3. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those members entered on the register of members of the Company as at 6.00 p.m. on 13 February 2006 or, if the meeting is adjourned, on the register of members 48 hours before the time of the adjourned meeting shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the register of members after 6.00 p.m. on 13 February 2006 or, if the meeting is adjourned, after 48 hours before the time of the adjourned meeting shall be disregarded in determining the rights of any person to attend and vote at the meeting or adjourned meeting (as the case may be).
4. Resolution 2 will be taken on a poll.

Printed by CGI (Europe) Ltd