

Interim Results for the 6 months ended 31 May 2006

GeneMedix plc (“GeneMedix” or “the Company”), the UK biopharmaceutical company with operations in Europe and Asia and with joint London and Singapore Stock Exchange listings, announces its results for the period ended 31 May 2006. GeneMedix is involved in the development and manufacture of therapeutic proteins using recombinant DNA technology and novel cell culture.

Chief Executive’s summary

In the six months to 31 May, GeneMedix continued to make good progress in the development of its lead compound Epostim® (Erythropoietin or EPO), and in its restructuring programme. Expenditure is in line with forecasts, and there were no revenues in the period.

As mentioned in its press release of 7 August 2006, GeneMedix is in temporary exclusive discussions with a major company, and is receiving bridging payments to fund its ongoing activities whilst negotiations progress. The Company also announced that it had received a second cash in-flow on the sale of the Chinese company, with the deal to be concluded over the coming months, which will bring a total of approximately £1.6 million to the Company.

The Directors are aware, as mentioned in previous financial summaries in March and May 2006, that due to the recurring losses in the business and the effect of long term debt instruments which are held at book rather than redeemable value, the Company is demonstrating, under the provisions of S142 of the Companies Act, a serious loss of capital. The Directors have a duty to call an EGM to explain the reasons for this. As explained in the preliminary statements this situation has arisen due to the inability under current accounting rules to revalue a £4 million convertible loan, which the Company has the option to unwind at about a quarter of its balance sheet value. In discussions with certain major shareholders on this issue the consensus view still remains that the meeting should be held once the Directors are in a position to give investors clearer visibility regarding the future direction of the Company. As it is the intention of the Company to conclude its restructuring programme shortly with a transaction that will require shareholder approval, an EGM has not yet been convened, but should current negotiations with the major company not progress or suffer any further delays, an EGM will be called with immediate effect.

These accounts were due to be issued under IFRS, but due to pragmatic considerations, and the fact that they are only interim figures, the Directors do not believe that it is in the best interest of the shareholders for the limited resources of the Company to be focused on IFRS rather than on the current potential transaction.

The Directors remain confident that there will be a satisfactory conclusion to its restructuring programme, but it must be clear that, without continuing to receive cash inflows under the temporary exclusivity arrangement and if the payments from China are not received on a timely basis, the Company only has sufficient resources to continue the current level of activity for a maximum of two months from the date of this announcement.

25 August 2006

ENQUIRIES:

GeneMedix plc
Julian Attfield, Chief Executive Officer

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Consolidated profit and loss account

For the 6 months ended 31 May 2006

	6 months to 31 May 2006 Unaudited £	6 months to 31 May 2005 Unaudited £	12 months to 30 November 2005 Audited £
Administrative expenses	(1,361,498)	(1,656,889)	(2,868,390)
Exceptional administrative expenses	-	-	(300,000)
Total administrative expenses	(1,361,498)	(1,656,889)	(3,168,390)
Research and development	(1,351,708)	(924,446)	(2,328,045)
Other operating income	-	-	253,151
Total operating expenses	(2,713,206)	(2,581,335)	(5,243,284)
Operating loss	(2,713,206)	(2,581,335)	(5,243,284)
Interest receivable	13,031	16,710	33,116
Interest payable	(135,573)	(191,719)	(249,772)
Loss on ordinary activities before taxation	(2,835,748)	(2,756,344)	(5,459,940)
Tax on loss on ordinary activities	-	-	342,535
Loss on ordinary activities after taxation	(2,835,748)	(2,756,344)	(5,117,405)
Equity Minority interests	36,835	56,140	115,942
Loss for the period	(2,798,913)	(2,700,204)	(5,001,463)
Loss per share – basic and diluted	(0.8p)	(0.8p)	(1.4p)

All results arise from continuing operations.

Consolidated statement of total recognised gains and losses

For the 6 months ended 31 May 2006

	6 months to 31 May 2006 Unaudited £	6 months to 31 May 2005 Unaudited £	12 months to 30 November 2005 Audited £
Retained loss for the period	(2,798,913)	(2,700,204)	(5,001,463)
Exchange adjustments offset in reserves	(20,155)	26,226	72,595
Total losses recognised for the period	(2,819,068)	(2,673,978)	(4,928,868)

Consolidated balance sheet

As at 31 May 2006

	31 May 2006	31 May 2005	30 November 2005
	Unaudited £	Unaudited £	Audited £
Fixed assets			
Intangible fixed assets	786,619	4,994,421	842,784
Tangible fixed assets	5,267,399	5,946,239	5,735,660
Investment	-	11,607	-
	6,054,018	10,952,267	6,578,444
Current assets			
Stock	13,954	54,151	20,863
Debtors	252,860	375,901	1,068,750
Restricted cash	730,469	1,266,778	1,011,368
Short-term investments	31,446	8,886	9,905
Cash at bank and in hand	29,340	222,281	399,837
	1,058,069	1,927,997	2,510,723
Creditors: amounts falling due within one year	(2,858,827)	(2,943,900)	(2,237,544)
Net current (liabilities)/assets	(1,800,758)	(1,015,903)	273,179
Total assets less current liabilities	4,253,260	9,936,364	6,851,623
Creditors: amounts falling due after one year	(60,757)	(503,161)	(269,667)
Debenture – convertible loan notes	(5,959,504)	(7,905,408)	(5,485,812)
Provisions for liabilities and charges	-	(8,007)	(524)
Net assets	(1,767,001)	1,519,788	1,095,620
Share capital and reserves			
Called-up share capital	3,715,734	3,415,575	3,715,734
Share premium account	27,119,196	25,544,287	27,119,196
Profit and loss account	(32,628,883)	(27,554,925)	(29,809,815)
Shareholders' funds	(1,793,953)	1,404,937	1,025,115
Equity Minority interests	26,952	114,851	70,505
Total capital employed	(1,767,001)	1,519,788	1,095,620

Consolidated cash flow statement

For the 6 months ended 31 May 2006

	6 months to 31 May 2006 Unaudited £	6 months to 31 May 2005 Unaudited £	12 months to 30 November 2005 Audited £
Net cash outflow from operating activities	(1,027,568)	(1,965,432)	(4,035,518)
Returns on investments and servicing of finance	(8,318)	(17,353)	(31,879)
Taxation	335,773	368,338	368,338
Capital expenditure	(23,044)	(36,354)	(162,561)
Cash outflow before management of liquid resources and financing	(723,157)	(1,650,801)	(3,861,620)
Management of liquid resources	264,387	425,155	687,766
Financing	90,599	1,255,294	3,379,685
Increase in cash in the period	(368,171)	29,648	205,831

Reconciliation of group operating loss to net cash outflow from operating activities

	6 months to 31 May 2006 Unaudited £	6 months to 31 May 2005 Unaudited £	12 months to 30 November 2005 Audited £
Operating loss	(2,713,206)	(2,581,335)	(5,243,284)
Depreciation	395,813	413,671	855,980
Amortisation of intangible assets	56,165	54,285	112,330
Impairments on goodwill	-	-	300,000
Investment write-off	-	-	11,607
Other operating income	-	-	(253,151)
Decrease/ (increase) in stock	6,909	(2,304)	30,984
Decrease/ (increase) in debtors	543,417	102,819	(340,914)
Increase in creditors	683,858	87,677	538,658
Decrease in provisions	(524)	(40,245)	(47,728)
Net cash outflow from operating activities	(1,027,568)	(1,965,432)	(4,035,518)

Notes:

1. Basis of preparation

The 6-month figures to 31 May 2005 and 31 May 2006 are unaudited. The comparative figures for the year ended 30 November 2005 are not statutory accounts but are extracted from the audited statutory accounts. The statutory accounts for the year ended 30 November 2005 have been filed with the Registrar of Companies. They received an unqualified audit report which did not contain a statement under S237(2) or S237(3) of the Companies Act 1985. The interim report should be read in conjunction with the statutory accounts for the year ended 30 November 2005.

2. Going concern

The accounts are prepared on the going concern basis. Should the Company not be a going concern, the balance sheet would need to be reviewed with assets restated to net realisable values and all long term assets and liabilities being reclassified as short-term and provision would be made for further liabilities that might arise.

The Directors estimate that cash held at the date of approval of the financial statements within the Group (which includes cash received subsequent to the period end) is not sufficient to continue funding the trading activities of the Group for a further twelve months from the date of approval of the financial statements. There are two major initiatives to raise further finance. The Company is in late stage negotiations with a potential major partner, who is providing bridging funding during a temporary exclusivity period in our restructuring programme, and the Company is in the process of selling its business in China. The directors are confident that such further funds will be available to meet the requirements of the business for the foreseeable future, but if one of these options did not bring further financing over the coming months, the Company would be unable to meet its financial obligations as they fall due.

3. The Directors elected not to pay a dividend in the period.

4. Further copies are available from the Group's head office – Rosalind Franklin House, Fordham Road, Newmarket, Suffolk, CB8 7XN.