

General Industries plc

Directors' Report and Financial Statements

31 March 2011

Registered number 05679987

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Chairman's Statement

Dear Shareholder

General Industries plc is quoted on PLUS Stock Exchange 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. In the current difficult environment, the company's cash resources are an attraction to any group seeking a market quote.

Financial

Income received from the company's cash deposits was £16,746 against £12,498 for last year. Turnover for the year to 31 March 2011 was £nil (2010 £nil). The loss before taxation was £1,111 (2010 £15,270), which included administrative expenses of £17,857 (2010 £27,768). Loss after taxation amounted to £2,511 (2010 £15,270). Loss per share was basic and diluted 0.02p (2010 basic and diluted 0.15p). As at 31 March 2011 the company's cash deposits amounting to £831,434 (2010 £982,290) were placed on short term fixed bank deposit.

Dividend

The directors do not recommend payment of a dividend for the year ended 31 March 2011.

Current Position

During the year the company issued a total of 1.5 million new ordinary 5 pence shares raising £215,000. As announced on 1 March 2011, these funds were to be used primarily to fund due diligence in pursuing a number of investment opportunities in certain regions of Africa.

As announced on 10 March 2011, the company entered into an agreement with Skiptons Global Investments Ltd (BVI) "Skiptons" to acquire the rights held by Skiptons to subscribe a nominal sum for a 49% shareholding in Brightwater Trade & Invest 55 (Pty) Ltd, "Brightwater" a South African based company, in conjunction with an interest free unsecured loan from the company to Brightwater of approximately £270,000. Brightwater holds a mining right for stone aggregate in the Province of the Eastern Cape of South Africa and also a number of prospecting rights for iron ore, manganese and coal in South Africa.

In addition to securing the Brightwater agreement, Skiptons also entered into a joint venture agreement with Glenover Phosphates (Pty) Ltd, "Glenover" a company based in South Africa. The agreement is for the exploration and development of a rare earths project located in the Limpopo province of South Africa. The company has agreed to fund specific exploration costs and subject to raising further funds and certain conditions being fulfilled, the intention is for the company to ultimately acquire a majority interest in Glenover.

Following further discussions with Skiptons, the company announced on 19 May 2011 that it had agreed in principle, and subject to further due diligence and shareholders' consent, to acquire the share capital of Skiptons for a consideration of £10.16 million to be satisfied by the issue of 44.2 million new ordinary shares of 5 pence each in the company.

A loan of £91,365 was made to further the exploration work of Glenover and since the year end a further loan of £133,015 has been made, both of which are convertible into Glenover ordinary shares. A further payment of £308,166 in respect of historical engineering and feasibility study work has been made.

The successful development of a rare earths exploration project is as with any mining project a high risk endeavour. Further technical, financial and legal due diligence will be undertaken. However, with Skiptons' experienced management team and that team's track record, the Board believe this is the correct investment for the company.

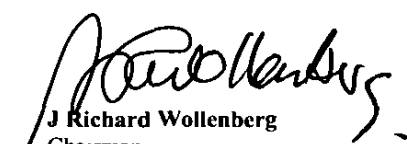
The proposed acquisition of Skiptons will constitute a reverse takeover and therefore will be subject to shareholders' consent. The company also intends to seek admission to AIM in conjunction with completion of the acquisition. Further details will be included in an AIM Admission Document to be sent to shareholders in due course. Following these announcements, trading in the company's shares on PLUS was suspended, pending circulation of that Document.

Chairman's Statement *(continued)*

In order to provide sufficient working capital to complete the acquisition of Skiptons and to provide initial funding for the resulting group, the company has agreed a placing, subject to the acquisition completing and admission of the ordinary shares to trading on AIM, of 14.5 million new ordinary shares at a price of 23 pence per share raising approximately £3.3 million.

Your directors are of the opinion that the acquisition of Skiptons, the introduction of a new management team and two projects as outlined above are in line with the Board's investment policy.

At the company's Annual General Meeting, various resolutions are being proposed, which your directors believe are in the best interests of the company.



J Richard Wollenberg
Chairman
15 June 2011

Directors and Advisers

Directors

J Richard Wollenberg, *Chairman*
Anthony J Shakesby, *Finance Director*
Derek M Joseph, *Non-Executive Director*
Ian T Reynolds, *Non-Executive Director*

Company Secretary

Anthony J Shakesby

Head and Registered Office

56 Station Road
Egham
TW20 9LF
Telephone 01784 437444
Fax 01784 439157
E-mail webmaster@general-industries.co.uk
Web www.general-industries.co.uk

Registered Number

05679987

Auditor

KPMG Audit Plc
Chartered Accountants
3 Assembly Square
Britannia Quay
Cardiff Bay
CF10 4AX

Corporate Adviser

Beaumont Cornish Limited
2nd Floor
Bowman House
29 Wilson Street
London
EC2M 2SJ

Bankers

Bank of Scotland plc
Pentland House
8 Lochside Avenue
Edinburgh
EH12 9DJ

Registrars and Transfer Office

Neville Registrars
Neville House
18 Laurel Lane
Halesowen
West Midlands
B63 3DA

Report of the Directors

The directors submit their report and the audited financial statements for the year ended 31 March 2011

Principal Activity and Review of the Business

The principal activity of the company during the year was that of an investment company seeking potential acquisitions

Results

The results of the company for the year are set out in the audited financial statements on pages 9 to 17

Dividends

The directors do not recommend payment of a dividend for the year (2010 £nil)

Directors

The directors of the company are listed on page 3. All served throughout the financial year.

In accordance with the company's articles of association, Anthony J Shakesby will retire by rotation at the Annual General Meeting and, being eligible, will offer himself for re-election.

Directors' Interests

Directors' and their immediate families' interests in the ordinary shares of the company were as follows

	At 31 March 2011	At 31 March 2010
	Beneficial	Beneficial
J Richard Wollenberg	1,550,000	1,450,000
Ian T Reynolds	1,250,020	1,250,020
Derek M Joseph	500,020	500,020
Anthony J Shakesby	50,000	50,000

There were no changes in the directors' shareholdings as stated above between 1 April and 15 June 2011.

Directors' Options

Directors' options granted by option certificates dated 24 February 2006 lapsed after five years on 24 February 2011 and have not been renewed. No options were granted or exercised during the year and all other options lapsed in the year.

The mid-market price of the company's shares on 31 March 2011 was 35.0 pence per share, the highest and lowest mid-market prices of the company's shares during the year were 12.25 pence and 37.5 pence respectively.

Substantial Shareholdings

The company has been notified of the following holdings of 3% or more in the share capital of the company at 15 June 2011 (other than the Directors' shareholdings noted above):

	Holdings	Percentage
The Cardiff Property plc	900,000	7.69%
Rensburg Sheppard Investment Management Limited	970,000	8.29%

Share Capital

On 10 June 2010 the company allotted 500,000 ordinary shares to private investors at 13p each and the resultant share premium of £40,000 was credited to the share premium account.

On 1 March 2011 the company allotted 1,000,000 ordinary shares to private investors at 15p each and the resultant premium of £100,000 was credited to the share premium account.

Report of the Directors (continued)

Allotment of Shares

As special business at the Annual General Meeting a resolution will be proposed to renew the power of your directors to allot equity securities, pursuant to section 551 of the Companies Act 2006, such power being limited to equity securities having an aggregate nominal value of £2,500,000. This authority may be renewed for five years but, in common with modern corporate governance practice, it is your directors' intention that the resolution be limited to one year and that its renewal be proposed at each Annual General Meeting.

Pre-emption Rights

As special business at the Annual General Meeting a resolution will be proposed to renew for a further year the power of your directors to allot equity securities for cash without first offering such securities to existing shareholders. The aggregate nominal amount of equity securities which may be allotted in this way shall not exceed £2,500,000.

Supplier Payment Policy

Whilst the company does not follow any standard code, it is its policy to negotiate terms with all its suppliers and to ensure that they know the terms on which payment will take place when the business is agreed. It is our policy to abide by these terms. In most instances this requires payment within 30 days of the date of invoice. At the year end no suppliers' invoices were outstanding.

Political and Charitable Contributions

The company made no political or charitable donations or incurred any political expenditure during either year.

Auditors

A resolution for the re-appointment of KPMG Audit Plc is to be proposed at the forthcoming Annual General Meeting.

Disclosure of Information to Auditors

The directors, who held office at the date of approval of this directors' report, confirm that as far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company auditors are aware of that information.

Corporate Governance

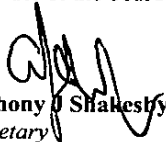
The 2008 Combined Code on Corporate Governance issued by the Financial Reporting Council contains information required by section 7 of the Financial Services Authority Disclosure and Transparency Rules and is mandatory for fully listed companies.

Whilst there is no obligation for PLUS Stock Exchange listed companies to comply with this Code, the directors endorse the principles of effective corporate governance and are committed to maintaining the highest standards of ethics, integrity and professional competence. The directors do not consider full compliance with the Code is appropriate for the company at this stage of its development but will keep the matter under review and continue to develop procedures as the company progresses.

Registered office
56 Station Road
Egham
TW20 9LF

15 June 2011

By order of the board


Anthony J Shakesby
Secretary

Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements

The directors are responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

KPMG Audit Plc

3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX
United Kingdom

Independent auditor's report to the members of General Industries plc

We have audited the financial statements of General Industries plc ("the company") for the year ended 31 March 2011 set out on pages 9 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of General Industries plc *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

K Maguire (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants

15 June 2011

Profit and Loss Account
for the year ended 31 March 2011

	<i>Notes</i>	Year ended 31 March 2011 £	Year ended 31 March 2010 £
Administrative expenses being operating loss and loss on ordinary activities before interest		(17,857)	(27,768)
Interest receivable and similar income	2	16,746	12,498
Loss on ordinary activities before taxation	3-4	(1,111)	(15,270)
Tax on loss on ordinary activities	5	(1,400)	-
Loss on ordinary activities after taxation being loss for the financial period	13	(2,511)	(15,270)
 Loss per share		 Pence per share	 Pence per share
 On loss for the financial period	 <i>Notes</i>		
Basic	6	(0.02)p	(0.15)p
Diluted	6	(0.02)p	(0.15)p

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

Balance Sheet
at 31 March 2011

	Notes	2011 £	2010 £
Fixed assets			
Investments	8	91,365	-
Current assets			
Debtors	9	276,229	8,240
Cash at bank and in hand		831,434	982,290
		<u>1,107,663</u>	<u>990,530</u>
Creditors amounts falling due within one year	10	(5,297)	(9,288)
		<u></u>	<u></u>
Net current assets			
Due within one year		831,974	981,242
Debtors due after more than one year		270,392	-
		<u></u>	<u></u>
		1,102,366	981,242
Total assets less current liabilities being net assets		1,193,731	981,242
		<u></u>	<u></u>
Capital and reserves			
Called up share capital	11	585,002	510,002
Share premium account	12	599,309	459,309
Profit and loss account	13	9,420	11,931
		<u></u>	<u></u>
Shareholders' funds - equity	14	1,193,731	981,242
		<u></u>	<u></u>
Net assets per share	7	10.20p	9.62p
		<u></u>	<u></u>

These financial statements were approved by the board of directors on 15 June 2011 and were signed on its behalf by


J. Richard Wollenberg
Chairman

Registered number 05679987

Cash Flow Statement
for the year ended 31 March 2011

	<i>Notes</i>	Year ended 31 March 2011 £	Year ended 31 March 2010 £
Net cash outflow from operating activities (see below)		(291,237)	(24,329)
Returns on investment and servicing of finance	16	16,746	12,498
Taxation		-	-
Investing activities	8	(91,365)	-
Cash outflow before financing		(365,856)	(11,831)
Financing	16	215,000	-
Decrease in cash in the year		(150,856)	(11,831)

Reconciliation of Net Cash Flow to Movement in Net Funds

	Year ended 31 March 2011 £	Year ended 31 March 2010 £
Decrease in cash and movement in net funds in the year resulting from cash flows	(150,856)	(11,831)
Net funds at beginning of year	982,290	994,121
Net funds at end of year	831,434	982,290

Reconciliation of Operating Loss to Net Cash Outflow from Operating Activities

	Year ended 31 March 2011 £	Year ended 31 March 2010 £
Operating loss	(17,857)	(27,768)
(Increase)/decrease in debtors	(269,389)	1,027
Decrease in creditors	(3,991)	(1,088)
Fair value of share options granted	-	3,500
Net cash outflow from operating activities	(291,237)	(24,329)

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

Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with applicable accounting standards and with the Companies Act 2006

Investments

Investments are initially measured at cost. They are measured at subsequent reporting dates at cost less provision for impairment where they relate to unquoted equity investments where fair value cannot be readily determined, and at fair value otherwise.

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.

Deferred tax assets are recognised to the extent that on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

Going concern

Details of future plans and investment activity are described in more detail in the Chairman's Statement.

The planned acquisition of Skiptons and the funding of the ongoing group, will depend upon the company raising sufficient working capital. In order to provide sufficient working capital, the company has completed a placing, subject to the acquisition completing and admission of the ordinary shares to trading on AIM, of 14.5 million new ordinary shares at a price of 23 pence per share raising approximately £3.3 million.

As a result of the above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2011.

Notes (continued)

2 Interest Receivable and Similar Income

	Year ended 31 March 2011 £	Year ended 31 March 2010 £
On bank deposits	16,746	12,498

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 2011	Year ended 31 March 2010
Management (part time)	2	2

	Year ended 31 March 2011 £	Year ended 31 March 2010 £
Directors' emoluments	-	10,000

The directors waived their entitlement to emoluments in the year. No retirement benefits are accruing to directors.

4 Loss on Ordinary Activities before Taxation

	Year ended 31 March 2011 £	Year ended 31 March 2010 £
<i>This is stated after charging.</i>		
Auditors' remuneration		
Audit fees	2,938	2,415
Fees payable for other services		
Tax services	881	978

Notes (continued)

5 Tax on Loss on Ordinary Activities

	Year ended 31 March 2011 £	Year ended 31 March 2010 £
Current tax		
UK corporation tax at 21% (2010 21%) on loss for the year	-	-
Deferred tax		
Reversal of timing differences	1,400	-
Tax on loss on ordinary activities	<u>1,400</u>	<u>-</u>

Factors affecting the current tax charge for the year

The current tax charge for the year is higher (2010 higher) than the small company rate of corporation tax in the UK of 21% (2010 21%). The differences are explained below

	Year ended 31 March 2011 £	Year ended 31 March 2010 £
Current tax reconciliation		
Loss on ordinary activities before tax	(1,111)	(15,270)
Loss on ordinary activities multiplied by the small company rate of corporation tax in the UK of 21% (2010 21 %)	(233)	(3,206)
Effects of		
Expenses not allowed for tax purposes	108	30
Unprovided tax losses	125	3,176
Current tax	<u>-</u>	<u>-</u>

On 23 March 2011 the Chancellor announced the reduction in the main rate of UK corporation tax to 26 per cent with effect from 1 April 2011. The Chancellor also proposed changes to further reduce the main rate of corporation tax by one per cent per annum to 23 per cent by 1 April 2014.

This will reduce the company's future current tax charge accordingly.

6 Earnings Per Share

Earnings per share has been calculated in accordance with Financial Reporting Standard 22 - *Earnings Per Share* using the loss after tax for the year of £2,511 (2010 £15,270) and the weighted average number of shares in issue during the period as follows

	Weighted average number of shares	
	Year ended 31 March 2011	Year ended 31 March 2010
Basic and diluted	10,658,373	10,200,040

Notes (continued)

7 Net Assets per Share

	At 31 March 2011 Pence per share	At 31 March 2010 Pence per share
Based on shares in issue at 31 March 2011 of 11,700,040 (2010 10,200,040)	10.20p	9.62p

8 Investments – other investments

	At 31 March 2011 £	At 31 March 2010 £
At beginning of year	-	-
Additions in the year	91,365	-
At end of year	91,365	-

Representing an investment in Glenover, as explained in the Chairman's Statement. The consideration was satisfied by means of a cash payment of £91,365.

The directors have considered the above investment and are satisfied that the value of the investment is not less than the carrying value.

9 Debtors

	At 31 March 2011 £	At 31 March 2010 £
Other debtors	270,392	-
Prepayments and accrued income	5,837	6,840
Deferred tax asset	-	1,400
	276,229	8,240

Other debtors relate to amounts advanced to Brightwater which are due in more than one year.

A deferred tax asset in respect of other timing differences has been recognised as follows:

	At 31 March 2011 £	At 31 March 2010 £
At beginning of year	1,400	1,400
Charge for the year in the profit and loss account	(1,400)	-
At end of year	-	1,400

Notes (continued)

10 Creditors: amounts falling due within one year

	At 31 March 2011 £	At 31 March 2010 £
Accruals and deferred income	5,297	9,288

11 Share Capital

	At 31 March 2011 £	At 31 March 2010 £
<i>Authorised</i>		
40,000,000 ordinary shares of 5 pence each	2,000,000	2,000,000
<i>Allotted, called up and fully paid</i>		
11,700,040 (2010 10,200,040) ordinary shares of 5 pence each	585,002	510,002

On 10 June 2010 the company allotted 500,000 ordinary shares to private investors at 13p each and the resultant share premium of £40,000 was credited to the share premium account

On 1 March 2011 the company allotted 1,000,000 ordinary shares to private investors at 15p each and the resultant premium of £100,000 was credited to the share premium account

12 Share Premium Account

	31 March 2011 £	31 March 2010 £
At beginning of year	459,309	459,309
Allotment of shares on 10 June 2010	40,000	-
Allotment of shares on 1 March 2011	100,000	-
At end of year	599,309	459,309

13 Profit and Loss Account

	Year ended 31 March 2011 £	Year ended 31 March 2010 £
At beginning of year	11,931	23,701
Retained loss for the financial year	(2,511)	(15,270)
Fair value of share options granted	-	3,500
At end of year	9,420	11,931

Notes (continued)

14 Reconciliation of Movements in Shareholders' Funds

	Year ended 31 March 2011 £	Year ended 31 March 2010 £
At beginning of year	981,242	993,012
Loss for the financial year	(2,511)	(15,270)
Shares issued in the year	215,000	-
Fair value of share options granted	-	3,500
	<u>1,193,731</u>	<u>981,242</u>
At end of year	1,193,731	981,242

15 Capital commitments

There were no capital commitments under contract at 31 March 2011 (2010 £Nil)

16 Gross Cash Flows

	Year ended 31 March 2011 £	Year ended 31 March 2010 £
Returns on investment and servicing of finance		
Interest received	16,746	12,498
	<u>16,746</u>	<u>12,498</u>
Financing		
New shares issued in the year	215,000	-
	<u>215,000</u>	<u>-</u>

17 Related Party Transactions

During the year the company did not enter into any material transactions with related parties, other than explained in the Chairman's Statement

18 Subsequent Events

On 19 May 2011, the company announced it had reached agreement in principle to acquire the entire share capital of Skiptons Global Investments Ltd (BVI) for a consideration of £10.16 million to be satisfied by the issue of 44.2 million new ordinary 5 pence shares in the company. This acquisition is subject to due diligence, contract and shareholders' approval in General Meeting.

The company has made further loans of ZAR 5 million (approximately £133,000) to Fer Mine Ore (Pty) Limited in connection with the Glenover Joint Venture agreement which are convertible into ordinary shares in Glenover. A further payment of US\$500,000 (approximately £308,000) in respect of historical and feasibility study work has been made.

The company has also completed a placing, subject to acquisition completion and admission of the ordinary shares to trading on AIM, of 14.5 million new ordinary 5 pence shares at a price of 23 pence per share, raising approximately £3.3 million.