GENEMEDIX PLC

Results for Quarter ended 28 February 2002

GeneMedix plc, ("GeneMedix" or "the Company"), the UK generic biopharmaceutical company with operations in Europe and Asia and with joint London and Singapore Stock Exchange listings, announces its results for the 3 months to 28 February 2002. GeneMedix is involved in the development and manufacture of therapeutic proteins using recombinant DNA technology and novel cell culture.

Key highlights for the period:

- Continued development of global manufacturing and distribution infrastructure
- Product development on schedule
- First product launched in China, initial sales made
- Irish plant construction progressing, mechanical completion expected June
- Cash balances at period end £10.96 million; all projects remain within budget

Post period event:

- Manufacturing and distribution agreements signed to cover India

Dr Kim Tan, Chairman, GeneMedix commented:

"Product development on our range of generic biopharmaceuticals has moved on apace and we expect to have several programmes substantially completed by the year end.

"We have to date established facilities in China and have manufacturing agreements in place in Malaysia and India, and a plant under construction in Ireland. We continue to make significant progress in setting up a global distribution network.

"The Group remains on course to meet its objectives and the Board is confident regarding the future prospects of the Company. We have made substantial progress in establishing ourselves as an international generic biopharmaceutical company."

20 May 2002

ENQUIRIES:

GeneMedix plc **Tel: 01638 663320**
Paul Edwards, Chief Executive

College Hill **Tel: 020 74572020**
Michael Padley
Clare Warren

CHAIRMAN'S STATEMENT

In the first 3 months of the financial year, GeneMedix plc has continued to develop its global manufacturing and distribution infrastructure. Product development on our range of generic biopharmaceuticals has moved on apace and we intend to have our EPO, Interferon-alpha and Insulin production processes substantially complete by the end of the financial year, and ready for additional clinical trials and technology transfer into the manufacturing facilities.

The business strategy is based upon the setting up of low-cost manufacturing plants using our proprietary high-yielding cell lines in fiscally attractive territories, such as Ireland, Malaysia, China and India. To date we have established facilities in China, have manufacturing agreements in place in Malaysia and India, and have a plant under construction in Ireland.

We are currently working with various regulatory authorities and setting up a global distribution network to market our products. We have launched our first product in China, and have in place agreements that will allow us to roll out our products into the ASEAN territories and India. We also anticipate being able to address the South American and Eastern European markets in the near future. This is preparing the way to penetrate the larger and more lucrative European market as it opens up to generic biopharmaceuticals. Our facilities will manufacture to international standards and we will have accumulated substantial clinical data prior to marketing into Europe.

First quarter activity

In December 2001 we launched the 150µg presentation of our first product, GM-CSF (Granulocyte Macrophage-Colony Stimulating Factor), under the trademark Neustim, into the Chinese markets. We anticipate obtaining approvals for the 50µg and 75µg presentations over the next few weeks, which will allow us to expand into other territories. GM-CSF stimulates the production of white blood cells and is used for the treatment of cancer patients.

In Tullamore, Ireland, construction work on our mammalian cell facility for the production of EPO continues to progress well and we are on target for mechanical completion by the end of May 2002. We shall then be in a position to commence validation of the plant with a view to being in commercial production in 2003. We will be formally opening the facility in late June 2002.

Post period developments

Since the period end we have expanded our worldwide commercial and manufacturing network, which already covered China and ASEAN territories, into India. We announced at the beginning of May that we have entered into two separate agreements with Gland Pharmaceuticals (Gland), one of India's leading suppliers of speciality pharmaceutical products.

Gland was established in Hyderabad in 1978 to specialise in the manufacture of sterile injectable products and in 1996 formed a partnership with the Vetter Group, of Germany, to deliver parenteral products (non-oral delivery) to the global market. It has a leadership position in India with heparin, low molecular weight heparin and other niche products in the cardiovascular and orthopaedic fields.

Under the Sales and Distribution Agreement, Gland has been appointed to be the exclusive distributor within the territory, and will market and sell GeneMedix's products throughout India. Initial sales are expected in 2003.

Under the Manufacturing Agreement, Gland will also provide product in presentations such as pre-filled syringes, initially for the Asian market, but then for the global market as product approvals are granted. Current customers of Gland include Schering Plough (India), Aventis (India) and several large Indian Pharma companies.

GeneMedix is continuing discussions regarding other key territories with the view to establishing marketing agreements with significant pharmaceutical partners. These deals will help GeneMedix in the establishment of a global network for the distribution of its product range.

Our newly established business unit is continuing to analyse the technology that is coming out of the Shanghai Institute of Biochemistry and Cell Biology, our research partners in China, with a view to filing international patents, further developing products with partners, or out-licensing the technology.

Financial Review

The Group's operating loss for the 3 months ended 28 February 2002 was £701,307, after taking into account a charge for the amortisation of goodwill of £52,820. Included within the loss are the first profit and loss charges for our plant in Ireland and operating costs for our Chinese plant, which is in full commercial production.

In the 3 months to 28th February 2002, we incurred £293,545 of expenditure on our development and clinical programmes, which has been capitalised in accordance with our accounting policy. These programmes have been accelerated in the second quarter, and our clinical trial in Malaysia is just starting.

We currently have a headcount of 16 full time and 2 part-time staff in the head office, 34 in China and 8 in Ireland. All costs remain in line with expectation.

Group cash balances at the end of the period were £10,963,809. To the end of the period we had spent £1.9m on our EPO facility out of a total planned expenditure of £4.4m. We have also signed a sale and lease back arrangement for the Irish plant with a major Irish bank. This will allow us to receive a total of €2.8m of funding, which is repayable over the next 5 years. The first draw down under this facility was made in April 2002 and will cover a substantial proportion of the remaining capital expenditure in Ireland.

The Group remains on course to meet its objectives and the Board is confident regarding the future prospects of the Company. We have made substantial progress in establishing ourselves as an international generic biopharmaceutical company.

Dr. Kim Tan, Chairman

20 May 2002

CONSOLIDATED PROFIT & LOSS ACCOUNT

For the 3 months ended 28 February 2002

	3 months to 28 February 2002	3 months to 28 February 2001	12 months to 30 November 2001
	£	£	£
Turnover	58,897	-	-
Cost of sales	(18,701)	-	-
Gross profit	40,196	-	-
Administrative expenses	(740,395)	(440,758)	(2,555,191)
National Insurance Contributions payable on unapproved share options	(1,108)	(9,223)	167,188
Operating loss	(701,307)	(449,981)	(2,388,003)
Investment income	112,178	275,194	798,823
Interest payable	(1,178)	(9,452)	(15,432)
Loss on ordinary activities before taxation	(590,307)	(184,239)	(1,604,612)
Tax on loss on ordinary activities	-	-	122,631
Loss on ordinary activities after taxation	(590,307)	(184,239)	(1,481,981)
Minority interests	20,920	16,145	-
Retained loss for the period	(569,387)	(168,094)	(1,481,981)
Loss per share – basic and diluted	(0.2p)	(0.06p)	(0.5p)

All of the results relate to continuing operations.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the 3 months to 28 February 2002

	3 months to 28 February 2002	3 months to 28 February 2001	12 months to 30 November 2001
	£	£	£
Retained loss for the period	(569,387)	(168,094)	(1,481,981)
Gain on foreign currency translation	17,855	84,931	117,063
Total gains and losses for the recognised period	(551,532)	(83,163)	(1,364,918)

CONSOLIDATED BALANCE SHEET

For the 3 months ended 28 February 2002

	28 February 2002	28 February 2001	30 November 2001
	£	£	£
Fixed assets			
Intangible fixed assets	1,389,016	446,838	1,095,471
Goodwill	4,325,289	4,693,005	4,404,384
Tangible fixed assets	4,789,356	2,794,180	3,797,682
	10,503,661	7,934,023	9,297,537
Current assets			
Stock	142,051	5,212	72,507
Debtors	469,380	354,597	398,875
Cash at bank and in hand	10,963,809	16,133,706	12,846,638
	11,575,240	16,493,515	13,318,020
Creditors: amounts falling due within one year	(900,988)	(1,110,197)	(872,253)
Net current assets	10,674,252	15,383,318	12,445,767
Total assets less current liabilities	21,177,913	23,317,341	21,743,304
Provisions for liabilities and charges	(157,182)	(354,456)	(156,074)
Net assets	21,020,731	22,962,885	21,587,230
Share capital and reserves			
Called-up share capital	2,897,045	2,896,603	2,897,045
Share premium account	20,211,001	20,209,567	20,211,001
Profit and loss account	(2,775,494)	(942,209)	(2,223,964)
Shareholders' funds	20,332,552	22,163,961	20,884,082
Minority interests	688,179	798,924	703,148
Total capital employed	21,020,731	22,962,885	21,587,230

CONSOLIDATED CASH FLOW STATEMENT

For the 3 months ended 28 February 2002

	28 February 2002	28 February 2001	30 November 2001
	£	£	£
Net cash outflow from operating activities (see note to cash flow)	(894,501)	(273,753)	(2,446,433)
Returns on investments and servicing of finance	120,231	95,535	774,331
Capital expenditure and financial investment	(1,366,305)	(185,355)	(1,597,029)
Acquisitions and disposals	-	(4,868,132)	(6,088,597)
Cash outflow before management of liquid resources and financing	(2,140,575)	(5,231,705)	(9,357,728)
Management of liquid resources	1,960,589	(12,050,000)	(9,276,997)
Financing	256,498	(836,820)	1,876
Increase / (Decrease) in cash in period	76,512	(18,118,525)	(18,632,849)

Note to cash flow

RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	28 February 2002	28 February 2001	30 November 2001
	£	£	£
Operating loss	(701,307)	(449,981)	(2,388,003)
Depreciation charge	81,086	19,402	201,346
Goodwill Amortisation	79,096	52,730	290,017
Decrease / (Increase) in stock	(69,543)	564	(66,656)
(Increase) / Decrease in debtors	(56,047)	111,006	(69,578)
(Decrease)/Increase in creditors	(228,893)	(16,697)	(224,399)
Increase / (Decrease) in provision (NIC payable on share options)	1,108	9,223	(189,160)
Net cash outflow from operating activities	(894,501)	(273,753)	(2,446,433)

NOTES

1. The quarterly figures to 28 February 2002 and 28 February 2001 are unaudited. The comparative figures for the year ended 30 November 2001 are not statutory accounts but are extracted from the audited statutory accounts. The statutory accounts for the year ended 30 November 2001 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(5) of the Companies Act 1985. The quarterly report should be read in conjunction with the statutory accounts for the year ended 30 November 2001.

2. We were unable to pay a dividend in the period.

3. Further copies are available from the Group's head office – Waterwitch House, Exeter Road, Newmarket, Suffolk, CB8 8RX.