GENEMEDIX PLC

Interim Results
for the 9 months to 31 August 2004

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 interim results for the nine months to 31 August 2004. GeneMedix is involved in the development and manufacture of therapeutic proteins using recombinant DNA technology and novel cell culture.

Key highlights for the period

- Results in line with expectations – the Company continues to exercise prudent cost control
- Operating loss of £4.2 million and cash burn in line with budgets
- Cash balances £0.85 million, additional £1.1million fundraising completed post period
- Further patents issued for monomeric insulin analogue
- EPO and insulin development programmes remain on schedule
- Discussions re 'significant transaction' continuing

Paul Edwards, Chief Executive Officer, commented:

"In the three months to 31st August 2004, GeneMedix has continued to exercise prudent cost control measures whilst continuing to focus on our main process development programmes. We remain on track to commence our pre-clinical and clinical programme for EPO in early 2005, which would see us filing our submission for Epostim® (our EPO) to the EMEA in mid 2006.

"We have continued to focus on our M & A strategy, and have been in detailed discussions with a number of parties with a view to providing a stronger financial position for the company.

"The Company continues to make progress, particularly on the technical front, towards its stated aim of building a global biopharmaceutical products company and we are confident that we can successfully address our funding issues in the not too distant future."

30th November 2004

ENQUIRIES:

GeneMedix plc — **Tel: 01638 663 320**
Paul Edwards, Chief Executive Officer

Bankside — **Tel: 020 7444 4140**
Michael Padley
Susan Scott

Chief Executive's Statement

In the three months to 31st August 2004, GeneMedix has continued to exercise prudent cost control measures whilst continuing to focus on our main process development programmes for erythropoietin (EPO) and human insulin, where excellent results continue to be obtained. We remain on track to commence our pre-clinical and clinical programme for EPO in early 2005, which would see us filing our submission for Epostim® (our EPO) to the EMEA in mid 2006. The design of these programmes is such that we are confident that we will be able to demonstrate comparability with the marketed product, and that the advice given to us by the CPMP will be consistent with the requirements of the European Commission. Also, our state of the art manufacturing facility in Tullamore, Ireland is now almost fully validated.

In the period under review we have embarked on the re-validation of our Chinese facility, out of which we shall manufacture GM-CSF (Neustim®) for launch into the Russian market over the coming months. It remains, however, our stated strategy to dispose of the facility once an attractive bid has been received.

The corporate activities of the Company have been focussed on an M&A strategy, with the objective of bringing in product revenues, complementary technologies, additional manufacturing capabilities, and the ability to access new sources of funds. We have been working closely with our US advisors, Global Markets Capital Group, to identify M&A opportunities.

To this end, we have been in detailed discussion with a number of parties with a view to providing a stronger financial position for the Company. We are looking to establish a commercial partnership for the sale and distribution of Epostim® and, at the same time, attract a strategic investment in GeneMedix. The 'significant transaction' referred to in our recent press releases is still ongoing, however progress has been slow following a number of corporate changes at the intended partner. As a result, we have been pursuing other options which we believe would be equally attractive to our shareholders.

Now that the new European Pharmaceutical Directive has made the regulatory pathway clearer in Europe for the registration of biogenerics, there has been increased interest from generics companies for biogenerics that can be brought to market within a short period of patents expiring. Having a facility in final stage validation and an EPO which will go into pre-clinical and then clinical studies in 2005, we are well placed to attract a suitable partner that will attribute sufficient value to our technology. It is intended that such a deal would be a major step forward for the Company, as it would not only give us the commercial validation of demonstrating clearly the Company's route to market, but also potentially provide it with sufficient funding to run its clinical trials at the planned times. We are hoping to conclude such a deal in the New Year.

We have a number of other on-going projects. We are in final stage discussions to in-license a G-CSF product, which is already in commercial production in various unpatented territories, an develop it for commercialisation in Europe. Similarly, there are discussions underway to contra manufacture Interferon-beta at our mammalian facility in Ireland for selected territories. This wi replace the earlier stage G-CSF and Interferon-beta which we currently have under licence.

We were also pleased to announce that the Company had received notification of an extension i new territories for our novel monomeric insulin analogue patent. The fast acting insulin analog was discovered by scientists at the Shanghai Institute of Biochemistry and Cell Biology (IBCB), with which GeneMedix has an agreement to commercialise new technology. We now intend to further develop this product, which underlines our determination to be a significant player in the global, multi-billion dollar diabetes market.

Financial review and outlook

Operating losses of £4.2 million and cash burn for the first nine months of the 2004 financial year end were as planned and reflect the current exclusive focus of the Company's expenditure on its main development activities of EPO and insulin. Our funding position is still a considerable constraint for us and cost savings have continued to be achieved, where possible, to conserve our financial resources. This process will continue until the Company has secured additional funding to meet its short and medium term requirements. There were no revenues in the period.

Our free cash balances at 31st August 2004 were £0.8 million but we were pleased to announce a total share placing of £1.1 million just after the end of the period, and this has allowed us to continue committing our planned investment to our core programmes and the final stage validation of our facilities in Ireland and China.

We are, however, still vigorously pursuing a number of other initiatives, which are intended to bring in funding in the near-term. We are looking to close another small round of investment from new and existing investors before the end of the calendar year which will take us through to the completion of one or more of our targeted corporate transactions.

We recently announced a modern and flexible financing facility with Southridge Capital, a significant US Capital Management Group. This gives us access to up to $10 million over a 3 year period, which we can draw down at mutually acceptable times in blocks of $1 million to provide financing for specific projects or the on-going business.

The Directors continue to express confidence that one or more of these initiatives, which are aimed at achieving cash generation in the near term, will provide the Company with the funding to continue its activities for the foreseeable future, but we must be clear that, without achieving such cash inflows we only have sufficient resources to continue our current level of activity for the next three months.

The Company continues to make progress, particularly on the technical front, towards its stated aim of building a global company focused on research, development and manufacture of generic therapeutic proteins and improved formulations of those proteins and we are confident that we can successfully address the funding issue, in the not too distant future.

Consolidated Profit and Loss Account

For the 9 months ended 31 August 2004

	Notes	9 months to 31 August 2004 Unaudited £	9 months to 31 August 2003 Unaudited £	12 months to 30 November 2003 Audited £
Turnover		-	23,552	21,575
Cost of sales		-	(9,607)	(8,801)
Gross profit		-	13,945	12,774
Administrative expenses		**(2,349,597)**	(3,315,263)	(3,706,307)
Research and development		**(1,533,414)**	(1,452,688)	(3,233,093)
Total operating expenses		**(3,883,011)**	(4,767,951))	(6,939,400)
Operating loss		**(3,883,011)**	(4,754,006)	(6,926,626)
Interest receivable		**44,703**	63,332	91,322
Interest payable		**(324,733)**	(286,154)	(397,836)
Loss on ordinary activities before taxation		**(4,163,041)**	(4,976,828)	(7,233,140)
Tax credit on loss on ordinary activities	3	**923,297**	-	-
Loss on ordinary activities after taxation		**(3,239,744)**	(4,976,828)	(7,233,140)
Equity minority interests		**85,000**	126,892	164,876
Loss for the period		**(3,154,744)**	(4,849,936)	(7,068,264)
Loss per share – basic and diluted		**(1.0p)**	(1.7p)	(2.4p)

All results arise from continuing operations.

Consolidated Statement of Total Recognised Gains and Losses

For the 9 months ended 31 August 2004

	9 months to 31 August 2004 Unaudited £	9 months to 31 August 2003 Unaudited £	12 months to 30 November 2003 Audited £
Retained loss for the period	**(3,154,744)**	(4,849,936)	(7,068,264)
Exchange adjustments offset in reserves	**(41,944)**	(22,080)	(153,255)
Total losses recognised for the period	**(3,196,688)**	(4,872,016)	(7,221,519)

Consolidated Balance Sheet

As at 31 August 2004

	31 August 2004 Unaudited £	31 August 2003 Unaudited £	30 November 2003 Audited £
Fixed assets			
Intangible fixed assets	**6,712,211**	7,812,508	6,902,729
Tangible fixed assets	**6,499,785**	7,390,650	7,202,467
Investment	**11,607**	11,607	11,607
	13,223,603	15,214,765	14,116,803
Current assets			
Stock	**55,602**	99,251	78,599
Debtors	**492,680**	1,223,810	517,730
Restricted cash	**1,390,936**	1,907,738	1,785,200
Cash at bank and in hand	**846,357**	1,196,819	1,055,153
	2,785,575	4,427,618	3,436,682
Creditors: amounts falling due within one year	**(3,051,969)**	(2,712,734)	(2,994,180)
Net current (liabilities)/assets	**(266,394)**	1,714,884	442,502
Total assets less current liabilities	**12,957,209**	16,929,649	14,559,305
Creditors: amounts falling due after one year	**(907,133)**	(1,311,172)	(1,311,263)
Debenture – convertible loan notes	**(7,668,682)**	(7,355,968)	(7,430,657)
Provisions for liabilities and charges	**(28,978)**	(30,907)	(26,349)
Net assets	**4,352,416**	8,231,602	5,791,036
Share capital and reserves			
Called-up share capital	**3,124,393**	2,989,858	2,989,858
Share premium account	**23,312,847**	21,599,685	21,590,331
Profit and loss account	**(22,275,892)**	(16,729,701)	(19,079,204)
Shareholders' funds	**4,161,348**	7,859,842	5,500,985
Equity minority interests	**191,068**	371,760	290,051
Total capital employed	**4,352,416**	8,231,602	5,791,036

Consolidated Cash Flow Statement
For the 9 months ended 31 August 2004

	9 months to 31 August 2004 Unaudited £	9 months to 31 August 2003 Unaudited £	12 months to 30 November 2003 Audited £
Net cash outflow from operating activities	**(2,518,552)**	(4,797,464)	(4,451,956)
Returns on investments and servicing of finance	**(43,355)**	(34,549)	(33,040)
Tax credit received	**923,297**	-	-
Capital expenditure	**(131,279)**	(661,538)	(764,074)
Acquisitions and disposals	-	-	(11,607)
Cash outflow before management of liquid resources and financing	**(1,769,889)**	(5,493,551)	(5,260,677)
Management of liquid resources	**635,645**	3,503,293	3,714,284
Financing	**1,241,430**	1,811,033	1,317,596
Increase/(decrease) in cash in the period	**107,186**	(179,225)	(228,797)

Reconciliation of Group Operating Loss to Net Cash Outflow from Operating Activities

	9 months to 31 August 2004 Unaudited £	9 months to 31 August 2003 Unaudited £	12 months to 30 November 2003 Audited £
Operating loss	**(3,883,011)**	(4,754,006)	(6,926,626)
Depreciation	**605,724**	618,466	824,649
Amortisation of intangible assets	**190,518**	237,287	318,605
Impairments on goodwill	-	-	750,000
Decrease in stock	**22,996**	47,151	67,803
Decrease/(increase) in debtors	**202,701**	(451,145)	(183,773)
Increase/(decrease) in creditors	**339,891**	(483,371)	713,790
Increase/(decrease) in provisions	**2,629**	(11,846)	(16,404)
Net cash outflow from operating activities	**(2,518,552)**	(4,797,464)	(4,451,956)

Notes:

1. Basis of preparation

The 9-month figures to 31 August 2004 and 31 August 2003 are unaudited. The comparative figures for the year ended 30 November 2003 are not statutory accounts but are extracted from the audited statutory accounts. The statutory accounts for the year ended 30 November 2003 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 2003.

2. Going concern

The Directors estimate that cash and short term investments held at the date of approval of the quarterly results within the Group are not sufficient to continue funding the trading activities of the Group for a further twelve months from the date of approval of the quarterly results. Accordingly, the Directors currently plan to secure additional funds through the out-licensing of products, the sale of underutilised assets such as the business in China and potentially further issues of share capital, which the Directors expect would enable the Group to continue its activities for the foreseeable future. There is uncertainty over the amount of funds that would be obtained and whether they would be received within the expected timescale. However, the Directors believe that the Company will obtain such additional funds and therefore that it is appropriate that these quarterly results are prepared on a going concern basis. The basis of preparation assumes that the Company and its subsidiaries will continue in operational existence for the foreseeable future, the validity of which depends on GeneMedix plc being able to obtain adequate funds to continue its activities.

3. Taxation

The Inland Revenue accepted the claim, which was filed during the period, for the research and development tax credits for the cumulative amount of £923,297, which was received during the period.

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.