

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt about its contents or as to the action you should take, you should immediately consult your stockbroker, bank manager, solicitor or other appropriate independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, another appropriately authorised independent financial adviser.**

If you have sold or transferred all of your Ordinary Shares, please forward this document and the accompanying form of proxy as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. If you have sold or otherwise transferred part of your registered holding of Ordinary Shares, please retain this document and the accompanying form of proxy and consult with the stockbroker, bank or other agent through whom the sale or transfer was effected.

The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdictions.

---

# **Neuropharm Group plc**

*(Incorporated and registered in England and Wales under the Companies Act 1985*

*with registered number 05983736)*

## **Recommended proposals for a members' voluntary liquidation of the Company and for the cancellation of admission to trading of the Company's shares on AIM and Notice of General Meeting**

---

A letter from the Chairman of the Company is set out on pages 4 to 12 of this document. The letter contains the recommendation of the Directors that you vote in favour of the resolution to be proposed at the General Meeting referred to below.

Notice of a General Meeting of the Company to be held at the offices of McGrigors LLP, 5 Old Bailey, London EC4M 7BA at 10.00 a.m. on 18 May 2010 is set out at the end of this document. A Form of Proxy is enclosed with this document and you are asked to complete and sign the Form of Proxy in accordance with the instructions printed thereon and return it to the Company's registrars, Equiniti, of Aspect House, Spencer Road, Lancing, West Sussex BN99 6ZL not less than 48 hours (excluding weekends and public holidays) before the time appointed for the meeting (i.e. by 10.00 a.m. on 14 May 2010). Completion and return of a Form of Proxy will not prevent you from attending and voting in person at the General Meeting convened by the above mentioned Notice, should you so wish.

## CONTENTS

EXPECTED TIMETABLE OF KEY EVENTS .....	2
DEFINITIONS.....	3
LETTER FROM THE CHAIRMAN OF NEUROPHARM GROUP PLC .....	4
NOTICE OF GENERAL MEETING .....	13

### EXPECTED TIMETABLE OF KEY EVENTS

This Circular and Form of Proxy posted to Shareholders	20 April 2010
Last day for dealings on the London Stock Exchange on a normal settlement basis	12 May 2010
Latest time for receipt of Form of Proxy	10.00 a.m. on 14 May 2010
Suspension of trading of Ordinary Shares on AIM	7.30 a.m. on 18 May 2010
General Meeting	10.00 a.m. on 18 May 2010
Appointment of Proposed Liquidators	18 May 2010
Cancellation of trading of Ordinary Shares on AIM	19 May 2010
Initial distribution to Shareholders	July 2010*

#### Notes

All references to time in this document are to London time.

\* Please note that this date is an estimate and remains subject to factors outside of the Company's control.

This document contains certain forward-looking statements which relate to future events. Such forward-looking statements reflect the Directors' current beliefs, are based on information currently available to the Directors and are based on reasonable assumptions at this date. While the Company makes these forward-looking statements in good faith, neither the Company nor its Directors can guarantee that any anticipated future results will be achieved.

## DEFINITIONS

<b>AIM</b>	the Alternative Investment Market operated by the London Stock Exchange
<b>AIM Rules</b>	the rules published by the London Stock Exchange from time to time governing admission to and the operation of AIM
<b>Board or Directors</b>	Dr Graeme Hart, Robert Mansfield, Graham Yeatman, Dr Gary Acton and Stephen Whybrow, the directors of the Company
<b>Company or Neuropharm</b>	Neuropharm Group plc
<b>Form of Proxy</b>	the form of proxy accompanying this document for use by Shareholders at the General Meeting
<b>General Meeting</b>	the general meeting of the Company to be held on 18 May 2010, notice of which is set out at the end of this document, or any adjournment thereof
<b>Group</b>	the Company and its subsidiaries, Neuropharm Limited and Neuropharm Inc.
<b>Liquidation</b>	the proposed members' voluntary liquidation of the Company as described in this document
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>Notice</b>	the notice set out at the end of this document convening the General Meeting
<b>Ordinary Share</b>	a fully paid ordinary share of £0.10 in the share capital of the Company
<b>Piper Jaffray</b>	Piper Jaffray Ltd.
<b>Proposed Liquidators</b>	the proposed joint liquidators of the Company, namely Samantha Jane Keen and Ian Carr of Grant Thornton UK LLP, No 1 Dorset Street, Southampton SO15 2DP
<b>Registrars</b>	Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6ZL
<b>Resolution</b>	the resolution to be proposed at the General Meeting, as set out in the Notice
<b>Shareholders</b>	holders of Ordinary Shares

## LETTER FROM THE CHAIRMAN OF NEUROPHARM GROUP PLC

# Neuropharm Group plc

*(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 05983736)*

### *Directors*

Dr Graeme Hart (Chairman and non-executive director)  
Robert George Mansfield (Chief Executive Officer)  
Graham Edward Yeatman (Chief Financial Officer)  
Dr Gary Acton (Non-executive director)  
Stephen Kennedy Whybrow (Non-executive director)

### *Registered Office*

Beechey House  
87 Church Street  
Crowthorne  
Berkshire  
RG45 7AW

Dear Shareholder

## **RECOMMENDED PROPOSALS FOR A MEMBERS' VOLUNTARY LIQUIDATION OF THE COMPANY AND FOR THE CANCELLATION OF ADMISSION TO TRADING OF THE COMPANY'S SHARES ON AIM**

### **1 INTRODUCTION**

On 3 November 2009 the Company announced that it was seeking a sale or merger in order that the value of its pipeline could be maximised. At that time your Board had concluded that shareholder value was most likely to be maximised through seeking a sale or merger partner.

I am writing to you now to set out the reasons why your Board, having in recent months expended considerable energy in exploring the Company's sale, merger and other strategic options, is now recommending that the Company should be wound up by way of a members' voluntary liquidation (such that the net surplus cash of the Company should be distributed by the Proposed Liquidators to Shareholders) and that the admission of the Company's shares to trading on AIM should be cancelled.

A special resolution giving effect to these proposals is to be put to the Company's shareholders at a general meeting convened for 10.00 a.m. on Tuesday 18 May 2010. Notice of that general meeting is set out at the end of this document.

The purpose of this document is to provide you with further information on the proposed Resolution and to explain why your Board considers the Resolution to be in the best interests of the Company and the Shareholders and recommends that you vote in favour of the Resolution.

The Liquidation and the cancellation of admission of the Company's shares to trading on AIM are conditional upon the approval of Shareholders at the General Meeting. To be passed, the Resolution (which covers both the Liquidation and the cancellation of admission) requires to be approved by Shareholders holding not less than 75 per cent. of the votes cast (in person or by way of proxy) at the General Meeting. If the Resolution is not passed, the Company will not undergo a members' voluntary liquidation and its shares will continue to be traded on AIM. In such circumstances the Board will continue to evaluate the Company's strategic options in consultation with its major Shareholders. However, Shareholders should be aware that, while its shares continue to be admitted to trading on AIM, the Company will continue to incur costs associated with, inter alia, maintaining such a quotation.

## **BACKGROUND TO AND REASONS FOR THE PROPOSALS**

Neuropharm Limited, the principal trading subsidiary of the Company, was incorporated in July 2005 with the goal of developing and commercialising a portfolio of new medicines for the treatment and management of developmental and degenerative disorders of the central nervous system ("CNS").

In February 2007, Neuropharm Limited became a wholly owned subsidiary of the Company by way of a share for share exchange and in March 2007 the Company's shares were admitted to trading on AIM. At the time of admission to AIM, the Company raised net proceeds of £18.2m by way of a placing.

The stated objective of the Group at that time was to build a profitable business through developing and commercialising effective therapies for the treatment and management of CNS disorders.

At the time of admission of the Company's shares to trading on AIM, the Group was working on six programmes in the CNS sector. The Group's lead programme (NPL-2008) was based upon obtaining regulatory approval for a new indication for fluoxetine targeting core symptoms in autistic disorder. The other five programmes comprised two related to Fragile X Syndrome (NPL-2005 and NPL-2009), one related to Paediatric Obsessive Compulsive Disorder (NPL-2003) and two related to Alzheimer's Disease (NPL-2007 and NPL-2010). The Group has made progress with each of these five programmes and, in particular, in 2009 announced:

- that it had achieved positive results from a Phase IIa study of NPL-2005 in Fragile X Syndrome which has been accepted for publication in a peer reviewed journal;
- that it had achieved positive results from a Phase IIa study of NPL-2009 in Fragile X Syndrome with publication in a peer-reviewed journal; and
- that it had filed a patent in connection with NPL-2003 Obsessive Compulsive Disorder.

The Group also announced in 2009 that it had the option to license or develop two new near term revenue-generating opportunities:

- NPL-2505, a branded pharmaceutical targeting a substantial patient population; and
- NPL-2510, a novel biological screen for autism.

However, the success or otherwise of its lead NPL-2008 programme has always been viewed as vitally important to the Group and, regrettably, the Company announced on 18 February 2009 that its Phase III SOFIA study of NPL-2008 in autistic disorder did not achieve its primary endpoint. The SOFIA study showed that repetitive behaviours in patients were reduced after both NPL-2008 (a novel formulation of fluoxetine) and placebo treatment, but the study did not meet its primary endpoint of demonstrating a statistically significant difference between the two groups of patients. These results were unexpected and hugely disappointing to, among others, the Company and its management and shareholders.

The Group then proceeded to carry out a detailed analysis of the SOFIA study. On 28 May 2009 the Company noted:

- that the analysis of the results from the SOFIA study was largely complete;
- that it was in discussions with clinicians and experts in the field, who continued to express strong support for NPL-2008;
- that it was in discussions with a third party pharmaceutical company for a potential collaboration which would encompass the further development and commercialisation of NPL-2008;
- that it was therefore developing study designs for a second Phase III study, in conjunction with the potential collaborator; and
- that it was therefore hoped that a further Phase III study for NPL-2008 could be conducted, funded through the collaboration.

However, discussions with the potential collaborator did not come to fruition.

On 3 November 2009, the Company announced that it was in discussions which may or may not lead to an offer being made for the Company. The Company also noted at that time:

- that it was seeking a sale or merger of the Company in order that the value of its pipeline could be maximised and that Piper Jaffray had been appointed to advise the Company in connection with this process;
- that the Company had been in discussion with its major shareholders to explore the options available to the Company to realise the maximum value of its pipeline; and
- that, as a result of these discussions and the then prevailing market conditions, your Board had concluded that shareholder value was more likely to be maximised through seeking a sale or merger with a partner who would be better placed to fund the Company's clinical development portfolio.

On 8 December 2009 the Company announced that it had progressed discussions with an expanded number of third parties, albeit that discussions were at an early stage.

On 10 March 2010 the Company announced that it was continuing talks with a potentially interested party but that in light of the uncertainty as to whether an offer would be made for the Company and the costs associated with maintaining admission of the Company's shares to trading on AIM and the continued operation of the business, the Board had resolved to explore a return of cash to Shareholders, possibly by way of a members' voluntary liquidation of the Company.

On 23 March 2010 the Company announced its half-year results for the six months ended 31 December 2009 (see at [http://www.neuropharm.co.uk/media\\_centre/news\\_release/?id=5178](http://www.neuropharm.co.uk/media_centre/news_release/?id=5178)). As part of that announcement, the Company particularly noted the following:

- that the Company did not have the financial resources or support to carry out a further Phase III study of NPL-2008 and therefore that project expenditure was on hold;
- that the Board was exploring a return of cash to Shareholders through a members' voluntary liquidation of the Company;

- that discussions in connection with the sale or merger of the Company or its assets were ongoing but early stage;
- that in anticipation of a sale of the Company or of Neuropharm Limited or its programmes, or a members' voluntary liquidation, it had been decided to give notice to all employees including its executive directors;
- that the Company had significantly reduced its cash burn during the half year; and
- that cash, cash equivalents and money market investments at 31 December 2009 were £6.18 million (30 June 2009: £7.04 million).

On 31 March 2010 the Company announced that whilst discussions were ongoing for the sale of certain assets, the Company had received confirmation that none of the companies with which it was in discussion were considering making an offer for the Company. The Company further noted that it continued to make preparations for a members' voluntary liquidation of the Company.

Your Board has therefore expended considerable time and energy in recent months considering in detail the Company's strategic options. Discussions have been held with various third parties, including already listed trade players, other international pharmaceutical companies and venture capital providers. The range of possible transactions which the Company has considered has been extensive and has included technology licensing arrangements, the sale of one or more of the Group's programmes, the sale of Neuropharm Limited, an acquisition of the Company for cash and a reverse takeover of the Company.

In evaluating its options, the Board has had particular regard to the following:

- prevailing economic conditions;
- the views expressed by key stakeholders (including significant shareholders who observed that they would not support a further fundraising on the capital markets and others who expressed a preference for a quick return of cash);
- the views of Piper Jaffray, the Company's nominated adviser and broker;
- the execution risk associated with each type of possible transaction (including the likelihood of success of each possible transaction, the likely timeframe to implement such a transaction and the costs involved, in particular the continued day to day employment and administration costs and professional advisory costs involved in seeking to execute an inherently uncertain transaction); and
- whether any potential deal offered a premium or potential upside as compared to the Company's anticipated net cash resources.

Against this background, your Board has now concluded that it is in the best interests of Shareholders that a resolution be proposed to, amongst other things, place the Company into members' voluntary liquidation such that, after payment of the Company's liabilities, the Company's remaining cash be returned to Shareholders via the Liquidation.

While your Board regrets that the Liquidation will mean that the Company will have been unable to meet its goal of building a profitable business through developing and commercialising effective therapies for the treatment and management of CNS disorders,

your Board believes that it is now in the best interests of Shareholders that the Company's cash remaining after settling its liabilities be returned to Shareholders via the Liquidation.

### 3 **INTERIM RESULTS FOR THE 6 MONTHS ENDED 31 DECEMBER 2009**

On 23 March 2010 the Company announced its unaudited interim results for the 6 month period ended on 31 December 2009. The interim results disclosed, amongst other things, the following:

- a net loss for the 6 months ended 31 December 2009 of £1.2 million; and
- net cash, cash equivalents and money market investments as at 31 December 2009 of £6.18 million.

As noted above, the full announcement of the Company's interim results can be found at [http://www.neuropharm.co.uk/media\\_centre/news\\_release/?id=5178](http://www.neuropharm.co.uk/media_centre/news_release/?id=5178).

### 4 **LIQUIDATION OF THE COMPANY AND ESTIMATED NET PROCEEDS**

It is proposed that Samantha Jane Keen and Ian Carr of Grant Thornton UK LLP, No 1 Dorset Street, Southampton SO15 2DP be appointed as joint liquidators of the Company. It will be the Proposed Liquidators' responsibility to deal with the conduct of the Liquidation and to determine the timing and amount of any distribution(s) to Shareholders. The Liquidation is conditional upon the passing of the Resolution. If the Resolution is passed, it is anticipated that the Liquidation will commence immediately following the General Meeting and that the appointment of the Proposed Liquidators to the Company will become effective at such time.

On 19 April 2010, and as required by section 89 of the Insolvency Act 1986 in respect of a members' solvent voluntary liquidation, the Directors made a statutory declaration of solvency stating that they have made a full enquiry into the affairs of the Company and that, having done so, they have formed the opinion that the Company will be able to pay its debts in full, together with any interest, within a period of 12 months from the commencement of the Liquidation.

Whilst the timetable for any distribution is outside the Board's control, the Board currently anticipates that the Proposed Liquidators will be in a position to pay a distribution to Shareholders approximately two months following the commencement of the Liquidation.

As noted above, as at 31 December 2009 the Company had cash, cash equivalents and money market investments of £6.18 million.

Since the half year end, the Company has continued actively to manage its cost base by, for example, making all remaining employees redundant, serving notice of termination of the service contracts of its executive directors and serving notice of termination in respect of other contractual commitments of the Group.

Unless the Company enters into alternative arrangements with Robert Mansfield and Graham Yeatman, Robert Mansfield and Graham Yeatman will continue to receive their contractual entitlements under their service contracts until expiry on 22 March 2011 of their 12 month notice period.

On 9 April 2010 the Company announced that Dr Mike Snape had stepped down as an employee and director of the Company. Your Board would like to place on record its thanks

for the dedication shown and contribution made by Dr Snape since he co-founded Neuropharm in 2005.

In February 2009 Dr Acton, Stephen Whybrow and I, the Company's non-executive directors, each agreed that we would waive our contractual entitlement to three months' notice in the event of the termination of our appointment as directors of the Company. Accordingly, if the Resolution is passed, each of the non-executive directors will cease to be directors from that date and will not receive any compensation for our loss of office.

The amount which is ultimately distributable to Shareholders will reflect the net assets of the Company following the Liquidation and will take account of, amongst other things, the Company's liabilities and the costs and expenses of the Liquidation.

As noted above, it will be the Proposed Liquidators' responsibility to deal with the conduct of the Liquidation and to determine the timing and amount of any distribution(s) to Shareholders. However, for illustrative purposes only, if the Company was to have net assets of £4.33 million after settlement of all of its liabilities including the costs and expenses of the Liquidation and the completion of the liquidation of Neuropharm Limited, this would equate to approximately 13.7 pence per Ordinary Share (based on an issued share capital comprising 31,536,697 Ordinary Shares as at 19 April 2010, being the latest practicable date prior to the publication of this document). In addition to the 31,536,697 Ordinary Shares currently in issue, Professor Eric Hollander and Professor Mark Smith each have option arrangements with the Company and Neuropharm Limited which, if exercised, could result in the issue by the Company of an aggregate of a further 1,200,000 Ordinary Shares (i.e. 600,000 Ordinary Shares to each of Professor Hollander and Professor Smith). Professors Hollander and Smith would each effectively pay 5 pence per share in respect of each Ordinary Share received by them. This would reduce the forecasted return of cash to shareholders, based upon the above illustration of net assets, to approximately 13.4 pence per Ordinary Share.

## **5 LIQUIDATION OF NEUROPHARM LIMITED**

If the Liquidation is approved, the appointment of the Proposed Liquidators as joint liquidators of the Company will become effective from the close of the General Meeting.

It is expected that, once appointed as liquidators of the Company, the Proposed Liquidators will proceed with a members' voluntary liquidation of Neuropharm Limited and that the Proposed Liquidators will on behalf of the Company sign a written resolution of Neuropharm Limited resolving to place it into members' voluntary liquidation.

As part of the members' voluntary liquidation of Neuropharm Limited, it is anticipated that Neuropharm Limited's directors will swear a statutory declaration of solvency stating that they have made a full enquiry into the affairs of Neuropharm Limited and that, having done so, they have formed the opinion that Neuropharm Limited will be able to pay its debts in full, together with interest, within a period of 12 months from the commencement of the liquidation of Neuropharm Limited. The Company gave Neuropharm Limited an undertaking in October 2009, which remains effective until October 2010, and will ensure that Neuropharm Limited is able to be liquidated as a solvent liquidation.

Shareholders should therefore be aware that if they pass the Resolution to approve the liquidation of the Company, a practical consequence is expected to be that Neuropharm Limited will in turn also be placed into members' voluntary liquidation. Whilst the liquidators of Neuropharm Limited may realise any value which there may be in Neuropharm Limited's intellectual property or other assets, Shareholders should be aware that no assurance can be given that any value will be realised.

It is also expected that Neuropharm Inc., the Company's US subsidiary will be wound up or struck off.

## 6 **DEALINGS, TRANSFERS AND CANCELLATION OF ADMISSION**

Pursuant to Rule 41 of the AIM Rules, the Company has made an application to the London Stock Exchange for the admission of the Ordinary Shares to trading on AIM to be cancelled on 19 May 2010 subject to the passing of the Resolution at the General Meeting.

It is expected that the register of members of the Company will close for the transfer of Ordinary Shares at 6.00 p.m. on 17 May 2010 and, to be valid, all transfers of Ordinary Shares must be lodged with the Registrars before that time. Transfers received by the Registrars after 6.00 p.m. on 17 May 2010 will be returned to the person lodging the same and, if the Resolution is passed, the original holder will receive any proceeds from distributions made by the Proposed Liquidators. The last date for dealings on the London Stock Exchange on a normal settlement basis is expected to be 12 May 2010.

It is expected that dealings in Ordinary Shares on AIM will be suspended at the start of business on 18 May 2010 (being the day of the General Meeting) and, provided the Resolution is passed, that admission of the Company's shares to trading on AIM will be cancelled with effect from the start of business on 19 May 2010.

## 7 **UNITED KINGDOM TAXATION**

The information below relates to current United Kingdom law and HM Revenue and Customs practice, and is subject therefore to any subsequent changes therein. This information is applicable only to companies and to persons resident in the United Kingdom for tax purposes who hold their Ordinary Shares as an investment. It may not apply to certain categories of person, such as dealers in securities, unit trust funds or persons who received their shares by reason of employment. This information is given by way of a general summary and does not constitute legal or tax advice to any such holders of shares.

Shareholders will be receiving solely cash on the winding up of the Company. Any distributions made by the Proposed Liquidators after the winding up has commenced should qualify as capital distributions, and so will not be taxed as income in the hands of the Shareholders but will instead be treated as a disposal of their shareholding for the purpose of United Kingdom taxation of capital gains.

The chargeable gain (or allowable loss) is calculated for capital gains tax purposes on each occasion on which a distribution is received by deducting the attributable acquisition base cost plus certain incidental costs from the proceeds distributed.

### ***Individual Shareholders***

For those UK resident and ordinarily resident Shareholders who are individuals or who are otherwise not within the charge to corporation tax, UK capital gains tax of 18 per cent. may be payable on the deemed disposal of their Ordinary Shares. No indexation allowance will be available to such Shareholders. Individual Shareholders are entitled to an annual exemption from capital gains. For the 2010/2011 tax year this is £10,100.

### ***Shareholders subject to UK corporation tax***

Shareholders within the charge to UK corporation tax may be subject to corporation tax on chargeable gains in respect of any gain arising on a disposal of Ordinary Shares. Indexation

allowance may apply to reduce any chargeable gain arising on the disposal of Ordinary Shares but will not create or increase an allowable loss.

If you are in any doubt about your taxation position, or may be subject to a tax in a jurisdiction other than the United Kingdom, you should immediately consult an appropriate professional adviser without delay.

## 8 **GENERAL MEETING**

Set out at the end of this document is a notice convening a General Meeting of the Company to be held at the offices of the Company's solicitors, McGrigors LLP, 5 Old Bailey, London EC4M 7BA at 10.00 a.m. on Tuesday 18 May 2010.

At the General Meeting, the Resolution will be proposed as a special resolution to:

- (a) approve the Liquidation and appoint the Proposed Liquidators;
- (b) approve the basis of the remuneration of the Proposed Liquidators;
- (c) grant to the Proposed Liquidators the right to distribute all or part of the Company's assets whether in specie or otherwise;
- (d) approve the destruction of the Company's records;
- (e) grant the Proposed Liquidators powers to perform certain actions in the Liquidation; and
- (f) approve the cancellation of admission of the Company's shares to trading on AIM.

The proposed Resolution will be passed if at least 75 per cent. of the votes cast are in favour.

## 9 **ACTION TO BE TAKEN**

Enclosed with this circular is a Form of Proxy for use in relation to the General Meeting. Whether or not you intend to be present at the General Meeting, you are requested to complete and return the Form of Proxy, in accordance with the instructions printed thereon, to the Company's registrars, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6ZL as soon as possible and in any event to arrive not later than 10.00 a.m. on 14 May 2010. The completion and return of the Form of Proxy will not prevent you from attending and voting at the General Meeting in person, if you so wish.

## 10 **UNDERTAKINGS AND LETTERS OF INTENT TO VOTE IN FAVOUR OF THE RESOLUTION**

The Company has received undertakings to vote in favour of the Resolution from certain Shareholders (including from those of the Directors who hold Ordinary Shares) in respect of an aggregate of 10,612,915 Ordinary Shares, representing approximately 33.65 per cent. of the Company's issued share capital as at the date of this document.

The Company has also received non-binding letters of intent from certain Shareholders confirming their intention to vote in favour of the Resolution in respect of an aggregate of 5,573,538 Ordinary Shares, representing approximately 17.67 per cent. of the Company's issued share capital as at the date of this document.

Accordingly, in aggregate, the Company has received undertakings or letters of intent to vote in favour of the Resolution in respect of 16,186,453 Ordinary Shares, representing

approximately 51.32 per cent. of the Company's issued share capital as at the date of this document.

11 **RECOMMENDATION**

The Directors consider the proposals described in this document to be in the best interests of the Company and its Shareholders. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of the Resolution to be proposed at the General Meeting as they have undertaken to do in respect of the Ordinary Shares in which they are beneficially interested.

Yours faithfully

**Dr Graeme Hart**  
Chairman

Dated: 20 April 2010

**PUBLIC COMPANY LIMITED BY SHARES**

**NOTICE OF GENERAL MEETING**

**of**

**NEUROPHARM GROUP PLC (the "Company")**

**(Registered in England and Wales under company number 05983736)**

**dated 20 April 2010**

**NOTICE IS HEREBY GIVEN** that a **GENERAL MEETING** of the Company will be held at the offices of McGrigors LLP, 5 Old Bailey, London EC4M 7BA at 10.00 a.m. on 18 May 2010 for the following purposes:

**Special Business**

To consider and, if thought fit, pass the following resolution as a special resolution:

That:

- (a) pursuant to section 84(1)(b) of the Insolvency Act 1986, the Company be wound up voluntarily and that Samantha Jane Keen and Ian Carr of Grant Thornton UK LLP, No 1 Dorset Street, Southampton SO15 2DP be and they are hereby appointed as joint liquidators of the Company (the "Joint Liquidators") for the purpose of such liquidation and any act required or authorised under any enactment to be done by the Joint Liquidators is to be done by all or any one or more of the persons for the time being holding office;
- (b) the remuneration of the Joint Liquidators be fixed by reference to the time properly given by the Joint Liquidators and their staff in attending to matters arising in the winding up of the Company;
- (c) the Joint Liquidators be and they are hereby authorised, in accordance with the provisions of the Company's articles of association, to distribute all or part of the assets of the Company in specie or otherwise to the shareholders of the Company;
- (d) the books and records of the Company be held by the Joint Liquidators until the expiry of twelve months after the date of dissolution of the Company when they may be disposed of;
- (e) the Joint Liquidators of the Company be and they are hereby authorised under the provisions of section 165(2)(a) of the Insolvency Act 1986 to exercise the powers set out in the Insolvency Act 1986 including, in particular, under Schedule 4 thereof; and

- (f) the admission of the ordinary shares of £0.10 each in the share capital of the Company to trading on the AIM market of the London Stock Exchange be cancelled.

By order of the Board

.....  
**Graham E Yeatman**  
Company Secretary

*Registered Office of the Company:*  
Beechey House  
87 Church Street  
Crowthorne  
Berkshire  
RG45 7AW

## NOTES:

### Statutory Provisions Relating To Liquidator's Remuneration

1. When a UK company goes into liquidation the costs of the proceedings are paid out of the company's assets. The company's shareholders therefore have a direct interest in the level of costs and the liquidator's remuneration. The basis for fixing the liquidator's remuneration is set out in Rule 4.148A of the Insolvency Rules 1986 (the "**Rule**"). The Rule states that the remuneration shall be fixed:

- (a) as a percentage of the value of the assets which are realised or distributed or both; or
- (b) by reference to the time properly given by the liquidator and the liquidator's staff in attending to matters arising in the liquidation; or
- (c) as a set amount.

The basis of remuneration may be fixed as any one or more of the bases set out above, and different bases may be fixed in respect of different things done by the liquidator. Where the basis of remuneration is fixed as set out in (a) above, different percentages may be fixed in respect of different things done by the liquidator.

It is for the shareholders of the company in general meeting to determine:

- (d) which of the bases set out above are to be fixed and (where appropriate) in what combination; and
- (e) the percentage or percentages (if any) to be fixed under paragraphs (a) and (b) and the amount to be set under paragraph (c).

If the remuneration is not fixed in this way, the basis of the liquidator's remuneration shall, on application by the liquidator, be fixed by the court and the provisions of paragraphs (a) and (b) apply as they do to the fixing of the basis of remuneration by shareholders in general meeting; but such an application may not be made by the liquidator unless the liquidator has first sought fixing of the basis in accordance with paragraph (c), and in any event may not be made more than 18 months after the date of the liquidator's appointment.

### Factors to be considered in determining the basis of remuneration

- The complexity (or otherwise) of the case.
- Any responsibility of an exceptional kind or degree which falls on the liquidator.
- The effectiveness with which the liquidator appears to be carrying out, or to have carried out, the liquidator's duties.

The Directors of the Company have proposed that the remuneration of the Joint Liquidators in respect of the liquidation of the Company be fixed by reference to the time properly given by the Joint Liquidators and their staff in attending to matters arising in the liquidation and recommend that Shareholders vote in favour of such basis by voting in favour of the Resolution.

### Appointment of Proxy

2. As a member of the Company, you are entitled to appoint one or more proxies to exercise all or any of your rights to attend, speak and vote at a meeting of the Company. You should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in the notes to the proxy form. A proxy need not be a member of the Company.
3. To be effective, the proxy form (and any power of attorney or other authority under which it is executed or a duly certified copy of any such power or authority) must be deposited at the Company's registrars, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6ZL not less than 48 hours (excluding weekends and bank holidays) before the time for holding the meeting (i.e. the proxy must be deposited by 10.00 a.m. on 14 May 2010) and if not so deposited shall be invalid.

### Entitlement to attend and vote

4. Pursuant to Regulation 41 of The Uncertificated Securities Regulations 2001 (as amended), only those members entered in the Company's register of members at:
  - 6.00 p.m. on 16 May 2010; or
  - if the meeting is adjourned, at 6.00 p.m. on the day two days prior to the adjourned meeting,

shall be entitled to attend and vote at the meeting.

### **Corporate representatives**

- 5 In order to facilitate voting by corporate representatives at the general meeting of the Company, arrangements will be put in place at the meeting so that:
- (a) if a corporate member has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all the other corporate representatives for that member at the meeting, then, on a poll, those corporate representatives will give voting directions to the Chairman and the Chairman will vote or withhold a vote as corporate representative in accordance with those directions; and
  - (b) if more than one corporate representative for the same corporate member attends the meeting, each representative may, on a vote on a show of hands or on a poll, exercise the same voting rights in relation to the shares in respect of which he was appointed as the corporate member would be entitled to exercise. If more than one corporate representative for the same corporate member purports to vote in different ways in respect of the same shares on a vote on a poll, such voting rights will be treated as not having been exercised.

### **Communication**

6. Except as provided above, members who wish to communicate with the Company in relation to the meeting should do so by post to the Company's head office, the details of which are given below. No other methods of communication will be accepted.

Address:  
The Company Secretary  
Neuropharm Group plc  
Fetcham Park House  
Lower Road  
Leatherhead  
Surrey  
KT22 9HD