galileo
RESOURCES PLC

(formerly General Industries plc)

interim report

for the six months ending 30 September 2011

The Board of Galileo Resources Plc ("Galileo"), the AIM-quoted emerging African Rare Earth exploration company, is pleased to announce interim results for the six-month period ended 30 September 2011.

Highlights

- The figures reflect the trading of General Industries Plc – the Company which was renamed Galileo Resources on 28 September 2011 following the acquisition of Skiptons Global Investment Limited (BVI) through a reverse takeover;
- Losses of £590,487 include the costs of Admission to AIM and the reverse takeover;
- Since Admission, the Company has embarked on a drilling programme on its joint venture Glenover Rare Earth project;
- Drilling programme revealed significant REE intersections in boreholes drilled adjacent to the former phosphate pit and in primary rock below the pit at Glenover.

Chairman Colin Bird commented:

"The Company is encouraged by the drilling results to date and are undertaking further exploration to define a resource and carry out a feasibility study for REO concentrate production.

Galileo is well placed in the global evolving exploration and development of REE resources, outside of China, aimed at countering China's dominance in REE production and is aggressively pursuing capture of raw data for feasibility study and shareholder value enhancement."

For further information, please contact:

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Chairman's Statement

Dear Shareholder,

This is my first interim report as Chairman of Galileo Resources Plc ("Galileo" or the "Company") (formerly General Industries Plc), which was admitted for trading on the AIM market on 28 September 2011 following the acquisition of Skiptons Global Investment Limited (BVI) through a reverse takeover.

During the six months to 30 September, the Company made a loss of £590,487 equal to 4.55 pence per share. This figure includes the costs of Admission and the reverse take over. The balance sheet reflects the transaction but the P&L largely relates to the pre-acquisition period. The balance sheet also reflects the payment to Fer-Min-Ore (Pty) Limited of £1,065,988 in respect of historical engineering work paid in accordance with the shareholders' agreement (further details are set out in Note 6 herein). The directors do not intend to declare a dividend.

The key asset of Galileo is a joint venture with Glenover Phosphate (Pty) Ltd., which has the rights to a large concession containing phosphates in the North West Province of South Africa. Within the mining licence is an open pit, formerly operated for phosphates by Gold Fields of South Africa in the 1980s and subsequently acquired by Fer-Min-Ore, our partners in the project. Historical data suggested that the phosphate and surrounding rock minerals contained Rare Earth Elements (REEs), which was confirmed by the sampling, earlier this year, of previously mined and stockpiled lower grade phosphate on surface.

The presence of these stockpiles, which contain a significant resource of REEs represents a major potential benefit to the Company, since these stockpiles represent potential feed to a process plant without mining risk. The concession area is a large carbonatite intrusion, which globally, outside of China, is a much sought after geological environment for hosting potential REE deposits.

The Company also has conditional agreements in principal to acquire interests up to 74% in prospecting rights for certain iron ore and manganese concessions and holds a 49% interest in an aggregate quarry in Eastern Cape Province. The quarry is a potential near-ready operation, contingent on meeting certain conditions precedent, including an assessment on the exploration areas prior to detailed exploration comprising, inter alia, mapping, rock sampling and, if appropriate, additional exploration drilling.

Post-period drilling

Since Admission, the Company embarked post period, on a drilling programme on its joint venture Glenover Rare Earth project and has announced significant REE intersections in boreholes drilled adjacent to the former phosphate pit and in primary rock below the pit as highlighted below:

- Four boreholes (GVH001 to GVH 004) drilled (and reported) in an area peripheral to the old open pit, previously worked for its high grade phosphate ore, but in which the REEs present, in the lower grade ore mined and stockpiled, were neither recognised nor in significant demand at the time of mining
- Rare earth oxide ("REO") mineralisation >1% REO intersected in all four boreholes with whole core > 100 metres assaying between **2.15% and 2.44% REO**
- Borehole intersections included **77 metres assaying 3.66% REO**, **5 metres** assaying **5.41% REO** (GVH001); **52.6 metres from surface** assaying **4.27% REO** and **18.3 metres** assaying **8.24% REO** (GVH003); and **45 metres from surface** assaying **3.23% REO** with **8 metres** assaying **8.03% REO** (GVH004)
- Drilling continues with a further four boreholes (GVH005 to GVH008) drilled around the old pit and samples submitted for assay, and twelve further boreholes drilled for logging sampling.

Future Prospects

The Company is encouraged by the drilling results to date and are undertaking further exploration to define a resource and carry out a feasibility study for REO concentrate production.

Galileo is well placed in the global evolving exploration and development of REE resources, outside of China, aimed at countering China's dominance in REE production and is aggressively pursuing capture of raw data for feasibility study and shareholder value enhancement.

Colin Bird
Chairman

20 December 2011

Consolidated Interim Income Statement

for the six months ended 30 September 2011

	Six months ended		Year
	30 Sept 2011 (Unaudited)	30 Sept 2010 (Unaudited)	31 Mar 2011 (Audited)
	£	£	£
Administration expenditure	**(550,932)**	(8,085)	(17,857)
Loss from operations	**(550,932)**	(8,085)	(17,857)
Interest receivable and similar income	**6,811**	8,315	16,746
Foreign exchange loss	**(46,366)**	-	-
(Loss)/profit before taxation	**(590,487)**	230	(1,111)
Taxation	**-**	-	(1,400)
(Loss)/profit for the period attributable to equity holders	**(590,487)**	230	(2,511)
Shares			
Number in issue	**70,700,040**	10,700,040	11,700,040
Weighted basic and diluted average number in issue	**12,989,657**	10,533,373	10,658,373
Loss per share - pence			
Basic and diluted	**(4.55)**	0.00	(0.02)
Headline loss per share	**(4.55)**	0.00	(0.02)

Consolidated Interim Statement of Financial Position

as at 30 September 2011

	At 30 Sept 2011 (Unaudited) £	At 30 Sept 2010 (Unaudited) £	At 31 Mar 2011 (Audited) £
Non-current assets			
Intangible assets – intellectual property rights	**1,065,988**	-	-
Intangible assets - goodwill	**10,174,705**	-	-
Investments	**757,933**	-	361,757
Total non-current assets	**11,998,626**	-	361,757
Current assets			
Trade and other receivables	**16,438**	3,704	5,837
Cash and cash equivalents	**2,403,669**	1,044,942	831,434
Total current assets	**2,420,107**	1,048,646	837,271
Total assets	**14,418,733**	1,048,646	1,199,028
Current liabilities			
Trade and other payables	**(245,489)**	(424)	(5,297)
Total current liabilities being total liabilities	**(245,489)**	(424)	(5,297)
Net assets	**14,173,244**	1,048,222	1,193,731
Equity			
Called up share capital	**3,535,002**	535,002	585,002
Share premium account	**11,219,309**	499,309	599,309
Retained earnings	**(581,067)**	13,911	9,420
Shareholders' funds attributable to equity holders	**14,173,244**	1,048,222	1,193,731
Net assets per share – pence	**20.05**	9.80	10.20

Consolidated Cash Flow Statement

for the six months ended 30 September 2011

	Six months ended 30 Sept 2011 (Unaudited) £	30 Sept 2010 (Unaudited) £	Year 31 Mar 2011 (Audited) £
Cash flows from operating activities			
(Loss)/profit for the period	**(590,487)**	230	(2,511)
Financial income	**(6,811)**	(8,315)	(16,746)
Foreign exchange loss	**46,366**	-	-
Fair value of share options granted	**-**	1,749	-
Taxation	**-**	-	1,400
Cash flows from operating activities before changes in working capital	**(550,932)**	(6,336)	(17,587)
(Increase)/decrease in trade & other receivables	**(10,601)**	4,536	2,403
Increase/(decrease) in trade & other payables	**240,192**	(8,864)	(5,392)
Cash absorbed by operating activities being net cash flows from operating activities	**(321,341)**	(10,664)	(20,846)
Cash flows from investing activities			
Financial income	**6,811**	8,315	16,746
Acquisition of subsidiaries	**(10,174,705)**	-	-
Purchase of intangible fixed assets	**(1,065,988)**	-	-
Purchase of investments	**(396,176)**	-	(361,757)
Net cash flows from investing activities	**(11,630,058)**	8,315	(345,011)
Cash flows from financing activities			
Issue of shares, net of issuance costs	**13,570,000**	65,000	215,000
Foreign exchange loss	**(46,366)**	-	-
Net cash flows from financing activities	**13,523,634**	65,000	215,000
Net increase/(decrease) in cash and cash equivalents	**1,572,235**	62,651	(150,857)
Cash and cash equivalents at beginning of the period	**831,434**	982,291	982,291
Cash and cash equivalents at end of the period	**2,403,669**	1,044,942	831,434

Consolidated Interim Statement of Changes in Equity

	Share capital	Share premium	Retained earnings	Total
	£	£	£	£
At 1 April 2010	510,002	459,309	11,931	**981,242**
Issue of share capital	25,000	-	-	**25,000**
Premium on issue of share capital	-	40,000	-	**40,000**
Net profit for the period	-	-	1,980	**1,980**
At 30 September 2010	535,002	499,309	13,911	**1,048,222**
Issue of share capital	50,000	-	-	**50,000**
Premium on issue of share capital	-	100,000	-	**100,000**
Net loss for the period	-	-	(4,491)	**(4,491)**
At 31 March 2011	585,002	599,309	9,420	**1,193,731**
Issue of share capital	2,950,000	-	-	**2,950,000**
Premium on issue of share capital	-	10,620,000	-	**10,620,000**
Net loss for the period	-	-	(590,487)	**(590,487)**
At 30 September 2011	**3,535,002**	**11,219,309**	**(581,067)**	**14,173,244**

Consolidated Interim Statement of Comprehensive Income & Expense

	Six months ended		Year
	30 Sept 2011 (Unaudited)	30 Sept 2010 (Unaudited)	31 Mar 2011 (Audited)
	£	£	£
(Loss)/profit for the period being total comprehensive income and expense for the period attributable to equity shareholders	**(590,487)**	230	(2,511)

Notes to the Financial Statements

1. Status of interim report

The consolidated interim financial statements for the six months ended 30 September 2011 and the comparative period have been prepared using applicable International Financial Reporting Standards adopted by the EU ("IFRS"), which include IAS 34 and Interpretations issued by the International Accounting Standards Board ("IASB") and its committees, which are expected to be endorsed by the EU. The interim financial information has been prepared in accordance with the Listing Rules of the Financial Services Authority and was approved by the board on [20] December 2011. They are unaudited and do not comprise statutory accounts within the meaning of section 435 (1) of the Companies Act 2006.

The comparative figures for the financial year ended 31 March 2011 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 give any 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 sections 498 (2) or (3) of the Companies Act 2006, relating to the accounting records of the company.

2. Basis of preparation

Accounting policies

The accounting policies and methods of computation have been applied consistently throughout the group and are consistent with those for the financial year ended 31 March 2011.

Use of estimates and judgement

The preparation of financial statements in conformity with IRFS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The key areas in which estimates have been used and the assumptions applied are in valuing investments and in the calculation of provisions.

Intangible assets – intellectual property rights

Separately acquired intellectual property rights are shown at historical cost.

Intellectual property rights are regarded as having an indefinite useful life. Based on all relevant information there is effectively no limit to the period over which the asset is expected to generate net cash inflows. Accordingly, amortisation is not provided for on the intellectual property, but it is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Intangible assets - goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

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.

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Pounds Sterling, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period, foreign currency monetary items are translated using the closing rate. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous periods are recognised as gains or losses in the period in which they arise.

2. Basis of preparation (continued)

Share based payments

In accordance with IFRS 2 "Share-based payments", the company reflects the economic cost of awarding shares and share options to directors and employees by recording an expense in the statement of comprehensive income equal to the fair value of the benefit awarded, fair value being determined by reference to option pricing models. The expense is recognised in the statement of comprehensive income over the vesting period of the award.

Fair value of share options granted

The fair values of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the option is measured based on a Black Scholes model (with the contractual life of the option built into the model).

Going concern

The group has sufficient financial resources to enable it to continue in operational existence for the foreseeable future, to continue the current development programme and meet its liabilities as they fall due. Accordingly, the directors consider it appropriate to continue to adopt the going concern basis in preparing these interim financial statements.

3. Segmental analysis

Business segments

The group's only business is the exploration and development of Rare Earths and Aggregates.

Geographical segments

An analysis of the profit/(loss) on ordinary activities before taxation and net assets is given below:

	Six months ended		Year
	30 Sept 2011 (Unaudited)	30 Sept 2010 Unaudited)	31 Mar 2011 (Audited)
	£	£	£
(Loss)/profit on ordinary activities before income tax			
United Kingdom	**(574,047)**	230	(1,111)
South Africa	**(16,440)**	-	-
	(590,487)	230	(1,111)
Net assets by location			
United Kingdom	**12,240,045**	1,048,222	831,974
South Africa	**1,933,199**	-	361,757
	14,173,244	1,048,222	1,193,731

4. Taxation

The tax position for the period is estimated on the basis of the anticipated tax rates applying for the full year and includes adjustments to the prior year charge based upon final computations for that period.

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.

5. Earnings per share

Earnings per share has been calculated using the loss after tax for the period of £590,487 (September 2010: profit £230; March 2011 loss: £2,511) and the weighted average number of shares as follows:

Weighted average number of shares

	At 30 Sept 2011 (Unaudited) £	At 30 Sept 2010 Unaudited) £	At 31 Mar 2011 (Audited) £
Basic and diluted	**12,989,657**	10,533,373	10,658,753

6 Intangible assets – intellectual property rights

As part of a shareholders' agreement between Utafutaji Trading 112 Proprietary Limited and Glenover Phosphate (Pty) Limited, Utafutaji committed to pay Fer-Min-Ore (Pty) Limited up to $2 million for historical engineering work. On 30 September 2011, an amount of £1,065,988 was paid in accordance with the shareholders' agreement.

7. Intangible assets – goodwill

The amount shown in the balance sheet for Goodwill of £10,174,705 represents the amount paid for Skiptons Global Investment Limited (BVI) based on the issue of 44,200,000 ordinary shares of 10 pence each at 23 pence, adjusted for the net assets of Skiptons on acquisition.

8. Investments

Included in Investments is a loan from Utafutaji Trading 112 Proprietary Limited to Glenover Phosphate (Pty) Limited of £519,623. This loan is not repayable in cash, rather it will be converted into equity.

Also included is a loan from Utafutaji Trading 112 Proprietary Limited to Brightwater Trade & Invest 55 (Pty) Limited of £238,310. This loan is not repayable within the next twelve months.

9. Issue of ordinary shares

On 26 September pursuant to an Admission document dated 1 September 2011, the company allotted 14,500,000 ordinary shares of 10 pence each at 23 pence to raise £3,335,000. On the same date, the company issued a further 44,200,000 ordinary shares of 10 pence each at 23 pence to acquire the whole of the issued share capital in Skiptons Global Investment Limited (BVI) and a further 300,000 ordinary shares of 10 pence each at 23 pence to J Richard Wollenberg in lieu of fees.

10. Share based payments

By option certificates dated 1 September 2011, each of the following directors, key management and advisors was granted an option to subscribe at a price of 23 pence per share for a number of ordinary shares of 10 pence each:

	Number of Ordinary Shares
Colin Bird	500,000
Alex Andersson	250,000
Andrew Sarosi	250,000
Chris Molefe	250,000
J Richard Wollenberg	2,500,000
Beaumont Cornish	100,000

No charge has been recognised in the Income Statement, as the options vested on Admission to trading on AIM on 28 September 2011.

11. Directors' responsibilities

The interim report is the sole responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with the AIM Rules issued by the London Stock Exchange.

As disclosed in Note 1, the financial statements included in this interim report have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

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Chairman and Chief Executive Officer

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