

26 May 2010

Medgenics, Inc.

('Medgenics' or the 'Company')

MEDGENICS SUCCESSFULLY CLOSES ADDITIONAL FINANCING ROUND

Medgenics (AIM: MEDG and MEDU), the company that has developed a novel technology for the manufacture and delivery of therapeutic proteins continuously in patients using their own tissue, is pleased to announce that it has successfully closed an additional round of financing, raising gross proceeds of £836,384.90 from both UK and US accredited investors. This includes further investment from directors Joel Kanter and Eugene Bauer of £103,650.00 and £6,909.95, respectively. Pursuant to a board resolution passed on 25 May 2010, the Company has allotted and issued (credited as fully paid), conditional upon admission to trading on AIM, 16,727,698 new Common Shares at a price of 5 pence per Common share.

Application will be made by the Company for all of the above listed new Common Shares to be admitted to trading on AIM and dealings are expected to commence at 8am on 1 June 2010.

Following the admission to trading on AIM of these 16,727,698 new Common Shares, the total number of Common Shares in issue will be 154,642,316*. The resultant directors' interests* and significant shareholdings* will be as follows (excluding interests in warrants, options and debentures as previously announced):

Name	Number of Common Shares	% of Issued Share Capital*
The Executors of Lord Leonard Steinberg's estate	18,509,725	12.0%
Joel Kanter (director) including related interests	16,199,635	10.5%
CIBC Trust Company (Bahamas) Ltd. **	7,605,985	4.9%
Alta California Partners III L.P.	7,412,472	4.8%
Platinum Montaur Life Sciences I, LLC	7,190,208	4.6%
Vision Opportunity Master Fund Ltd.	7,094,851	4.6%
UK Private Healthcare Limited	7,000,000	4.5%
Chicago Investments Inc. **	5,782,807	3.7%
Koor Corporate Venture Capital, L.P.	5,393,821	3.5%
HB Markets plc	5,000,000	3.2%
Kanter Family Foundation **	2,497,233	1.6%
Andrew Pearlman (director)	1,235,019	0.8%
Eugene Bauer (director)	282,032	0.2%

The percentage of Common Shares not in public hands will be 24.5%*

Note

* Excluding any Common Shares issued pursuant to the block admission between 4 December 2009 and the date of this announcement.

** Included within the interests of Joel Kanter, a director of the Company

The directors believe that these additional funds will enable the Company to advance the recruitment and treatment of further patients under its ongoing phase I/II anaemia trial and to further develop its active partnering initiatives in relation to its key current and proposed product candidates for the Biopump technology, as well as providing additional working capital.

The directors believe that the proceeds of the second closing of this financing round will enable the completion of recruitment for the next higher dose group, recruitment for which started in May following the approval of the Ministry of Health to include a second prestigious teaching hospital as an approved trial centre. Patients are now being recruited for treatment with EPODURE Biopumps producing the therapeutic protein erythropoietin (EPO). The market that this novel form of treatment addresses is currently valued at US\$12bn.

So far, seven patients have been treated in the phase I/II fixed-dose anaemia trial using a single administration of the EPODURE Biopumps. This single treatment is intended to replace months of frequent EPO injections now used in standard practice. To date six patients have received EPODURE Biopumps producing EPO at the lowest recommended dosage and one patient has received EPODURE Biopumps producing EPO at the next dosing level. EPO was successfully delivered by the treatment in all seven patients, with even the lowest dose causing the levels of haemoglobin in most patients to be sustained for months within the target range without any EPO injections. In one patient the haemoglobin level has been stabilised in the range for more than 19 months without requiring any of the weekly EPO injections he had received for more than a year prior to EPODURE treatment. Patients have found the treatment satisfactory and there have been no adverse events reported. Additional information on these trials can be found on the Company's website which can be found at www.medgenics.com.

In the continuation of this trial, additional patients will be treated using higher fixed dosage levels. This will be accomplished by administering more EPODURE Biopumps, titrated to deliver higher daily levels of EPO than with the first patients in the trial. This is designed to show dose response for EPODURE in a similar manner to that known for injected EPO, where higher doses result in statistically higher haemoglobin levels, even though dosage response and requirements vary from patient to patient. The treatment of additional patients in the trial is expected to provide substantially more data to further corroborate the strong results to date, and to show that this positive therapeutic effect will occur for 6 months or longer.

As this is an open trial, the Company anticipates that it will continue to provide updates as patients are treated and followed throughout 2010.

The Company further anticipates additional partnering activity and new programs in the product pipeline during 2010.

Andrew Pearlman, CEO of Medgenics, commented:

"With these additional funds we can accelerate the recruitment and treatment of patients at higher doses in this trial, and take us through completion of the middle dose group. This will also give us important information to help us develop ways to titrate the dose to meet the individual needs of the patient in future clinical practice.

As we generate even more data on clinical use, we believe it will continue to demonstrate that the Biopump represents the ultimate in personalised medicine, offering a new and cost effective way to revolutionise both the manufacture and delivery of therapeutic proteins directly in the patient. We look forward to updating the market with further positive news throughout 2010."

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Notes to Editors:

About Medgenics:

Medgenics is a commercial -stage biopharmaceutical Company developing its unique tissue-based Biopump platform technology to provide sustained-action protein therapy for the treatment of a range of chronic diseases. The first revenue generating commercial deal with a well known multinational pharmaceutical company was negotiated in late 2009 and we look forward to generating additional deals to further commercialise the Biopump platform technology.

Biopumps are made using needle biopsies taken from the lower layer of the patient's skin under local anaesthetic, and processed during 10-14 days to become 30 mm long tissue biofactories producing the required protein. The requisite number of Biopumps are injected under the patient's skin to provide sustained protein production and delivery for many months. The Company is developing the Biopump to provide substantially greater safety and reliability in protein treatment in a more cost effective manner than experienced with the existing injected protein therapies. Medgenics currently has three products in development based on this technology and addressing the indications of:

- Anaemia - using EPODURE, a Biopump producing erythropoietin (EPO)
- Hepatitis-C - using INFRADURE - a Biopump producing interferon-alpha (IFN-a)
- Haemophilia - using a Biopump to produce clotting Factor VIII

The Company's Phase I/II clinical trial using EPODURE to treat anaemia in patients with chronic kidney disease, has demonstrated proof of concept of the Biopump. Designed to produce and deliver a therapeutic dose of EPO steadily for six months or more, EPODURE Biopumps have already provided effective anaemia treatment in most of these patients for 6-12 months, even at the low administered dose.

Medgenics intends to develop its innovative products and bring them to market via multiple strategic partnerships with major pharmaceutical and/or medical device companies. In addition to treatments for Anaemia, Hepatitis-C, and Haemophilia, Medgenics plans to develop and/or out-license a pipeline of future Biopump products targeting the large and rapidly growing global protein therapy market, which is forecast to reach US \$87 billion by 2010. Other potential applications of Biopumps producing various proteins include multiple sclerosis, arthritis, pediatric growth hormone deficiency, obesity, and diabetes.