

**Interim Results for the 3 months ended 28 February 2006
and restructuring update**

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 28 February 2006. GeneMedix is involved in the development and manufacture of therapeutic proteins using recombinant DNA technology and novel cell culture.

Highlights for the period:

- Positive results from the EPO programme continue
- Sale of Chinese plant approaching completion
- Restructuring of GeneMedix nearing conclusion
- Operating losses in line with budget forecasts

Julian Attfield, Acting Chief Executive Officer, commented:

"The restructuring process is continuing and we are in late stage negotiations with a number of parties. We have continued to exercise prudent cost control and the development of our biosimilar erythropoietin (EPO) programme continues to show excellent results.

"We are aware that the restructuring process has taken longer than originally anticipated, but this is due to us operating in a complex technical and regulatory environment, which requires an extended and rigorous due diligence process on both sides of any transaction. When we announce exclusivity with one party it is our intention to secure bridging finance. In the meantime, the Directors believe that we have sufficient financial resources available to the Group to be able to conclude the process, and to continue the EPO programme development."

30 May 2006

ENQUIRIES:

GeneMedix plc
Julian Attfield, Acting Chief Executive Officer

Tel: 01638 663320

Bankside Consultants
Michael Padley / Susan Scott

Tel: 020 7367 8888

Chief Executive's Review

In the three months to 28 February 2006, GeneMedix has continued to focus its resources on the development of its lead compound Epostim® (Erythropoietin or EPO), where we have continued to see pleasing results, and on its restructuring programme, which we believe is nearing completion. We continue to operate under tight financial constraints, but with our current financial position, and the pending sale of our Chinese business, the Directors believe that we have sufficient financial resources available to the Group to be able to conclude the restructuring process.

With the final guidelines for EPO and G-CSF being published, the route through to registration of our main products is now clear, and the first biosimilar human growth hormone has been accepted by the EMEA. This has generated significant new interest in the sector and the level of enquiries for our products has increased in recent months. It has also highlighted the complexities of the development, manufacturing and approval processes and the high barriers to entry for any company that wishes to take advantage of the biosimilar opportunity.

In the restructuring process, we are in late stage negotiations with a number of parties, with a view to completing a transaction within a short timeframe, which we believe will add revenue generating opportunities and infrastructure to the Group, and provide access to the funding we require to take the Company through to being cash generative. We are aware that the restructuring process has taken longer than originally anticipated, but we are operating in a complex technical and regulatory environment, which requires an extended and rigorous due diligence process on both sides of any transaction.

The Directors are aware, as mentioned in our preliminary statement in March 2006, due to the recurring losses in the business, that the Company is now demonstrating, under the provisions of S142 of the Companies Act, a serious loss of capital, and the Directors have a duty to call an EGM to explain the reasons for this. We also explained in our preliminary statement that this situation has arisen due to our inability under current accounting rules to revalue a £3.3 million convertible loan which the Company has the option to unwind at a quarter of its balance sheet value. In our discussions with certain major shareholders on this issue the consensus view was that we should hold the meeting once we are in a position to give our investors clearer visibility of the future direction of the Company, as all of the current restructuring prospects for the Group would involve the calling of an EGM.

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

Financial review and outlook

Operating losses of £1.3 million for the period are in line with our budgets and reflect planned expenditure and cash burn. There were no revenues in the period. The Directors believe that there is sufficient finance available to the Group to take the Group through its restructuring period. We have good prospects of receiving cash on the sale of our Chinese facility within a short timeframe, with total proceeds of approximately £1.6 million being secured within a few months. It is also our intention to secure bridging finance at a time that we announce exclusivity with one party in our restructuring. We must be clear, however, that without achieving such cash inflows we only have sufficient resources to continue our current level of activity for a maximum of two months from the date of this announcement.

Julian Attfield
Acting Chief Executive Officer

Consolidated profit and loss account

For the quarter ended 28 February 2006

	Notes	3 months to 28 February 2006	3 months to 28 February 2005	12 months to 30 November 2005
		Unaudited £	Unaudited £	Unaudited £
Administrative expenses		(637,660)	(836,880)	(2,868,390)
Exceptional administrative expenses	3	-	-	(300,000)
Total administrative expenses		(637,660)	(836,880)	(3,168,390)
Research and development		(678,966)	(455,497)	(2,328,045)
Other operating income		-	-	253,151
Total operating expenses		(1,316,626)	(1,292,377)	(5,243,284)
Operating loss		(1,316,626)	(1,292,377)	(5,243,284)
Interest receivable		8,015	8,371	33,116
Interest payable		(67,392)	(97,671)	(249,772)
Loss on ordinary activities before taxation		(1,376,003)	(1,381,677)	(5,459,940)
Tax on loss on ordinary activities		-	-	342,535
Loss on ordinary activities after taxation		(1,376,003)	(1,381,677)	(5,117,405)
Equity minority interests		21,368	32,877	115,942
Loss for the period		(1,354,635)	(1,348,800)	(5,001,463)
Loss per share – basic and diluted		(0.4p)	(0.4p)	(1.4p)

All results arise from continuing operations.

Consolidated statement of total recognised gains and losses

For the quarter ended 28 February 2006

	3 months to 28 February 2006	3 months to 28 February 2005	12 months to 30 November 2005
	Unaudited £	Unaudited £	Unaudited £
Retained loss for the period	(1,354,635)	(1,348,800)	(5,001,463)
Exchange adjustments offset in reserves	(2,271)	(4,910)	72,595
Total losses recognised for the period	(1,356,906)	(1,353,710)	(4,928,868)

Consolidated balance sheet

28 February 2006

	28 February 2006	28 February 2005	30 November 2005
	Unaudited	Unaudited	Unaudited
	£	£	£
Fixed assets			
Intangible fixed assets	814,701	5,021,563	842,784
Tangible fixed assets	5,521,801	6,096,922	5,735,660
Investment	-	11,607	-
	6,336,502	11,130,092	6,578,444
Current assets			
Stock	20,698	51,290	20,863
Debtors	619,615	752,003	1,068,750
Restricted cash	864,898	1,417,921	1,011,368
Short-term investments	25,396	33,961	9,905
Cash at bank and in hand	149,638	503,993	399,837
	1,680,245	2,759,168	2,510,723
Creditors: amounts falling due within one year	(2,621,300)	(2,496,381)	(2,237,544)
Net current (liabilities)/assets	(941,055)	262,787	273,179
Total assets less current liabilities	5,395,447	11,392,879	6,851,623
Creditors: amounts falling due after one year	(135,875)	(668,826)	(269,667)
Debenture – convertible loan notes	(5,542,983)	(7,826,283)	(5,485,812)
Provisions for liabilities and charges	-	(34,829)	(524)
Net assets	(283,411)	2,862,941	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	25,554,287	27,119,196
Profit and loss account	(31,166,721)	(26,234,657)	(29,809,815)
Shareholders' funds	(331,791)	2,735,205	1,025,115
Equity minority interests	48,380	127,736	70,505
Total capital employed	(283,411)	2,862,941	1,095,620

Consolidated Cash Flow Statement

For the period ended 28 February 2006

	3 months to 28 February 2006	3 months to 28 February 2005	12 months to 30 November 2005
	Unaudited £	Unaudited £	Unaudited £
Net cash outflow from operating activities	(230,560)	(1,326,797)	(4,035,518)
Returns on investments and servicing of finance	(4,452)	(12,126)	(31,879)
Taxation	-	-	368,338
Capital expenditure	(8,443)	(7,770)	(162,561)
Cash outflow before management of liquid resources and financing	(243,455)	(1,346,693)	(3,861,620)
Management of liquid resources	130,129	269,949	687,766
Financing	(136,295)	1,385,400	3,379,685
(Decrease)/increase in cash in the period	(249,621)	308,656	205,831

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

	3 months to 28 February 2006	3 months to 28 February 2005	12 months to 30 November 2005
	Unaudited £	Unaudited £	Unaudited £
Operating loss	(1,316,626)	(1,292,377)	(5,243,284)
Depreciation	205,094	206,098	855,980
Amortisation of intangible assets	28,083	27,142	112,330
Impairments on goodwill	-	-	300,000
Investment write-off	-	-	11,607
Other operating income	-	-	(253,151)
Decrease in stock	164	557	30,984
Decrease/(increase) in debtors	465,230	74,336	(340,914)
Increase/(decrease) in creditors	388,019	(329,130)	538,658
Decrease in provisions	(524)	(13,423)	(47,728)
Net cash outflow from operating activities	(230,560)	(1,326,797)	(4,035,518)

Notes:

1. Basis of preparation

The 3-month figures to 28 February 2005 and 28 February 2006 are unaudited. The comparative figures for the year ended 30 November 2005 are not statutory accounts. The statutory accounts for the year ended 30 November 2004 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 quarterly report should be read in conjunction with the statutory accounts for the year ended 30 November 2004.

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 a number of major initiatives to raise further finance, such as through the out-licensing of our products, the sales of underutilised assets such as our business in China and potentially further issues of share capital. 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 occur over the coming months, the Company would be unable to meet its financial obligations as they fall due.

3. The exceptional administrative expenses in the year ended 30 November 2005 of £300,000 related to impairments of goodwill, to reflect the minimum net sales proceeds we are likely to receive from the sale of our Chinese facility.

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

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