

Medgenics, Inc.
('Medgenics' or the 'Company')

2008 Preliminary Results

Misgav, Israel and London, UK - 22 May 2009 - Medgenics (AIM: MEDG and MEDU) announces its preliminary results for the 12 months ended 31 December 2008.

The Annual Report and Accounts of the Company and its subsidiary (the Group) will be posted to shareholders during the week commencing 1 June 2009 and will be available on the Company's website (www.medgenics.com).

Highlights

- Successful launch of Phase I/II safety and efficacy clinical trial with EPODURE following receipt of approval from Israel's Ministry of Health.
- Ongoing Phase I/II clinical trial in the low dosage study already reported safety and efficacy of EPODURE as a sustained anemia therapy lasting, up to, 7 months from a single treatment in kidney disease patients.
- Results demonstrate that the EPODURE Biopump is making strong steps forward towards offering a viable alternative to administering scores of injections for treating anemia in kidney disease patients.
- Proposal announced on 11 May 2009 for the facilitation of a fund raising of up to \$5 million through the issue of convertible debentures (with the option to increase such amount to up to \$7 million in aggregate).

Financial Summary

- Net loss after tax of \$4.85 million (2007: \$3.85 million) following preparations for and commencement of the Phase I/II clinical trial of EPODURE, including the set up costs associated with the new laboratories and the recruitment of additional R&D staff.
- R&D costs for the twelve-month period of \$2.10 million (2007: \$1.99 million) and general and administrative costs of \$2.76 million (2007: \$1.44 million).
- Cash, cash equivalents and short-term investments at 31 December 2008 of \$1.04 million (at 31 December 2007: \$4.68 million).

Dr. Andrew Pearlman, Chief Executive Officer of Medgenics, said:

“With the start of the Phase I/II safety and efficacy trial of our EPODURE Biopump and the presentation of key positive early results at a major conference, 2008 was certainly the most important year in the development of Medgenics. We have now successfully reached our target of 3-6 months of safe and effective anemia therapy in a low dosage study from a single EPODURE treatment, proving not only the concept of EPODURE for anemia, but also more broadly the Biopump platform technology as a sustained protein therapeutic method. The trial is now

into its seventh month and the results have so far surpassed our target and expectations, providing strong indications that our technology offers a viable alternative to serial EPO injections in the treatment of anemia in kidney disease patients. These results continue to draw the active interest of a number of major corporations towards possible strategic alliances.

“Assuming that we are successful in raising the necessary additional funding, we expect that we will obtain further positive results with new patients being added to the trial. These are exciting times for Medgenics, and we look to see this reflected in our fundraising and partnering efforts now underway. I look forward to reporting further clinical results and further concrete steps towards our first strategic partnering deal as key milestones are achieved in the coming months.”

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For further information, contact:

Medgenics, Inc.
Dr. Andrew L. Pearlman

Phone: +972 4 902 8900

Grayling (Financial PR)
Jonathan Shillington
Alistair Scott

Phone: +44 7900 053 536

Blomfield Corporate Finance Limited (Nominated Adviser)
James Pinner
Alan MacKenzie

Phone: +44 207 489 4500

SVS Securities plc (Broker)
Ian Callaway

Phone: +44 207 638 5600

Chairman's Review

The Board of Medgenics presents the financial results of the Company and its subsidiary (the "Group") for the 12 months ended 31 December 2008.

Medgenics made important progress during 2008. The year was marked in August by the successful commencement of the Company's EPODURE Biopump Phase I/II Clinical Trial, Medgenics' lead protein therapy to treat anemia, after receipt of approval from Israel's Ministry of Health. Since then, the trial has surpassed expectations. A total of seven patients suffering from chronic renal failure have been treated without material adverse effects, successfully demonstrating that, with a single treatment, EPODURE is safe and effective in providing sustained anemia treatment and, more broadly, the safety and effectiveness of the Group's Biopump platform technology. These results have, in turn, drawn active interest from large pharmaceutical and medical device companies with whom the Company hopes to form multiple strategic alliances for Biopumps producing a range of proteins for various clinical applications.

The results of the initial low dosage trial clearly demonstrate that the EPODURE Biopump is making strong steps forward towards offering a viable alternative to the current approach of administering scores of injections for treating anemia in kidney disease patients.

Operational Review

The majority of activities undertaken during the 12 months under review relate to preparing for and successfully launching the ongoing clinical trial at the Hadassah University Medical Center in Jerusalem, Israel. The trial is being led by Principal Investigator, Dr. Eithan Galun, and will involve up to 30 patients with anemia as a consequence of chronic kidney disease. The primary aim of the trial is to assess the safety and efficacy of EPODURE, in three controlled dose ranges, in providing sustained delivery of the deficient protein erythropoietin (EPO) and, thereby, in elevating the red blood cell count and hemoglobin levels for up to 3-6 months or longer in those patients receiving appropriate doses. The first six patients received the lowest dose range of up to 20 Units of EPO per kilogram per day and the trial is now continuing in the next group of patients who are receiving the medium dose of up to 40 Units of EPO per kilogram per day.

Preliminary data from the trial were announced in November for the initial two subjects receiving the lowest dose; the hemoglobin levels of each of these subjects had risen and remained within the target range of between 10 and 12 grams per deciliter for a month. The 10-12 grams per deciliter range is what is recommended for such patients to treat their anemia. Throughout the trial to date no adverse effects have been reported or observed other than minor localised bruising typically associated with skin biopsy and implant.

The elevated hemoglobin levels seen in the first two subjects suggested that immunogenicity issues had not been encountered. Based on those initial results, Medgenics cautiously concluded that the elevated hemoglobin levels and the apparent immune acceptance of the implanted EPODURE Biopumps were positive developments. Those early conclusions have been reinforced as the study has progressed and as the number of subjects participating has increased to seven.

As reported in the Group's Interim Results for the 6 months ended 30 June 2008, Medgenics has been able to advance its clinical development activities for EPODURE as a result of the \$6.72 million fundraising that was concluded in December 2007 in conjunction with the Company's admission to AIM.

During 2008, the Company incurred a large number of one-off costs that were necessary to enable Medgenics to commence the Phase I/II clinical trial. These included the set-up of new facilities and the design and manufacture of several key elements of the Biopump platform technology.

Key Appointments

During the year Medgenics has significantly enhanced the clinical and technical teams that are working on the trial. The appointment of Dr. Ehud Shoshani, former CEO of Quintiles, Israel, as Vice President of Clinical Affairs was particularly important. Dr. Shoshani has 13 years of experience in managing clinical trials. Not only has his experience been highly valuable to Medgenics in the management of the current trial but also in the early development phases of the Group's proposed future clinical programmes for EPODURE and its other pipeline products.

Lord Leonard Steinberg was appointed as a Non-Executive Director in February 2008. Lord Steinberg is a Life Peer and a Conservative Party member of the UK House of Lords and is the founder, former Chairman and Life President of Genting Stanley plc (formerly Stanley Leisure plc). He is one of the UK's most successful and respected businessmen, with substantial experience in the London stock market.

Operational Facilities

In March 2008, Medgenics' operations were relocated to a new facility in the Teradion Business Park in Misgav, Israel. This move has brought all the Company's operations into one location and has been an important step in enhancing communication among departments and streamlining management processes.

Commercialisation Strategy

With proof of concept now demonstrated, commercialisation of the Group's proprietary platform technology, through the development of alliances with major partners, further clinical trials eventually to secure FDA, EMEA and/or other regulatory approvals and eventual clinical adoption of EPODURE, is now a key strategic priority for the Company. The Company's active discussions with major potential strategic partners have expanded since the initial announcement in February 2009, with additional companies having expressed interest in one or more therapeutic applications. Further updates on these discussions will be made in due course.

Funding

Since admission to AIM and in tandem with the implementation of the Company's strategy for commencing its Phase I/II clinical trial of EPODURE and seeking out strategic partnering opportunities, the directors have focused on raising further capital for the Company. This capital is required to ensure the Group's ability to: continue to finance its operations; pursue strategic partnering alliances with major corporations; continue its device development program; advance the development of additional products towards clinical trial and commercialisation; and, most importantly, conclude the Phase I/II clinical trial of EPODURE.

Notwithstanding these efforts, the endeavours of the board to raise additional funding through a significant equity raise have been frustrated to date due, in large part, to general market conditions in the UK, the USA and Israel and, more pertinently, to a lack of investor appetite for early-stage "biotech" stocks since the Company's admission to AIM. Management's plans include seeking additional funds to continue the operations of the Company and its subsidiary (see note 1b). The directors believe that the Company may now be able to raise much needed capital through the issue of convertible debentures (the "Debentures") with a basic coupon of 10 per cent per annum. The Debentures will automatically convert into Common Shares and additional warrants will be issued to the Debenture holders upon the Company's consummation of a qualifying transaction, such as certain mergers, acquisitions and public offerings of Company securities.

Therefore, on 11 May 2009, Medgenics announced that it is proposing to commence a private offering (the "Private Offering") of Debentures and warrants to accredited investors to raise up to \$5 million (with the option to increase such amount to \$7 million in aggregate). The Private Offering is contingent on the Shareholders approval of the resolutions set out in the form of Written Consent of Stockholders, which was sent to Shareholders on 12 May 2009.

Financial Review

The Company has incurred significant expenditure in establishing and carrying out its ongoing clinical trials. As a result, the Company has generated a loss of \$4.9 million in the year and has, since inception, incurred losses of \$30.6 million in development of the Biopump platform technology. The Company successfully raised \$6.72 million at its IPO in December 2007, has raised additional funds since Admission and is still receiving grants from the Israeli Office of the Chief Scientist. However, the Board is fully aware that there is still significant further funding required in order to complete the ongoing trials and, as highlighted above, the Board are constantly looking at ways to raise funds through equity fund raising, grants and/or strategic partnerships.

As a result of the Board's frustrated fund raising efforts and the significant cost of the ongoing trials, as highlighted in Note 1b, the Company faces an urgent need to raise capital to fund its operations and repay its existing creditors and those liabilities arising in the normal course of business. Whilst the Board remains confident that the Company will successfully raise the necessary funding for the Company through the Private Offering and other alternative sources if this proves to be unsuccessful the Board will have to consider other options including a suspension of the ongoing trials and other efforts in order to secure the Company's intellectual property.

Outlook

With the start of the Phase I/II safety and efficacy trial of the Group's EPODURE Biopump 2008 was certainly the most important year in the development of Medgenics technology as a viable alternative to the treatment of anemia in kidney disease patients. The trial is now into its seventh month and the results have so far surpassed all of our expectations.

Subject to the Company being successful in its endeavour to raise much needed capital, I look forward to reporting on the enrolment of additional subjects to the Group's Phase I/II safety and efficacy trial and on further data from that trial as key milestones are achieved in the coming months.

Eugene A. Bauer, MD
Chairman of the Board of Directors

22 May 2009

CONSOLIDATED BALANCE SHEETS

In US Dollars

| | | December 31, | |
|--|-------------|---------------------|---------------------|
| | Note | 2008 | 2007 |
| ASSETS | | | |
| CURRENT ASSETS: | | | |
| Cash and cash equivalents | 3 | \$1,043,338 | \$4,683,914 |
| Accounts receivable and prepaid expenses | 4 | 121,794 | 383,148 |
| <u>Total current assets</u> | | <u>1,165,132</u> | <u>5,067,062</u> |
| LONG TERM ASSETS: | | | |
| Restricted lease deposit | | 22,607 | - |
| Prepaid lease payments | | 22,443 | 11,504 |
| Severance pay fund | | 171,048 | 92,235 |
| <u>Total long term assets</u> | | <u>216,098</u> | <u>103,739</u> |
| PROPERTY AND EQUIPMENT, NET | 5 | 400,214 | 134,240 |
| <u>Total assets</u> | | <u>\$ 1,781,444</u> | <u>\$ 5,305,041</u> |

CONSOLIDATED BALANCE SHEETS

In US Dollars (except for share data)

| | | December 31, | |
|--|-------------|---------------------|---------------------|
| | Note | 2008 | 2007 |
| LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY) | | | |
| CURRENT LIABILITIES: | | | |
| Short – term bank credit | | \$ 52,886 | \$ 9,714 |
| Trade payables | 6 | 889,002 | 459,117 |
| Other accounts payable and accrued expenses | 7 | <u>1,068,518</u> | <u>845,653</u> |
| Total current liabilities | | <u>2,010,406</u> | <u>1,314,484</u> |
| ACCRUED SEVERANCE PAY | | <u>818,639</u> | <u>662,791</u> |
| Total liabilities | | <u>2,829,045</u> | <u>1,977,275</u> |
| COMMITMENTS AND CONTINGENCIES | | | |
| SHAREHOLDERS' EQUITY (DEFICIENCY): | | | |
| Common shares - \$0.0001 par value; 500,000,000 shares authorized at December 31, 2008 and 2007; 106,728,195 and 104,093,417 shares issued and outstanding at December 31, 2008 and 2007, respectively | 8 | 10,672 | 10,409 |
| Additional paid-in capital | | 28,968,015 | 28,634,642 |
| Receipts on account of shares | | 150,000 | - |
| Deficit accumulated during the development stage | | <u>(30,176,288)</u> | <u>(25,317,285)</u> |
| Total shareholders' equity (deficiency) | | <u>(1,047,601)</u> | <u>3,327,766</u> |
| Total liabilities and shareholders' equity (deficiency) | | <u>\$ 1,781,444</u> | <u>\$ 5,305,041</u> |

CONSOLIDATED STATEMENTS OF OPERATIONS

In US Dollars (except for share data)

| | Note | Year ended December 31 | | Period from inception (January 27, 2000) through December 31, 2008 |
|--|------|---------------------------|--------------------|--|
| | | 2008 | 2007 | 2008 |
| Research and development expenses | | \$3,435,538 | \$2,552,269 | \$18,727,363 |
| Less – Participation by the Office of the Chief Scientist | 21 | <u>(1,336,446)</u> | <u>(565,559)</u> | <u>(3,239,707)</u> |
| Research and development expenses, net | | 2,099,092 | 1,986,710 | 15,487,656 |
| General and administrative expenses | | 2,761,008 | 1,439,054 | 14,150,867 |
| Loss from disposal of property and equipment | | <u>-</u> | <u>-</u> | <u>325,842</u> |
| Operating loss | | 4,860,100 | 3,425,764 | 29,964,365 |
| Financial (Income) expenses, net | | <u>(11,457)</u> | <u>414,972</u> | <u>572,081</u> |
| Loss before taxes on income | | 4,848,643 | 3,840,736 | 30,536,446 |
| Taxes on income | 9 | <u>3,615</u> | <u>10,603</u> | <u>70,294</u> |
| Net loss | | <u>\$4,852,258</u> | <u>\$3,851,339</u> | <u>\$30,606,740</u> |
| Dividend in respect of reduction in exercise price of certain warrants | | <u>\$ 6,745</u> | <u>\$ -</u> | |
| Net loss attributable to common shareholders | | <u>\$4,859,003</u> | <u>\$3,851,339</u> | |
| Basic and diluted net loss per share | | <u>\$ 0.05</u> | <u>\$ 0.06</u> | |
| Weighted average number of shares used in per share calculation | | <u>106,447,604</u> | <u>64,968,152</u> | |

CONSOLIDATED STATEMENTS OF CASH FLOWS

In US Dollars

| | Year ended December 31 | | Period from inception (January 27, 2000) through December 31 2008 |
|---|------------------------|----------------|---|
| | 2008 | 2007 | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Net loss | \$ (4,852,258) | \$ (3,851,339) | \$ (30,606,740) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | | |
| Depreciation | 96,497 | 14,683 | 743,964 |
| Exchange differences on a long term loan | - | - | 2,950 |
| Loss from disposal of property and equipment | - | - | 325,842 |
| Issuance of shares in consideration for providing security for letter of credit | - | 15,748 | 15,748 |
| Stock based compensation related to options and warrants granted to consultants and employees | 295,442 | 346,802 | 4,271,023 |
| Interest and amortization of beneficial conversion feature of convertible note | - | 511,391 | 759,197 |
| Accrued severance pay, net | 77,035 | 270,560 | 647,591 |
| Increase in trade payables | 439,036 | 308,779 | 880,910 |
| Decrease (Increase) in accounts receivable and pre-paid expenses | 261,354 | (196,122) | (121,794) |
| Increase in other accounts payable and accrued expenses | 564,055 | 232,812 | 1,164,534 |
| Net cash used in operating activities | (3,118,839) | (2,346,686) | (21,916,775) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Proceeds from disposal of property and equipment | - | - | 172,869 |
| Increase in prepaid lease payments | (10,939) | (4,558) | (22,443) |
| Increase in restricted lease deposit | (22,607) | - | (22,607) |
| Purchase of property and equipment | (371,622) | (72,991) | (1,634,757) |
| Net cash used in investing activities | (405,168) | (77,549) | (1,506,938) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Proceeds from issuance of shares, net | (309,741) | 4,458,605 | 21,669,890 |
| Repayment of a long-term loan | - | - | (73,080) |
| Proceeds from long term loan | - | - | 70,130 |
| Receipts on account of shares | 150,000 | - | 150,000 |
| Proceeds from a convertible Note | - | 1,050,000 | 2,597,225 |
| Increase (decrease) in short-term bank credit | 43,172 | (7,930) | 52,886 |
| Net cash provided by (used in) financing activities | (116,569) | 5,500,675 | 24,467,051 |
| Increase (decrease) in cash and cash equivalents | (3,640,576) | 3,076,440 | 1,043,338 |
| Balance of cash and cash equivalents at the beginning of the period | 4,683,914 | 1,607,474 | - |
| Balance of cash and cash equivalents at the end of the period | \$1,043,338 | \$4,683,914 | \$1,043,338 |

CONSOLIDATED STATEMENTS OF CASH FLOWS

In US Dollars

| | Year ended December 31 | | Period from inception (January 27, 2000) through December 31 2008 |
|--|------------------------|--------------|---|
| | 2008 | 2007 | |
| Supplemental disclosure of cash flow information: | | | |
| Cash paid during the period for: | | | |
| Interest | \$ 833 | \$ 15,583 | \$ 39,259 |
| Taxes | \$ 12,420 | \$ 1,798 | \$ 70,294 |
| Supplemental disclosure of non cash flow information: | | | |
| Accrued issuance expenses | \$ - | \$ 309,741 | \$ 309,741 |
| Issuance of Common shares upon conversion of a convertible Note | \$ - | \$ 1,050,000 | \$ 2,845,072 |
| Issuance of shares in settlement of debt | \$ - | \$ - | \$ 96,016 |
| Issuance cost due to obligation to issue Common shares to consultant | \$ (31,449) | \$ 31,449 | \$ - |
| Purchase of property and equipment | \$ 8,092 | \$ 17,243 | \$ 8,092 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

In US Dollars

NOTE 1:- GENERAL

- a. Medgenics, Inc. ("the Company") was incorporated in January 2000 in Delaware, and is a holding company with one wholly-owned subsidiary Medgenics Medical Israel Ltd. (formerly Biogenics Ltd.), ("The subsidiary") which was incorporated in Israel in March 2000. The Company and its subsidiary are engaged in the research and development of products in the field of biotechnology and associated medical equipment and are thus considered development stage companies as defined in Statement of Financial Accounting Standards No. 7 "Accounting and Reporting by Development Stage Enterprises" ("SFAS No.7").

On December 4, 2007 the Company's Common shares were admitted for trading on the London Stock Exchange's Alternative Investment Market (AIM),(see note 8d (21)).

- b. The Company and its subsidiary are in the development stage. The subsidiary ceased operating in 2004 and in 2006 renewed its research and development activities after having raised additional funds. As reflected in the accompanying financial statements, the Company incurred a loss during the year ended December 31, 2008 of \$ 4,852,258, has an accumulated deficit since inception in the amount of \$ 30,176,288, has working capital deficiency and shareholders' deficiency of \$ 1,047,601 as of December 31, 2008. The Company and its subsidiary have not yet generated revenues and have negative cash flows from operations in the amount of \$ 21,916,775 since inception. The Company requires additional financing in order to continue to fund its current operations and pay existing and future liabilities.

Management's plans include seeking additional funds to continue the operations of the Company and its subsidiary (see note 10c). However, there is no assurance that the Company will be successful in its efforts to raise the necessary capital to continue its planned research and development activities and to pay its liabilities. In the absence of any alternative finance being arranged and made available within a short period of time, it is unlikely that the company will be able to meet its financial obligations or to continue its operations and may, therefore, require it to significantly curtail or cease business operations and to use remaining funds to maintain intellectual property, while additional sources of funding are sought. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments with respect to the carrying amounts of assets and liabilities and their classification that might result from the outcome of this uncertainty.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements are prepared in accordance with United States Generally Accepted Accounting Principles ("U.S. GAAP").

a. Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates, judgments and assumptions. The Company's management believes that the estimates, judgments and assumptions used are reasonable based upon information available at the time they are made. These estimates, judgments and assumptions can affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

b. Financial statements in Dollars

The majority of the Company and its subsidiary's operations are currently conducted in Israel, however, most of the expenses are denominated in or linked to U.S. Dollars ("Dollars"). Financing activities including loans, equity transactions and cash investments, are made mainly in Dollars. The Company's management believes that the Dollar is the primary currency of the economic environment in which the company and subsidiary operates. Thus, the functional and reporting currency of the Company and its subsidiary is the Dollar.

Accordingly, transactions and balances denominated in Dollars are presented at their original amounts. Non-Dollar transactions and balances have been re-measured to Dollars, in accordance with Statement No. 52 of the Financial Accounting Standards Board ("FASB"). All exchange gains and losses from re-measurement of monetary balance sheet items denominated in non-Dollar currencies are reflected in the statements of operations as financial income or expenses, as appropriate.

c. Consolidated financial statements

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary. Inter-company transactions and balances have been eliminated upon consolidation.

d. Cash and cash equivalents

The Company and its subsidiary consider all highly liquid investments originally purchased with maturities of three months or less to be cash equivalents.

e. Property and equipment

Property and equipment are stated at cost net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

The annual rates of depreciation are as follows:

| | % | |
|------------------------------------|--|-------------|
| Furniture and office equipment | 6 - 15 | (mainly 15) |
| Computers and peripheral equipment | 33 | |
| Laboratory equipment | 15 - 33 | (mainly 15) |
| Leasehold improvements | The shorter of term of the lease or the useful life of the asset | |

f. Impairment of long-lived assets

Long-lived assets are reviewed for impairment in accordance with Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment of Disposal of Long-Lived Assets" ("SFAS No. 144"), whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of an asset to be held and used is measured by a comparison of the carrying amount of the asset to the future undiscounted cash flows expected to be generated by the asset. If such an asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. As of December 31, 2008, no impairment losses have been identified.

g. Accrued severance pay

The subsidiary's liability for severance pay is calculated pursuant to the Israeli severance pay law based on the most recent salary for the employees multiplied by the number of years of employment, as of the balance sheet date. Employees are entitled to one month salary for each year of employment or a portion thereof. In addition, several employees are entitled to additional severance compensation as per their employment agreement. The subsidiary's liability for all of its employees is fully provided by an accrual and is mainly funded by monthly deposits with insurance policies. The value of these policies is recorded as an asset in the Company's balance sheet.

The deposited funds may be withdrawn only upon the fulfillment of the obligation pursuant to Israeli severance pay law or labor agreements. The value of the deposited funds is based on the cash surrender value of these policies and includes immaterial profits.

Severance expenses for the years ended December 31, 2008 and 2007 and for the period from inception (March 27, 2000) through December 31, 2008, amounted to \$155,848, \$333,282 and \$1,229,523, respectively.

h. Income taxes

The Company and its subsidiary account for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes" ("SFAS No. 109"). SFAS No. 109 prescribes the use of the liability method whereby deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company and its subsidiary provide a valuation allowance, if necessary, to reduce deferred tax assets to their estimated realizable value. As of December 31, 2008 a full valuation allowance was provided by the company.

On January 1, 2007, the Company adopted FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109" (FIN 48). FIN 48 contains a two-step approach to recognizing and measuring uncertain tax positions accounted for in accordance with SFAS No. 109. The first step is to evaluate the tax position taken or expected to be taken in a tax return by determining if the weight of available evidence indicates that it is more likely than not that, on an evaluation of the technical merits, the tax position will be sustained on audit, including resolution of any related appeals or litigation processes. The second step is to measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. As a result of the implementation of FIN 48, the Company recorded a decrease in the net operating losses carried forward ("NOL") in the amount of approximately \$14.5 million associated mainly with the provisions of section 382 of the U.S. Internal Revenue Code. Section 382 imposes an annual limitation on the use of a loss corporation's pre change NOL's if it has experienced a greater than 50% change in ownership.

The decrease in the NOL did not have an effect on the Company's financial position or results of operations since the Company has a full valuation allowance for its deferred taxes.

i. Stock based compensation

On January 1, 2006, the Company adopted Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment" ("SFAS 123(R)") which requires the measurement and recognition of compensation expense based on estimated fair values for all share-based payment awards made to employees and directors. SFAS 123(R) supersedes Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"), for periods beginning in fiscal 2006.

SFAS 123(R) requires companies to estimate the fair value of equity-based payment awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as an expense over the requisite service periods in the Company's consolidated income statement. Prior to the adoption of SFAS 123(R), the Company accounted for equity-based awards to employees and directors using the intrinsic value method in accordance with APB 25 as allowed under Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123").

The Company adopted SFAS 123(R) using the modified prospective transition method, which requires the application of the accounting standard starting from January 1, 2006, the first day of the Company's fiscal year 2006. Under that transition method, compensation cost recognized in the years ended December 31, 2008 and 2007 includes compensation cost for all share-based payments granted subsequent to January 1, 2006, based on the grant-date fair value estimated in accordance with the provisions of SFAS 123(R). Results for prior periods have not been restated. The Company recognized compensation expenses for awards granted subsequent to January 1, 2006 based on the straight line method over the requisite service period of each of the grants, net of estimated forfeitures.

In 2008 and 2007, the Company estimated the fair value of stock options granted to employees and directors using the Binomial option pricing model with the following assumptions:

| | 2008 | 2007 |
|-----------------------------|------------|------------|
| Dividend yield | 0% | 0% |
| Expected volatility | 74% | 61% |
| Risk-free interest rate | 1.5%-5.4% | 3.5%-4.6% |
| Forfeiture rates | 8.2%-10.5% | 6.2%-10.5% |
| Suboptimal exercise factor | 2.2-2.4 | 2.5-2.7 |
| Contractual life (in years) | 5 | 5 |

Expected volatilities are based on historical volatilities of the company and from traded stock of similar companies.

The Company uses historical data of traded companies to estimate pre and post vesting exit rate within the valuation model; separate groups of employees that have similar historical exercise behavior are considered separately for valuation purposes.

The suboptimal exercise factor represents the value of the underlying stock as a multiple of the exercise price of the option which, if achieved, results in exercise of the option.

The risk-free interest rate assumption is based on observed interest rates appropriate for the term of the Company's employee stock options.

The Company has historically not paid dividends and has no foreseeable plans to issue dividends.

The Company applies SFAS 123(R) and Emerging Issues Task Force No. 96-18 "Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring or in Conjunction with Selling Goods or Services" ("EITF 96-18"), with respect to options issued to non-employees. SFAS 123(R) requires the use of option valuation models to measure the fair value of the options. The fair value of these options was estimated at the measurement date at December 31, 2008 and December 31, 2007, respectively, using the Binomial option pricing model with the following assumptions:

| | 2008 | 2007 |
|--------------------------|-----------|-----------|
| Dividend yield | 0% | 0% |
| Expected volatility | 74% | 63% |
| Risk-free interest rate | 1.2%-2.3% | 3.3%-3.5% |
| Expected life (in years) | 2.3-4.8 | 3.3-4.9 |

j. Basic and diluted net loss per share

Basic net loss per share is computed based on the weighted average number of Common shares outstanding during each year. Diluted net loss per share is computed based on the weighted average number of Common shares outstanding during each year, plus the dilutive effect of options considered to be outstanding during each year, in accordance with Statement of Financial Standards No. 128, "Earnings Per Share" ("SFAS 128").

In 2007 and 2008, all outstanding stock options and warrants have been excluded from the calculation of the diluted net loss per Common share because all such securities were anti-dilutive for the periods presented.

k. Research and development expenses

All research and development expenses, net of grants and participations, are charged to the statement of operations as incurred.

l. Grants and participation

Royalty-bearing grants from the Office of the Chief Scientist of the Government of Israel for funding approved research and development projects are recognized at the time the Company is entitled to such grants, on the basis of the costs incurred and are presented as a deduction from research and development expenses.

m. Concentrations of credit risks

Financial instruments that potentially subject the Company and its subsidiary to concentrations of credit risk consist principally of cash and cash equivalents.

Cash and cash equivalents are invested in major banks in Israel, the United Kingdom and the United States. Such deposits in the United States may be in excess of insured limits and are not insured in other jurisdictions. Management believes that the financial institutions that hold the Company's and its subsidiary's investments are institution with high credit standing and accordingly, minimal credit risk exists with respect to these investments.

The Company has no off-balance-sheet concentrations of credit risk such as foreign exchange contracts, option contracts or other foreign hedging arrangements.

n. Fair value of financial instruments

The carrying values of cash and cash equivalents, accounts receivable, short term bank credit, trade payables and other accounts payable approximate their fair value due to the short-term maturity of these instruments.

NOTE 3:- CASH AND CASH EQUIVALENTS

| | December 31, | |
|------------|---------------------|--------------------|
| | 2008 | 2007 |
| In Dollars | \$258,756 | \$1,282,058 |
| In GBP | - | 3,382,009 |
| In NIS | 784,582 | 19,847 |
| | <u>\$1,043,338</u> | <u>\$4,683,914</u> |

NOTE 4:- ACCOUNTS RECEIVABLE AND PREPAID EXPENSES

| | December 31, | |
|------------------------|---------------------|-------------------|
| | 2008 | 2007 |
| Grant receivable | \$74,568 | \$156,553 |
| Government authorities | 30,692 | 31,528 |
| prepaid expenses | 14,798 | 129,438 |
| Other | 1,736 | 65,629 |
| | <u>\$ 121,794</u> | <u>\$ 383,148</u> |

NOTE 5:- PROPERTY AND EQUIPMENT, NET

Composition of property and equipment is as follows:

| | December 31, | |
|---------------------------------------|---------------------|-------------------|
| | 2008 | 2007 |
| <u>Cost:</u> | | |
| Furniture and office equipment | \$95,452 | \$18,682 |
| Computers and peripheral equipment | 42,505 | 18,984 |
| Laboratory equipment | 213,618 | 100,738 |
| Leasehold improvements | 169,589 | 20,289 |
| Total cost | <u>521,164</u> | <u>158,693</u> |
| <u>Accumulated depreciation:</u> | | |
| Furniture and office equipment | 11,429 | 3,632 |
| Computers and peripheral equipment | 16,596 | 5,185 |
| Laboratory equipment | 45,189 | 15,636 |
| Leasehold improvements | 47,736 | - |
| Total accumulated depreciation | <u>120,950</u> | <u>24,453</u> |
| Depreciated cost | <u>\$ 400,214</u> | <u>\$ 134,240</u> |

Depreciation expense for the years ended December 31, 2008 and 2007 and for the period from inception (January 27, 2000) through December 31, 2008 amounted to \$96,497, \$14,683 and \$743,964, respectively.

NOTE 6:- TRADE PAYABLES

| | December 31, | |
|---------------|---------------------|-------------------|
| | 2008 | 2007 |
| Open accounts | \$ 830,258 | \$ 387,434 |
| Notes payable | 58,744 | 71,683 |
| | <u>\$ 889,002</u> | <u>\$ 459,117</u> |

NOTE 7:- OTHER ACCOUNTS PAYABLE AND ACCRUED EXPENSES

| | December 31, | |
|--------------------------------|---------------------|-------------------|
| | 2008 | 2007 |
| Employees and payroll accruals | \$ 641,916 | \$ 320,342 |
| Accrued expenses and others | 353,842 | 483,317 |
| Other creditors | 72,760 | 41,994 |
| | <u>\$1,068,518</u> | <u>\$ 845,653</u> |

NOTE 8:- SHAREHOLDERS' EQUITY

a. Composition:

| | December 31, | | December 31, | |
|-------------------------------|-------------------------|--------------------|-------------------------------|--------------------|
| | 2008 | 2007 | 2008 | 2007 |
| | Authorized | | Issued and Outstanding | |
| | Number of shares | | | |
| Shares of \$0.0001 par value: | | | | |
| Common shares | <u>500,000,000</u> | <u>500,000,000</u> | <u>106,728,195</u> | <u>104,093,417</u> |

On August 21, 2007 the Company modified the composition of its authorized share capital to 500,000,000 Common shares and decreased the number of New preferred shares to nil.

b. Issuance of shares and warrants to investors

1. In January and March, 2000 the Company issued a total of 2,069,677 Old Common shares at par value.
2. In August 2000 the Company issued 437,936 Old Common shares in consideration of \$ 499,997.
3. In August 2000 in respect of the earlier license agreement with Yissum, the Company issued 940,950 Old Common shares at par value.
4. In January 2001, the Company issued 138,502 Preferred Series A shares in consideration of \$200,000. The issuance costs amounted to \$4,864.
5. On March 19, 2001, the Board of Directors authorized a 10 to 1 stock split and 1000 to 1 stock split effected as stock dividend. As a result, 3,445,113 additional shares were issued and the par value of each share was reduced from \$0.001 to \$0.0001.
6. In March and June 2001, the Company issued a total of 4,085,837 Preferred Series A shares in consideration of \$6,998,355. The issuance costs amounted to \$191,979.
7. In October 2002, the Company issued a total of 2,676,674 Preferred Series B shares in consideration of \$5,353,348. The issuance costs amounted to \$88,728.

8. In February, September and November 2003, the Company issued a total of 19,443 Old Common shares in consideration of \$ 195, upon exercise of stock options.
9. In April and May 2003, the Company issued a total of 1,066,997 Preference Series B shares in consideration of \$ 2,133,996. The issuance costs amounted to \$ 97,112.
10. In January and February 2004, the Company issued a total of 46,083 Old Common shares in consideration of \$127 in cash upon exercise of stock options and \$10,000 in consideration for services.
11. In March 2006, the Company issued 2,633,228 Common shares in settlement of due debt.
12. In March 2006, as part of the Recapitalization, warrants to purchase 2,139,106 Common shares at an exercise price per share of \$0.000 with a term of 5 years were issued by the Company to existing holders of Old Common shares.
13. In March, April and June 2006, the Company issued a total of 16,217,552 Common shares and warrants to purchase 32,435,103 Common shares at an exercise price per share of \$0.071 and a term of 5 years in consideration for \$1,149,266. The issuance costs amounted to \$ 197,322.
14. In November and December 2006, the Company issued a total of 16,685,790 Common shares and warrants to purchase 20,857,259 shares at an exercise price of \$0.117 and a term of 5 years in consideration for \$1,949,467. The issuance costs amounted to \$334,721.
15. In January 2007 the Company issued a total of 427,402 Common shares and warrants to purchase 534,252 Common shares at an exercise price per share of \$0.117 and a term of 5 years, in consideration for \$49,952. The issuance costs amounted to \$16,632.
16. In May, July, and August 2007 the Company issued a total of 7,647,436 Common shares and warrants to purchase 1,634,909 Common shares at an exercise price per share of \$0.164 and a term of 5 years in consideration for \$1,251,252. The issuance costs amounted to \$416,617.
17. In July 2007 451,939 warrants were exercised into 451,939 Common shares, in consideration of \$2.
18. In August 2007 the Company issued a total of 122,232 Common shares at the fair value of \$18,387 to an advisor in consideration for consulting services related to the issuance of shares. The shares were recorded as issuance costs.
19. Based on a resolution approved by shareholders in November 22, 2007 a stock split was effectuated on December 4, 2007 such that each existing Common share was converted to 21.39149 Common shares. In addition all existing warrants and options automatically adjusted so that each warrant or option to purchase Common share was converted to a warrant or option to purchase 21.39149 Common shares. Data regarding share and per share data in these financial statements, has been retroactively adjusted to reflect this stock split.
20. On August 13, 2007 the Company received US \$1.05 million convertible unsecured promissory note ("Note"). In addition the Company issued to the Note holder warrants for the purchase of up to 3,208,724 Common shares. The warrants have a contractual term of 5 years. The exercise price of the warrants is \$0.164 per common share. In respect of the Note and warrants, the Company recorded financial expenses relating to the beneficial conversion feature in accordance with the provisions of EITF 98-05 and EITF 00-27 in the amount of \$469,500 with a corresponding credit to additional paid in capital in shareholders' equity. The Company computed the value of the warrants using the Black & Scholes option pricing model with the following assumptions: a risk-free interest rate of 4.72%, zero dividends, volatility of 66%, and an expected term of 5 years. On November 14, 2007 the Note term was extended to December 15, 2007. In respect of this change, the Company recorded additional financial costs of \$41,891 in the statement of operations with a corresponding credit to additional paid-in capital in shareholders' equity. On December 4, 2007 the Note was converted to Common shares.

21. On December 4, 2007 the Company's Common shares were admitted for trading on the London Stock Exchange's Alternative Investment Market (AIM). Concurrently the Company placed 9,640,000 Common shares at a per share price of GBP 0.10 (\$0.21), issued 18,897,213 Common shares and 3,084,422 Common shares to investors and consultants, respectively, and issued additional 6,417,447 Common shares resulting from the conversion of a convertible Note (see note 8d (20)), for a total gross consideration of GBP 3,276,985 (\$6,719,075). The issuance costs amounted to \$2,221,422. In addition the Company issued warrants to purchase 971,075 Common shares at an exercise price per share of \$0.164, and additional warrants to purchase 5,799,553 Common shares at an exercise price per share of \$0.194 with a term of 5 years.
 22. In January 2008, a total of 3,560,314 warrants were exercised in a cashless conversion to 2,414,326 Common shares by consultants of the Company. In addition 47,724 warrants were exercised and resulted in the issue of 47,724 Common shares. The cash consideration received upon exercise of this warrants was an immaterial amount.
 23. In April 2008, the Company issued a total of 142,609 Common shares to an advisor in consideration for assistance with the Company's fund raising in relation to the placing of the company shares on December 4, 2007.
 24. In December 2008, 30,119 warrants were exercised and resulted in the issue of 30,119 Common shares. The cash consideration received upon exercise of the warrants was immaterial.
 25. On December 17, 2008 the company announced that it is implementing a warrant repricing program ("program") to encourage the exercise of existing warrants provided that such exercise is completed by January 30, 2009 (During February 2009, the company extended the date to February 13, 2009). To encourage existing warrant holders to exercise their warrants for cash before the closing date as aforesaid, the following terms were offered:
 1. Reduced Exercise Price: \$0.0375/share (2.5 pence/share) or the current exercise price, whichever is lower;
 2. Bonus Warrants: for every one dollar (\$1.00) or 0.667 GBP paid for exercise of warrants during this program, a new bonus warrant will be issued to purchase three Shares of common stock in the Company of \$0.0001 par value per share ('Common Shares'), which will be immediately exercisable for three years at an exercise price, \$0.25 per share.
The exercise price of any warrants that were not exercised before the closing date revert to the original price as stated in the warrant prior to this incentive program.
- Pursuant to the warrant repricing program mentioned above, 11,025,833 warrants were exercised after balance sheet date for a total of investment \$ 406,048 and 1,218,144 bonus warrants were issued. \$ 150,000 of the total investment was received during December 2008 and was classified in the financial statements as receipts on account of shares. The benefit of \$ 6,745 to the warrant holders from the aforementioned, reduction in the exercise price was recorded as a preferred dividend to the warrant holders that accept the offer during 2008.

NOTE 9:- TAXES ON INCOME**a. Measurement of taxable income under the Income Tax (Inflationary Adjustments) Law, 1985**

Results of the subsidiary for tax purposes are measured in terms of earnings in New Israel Shekel (NIS) after certain adjustments for increases in the Israeli CPI. As explained in Note 2b, the financial statements are measured in U.S. Dollars. The difference between the annual change in the Israeli CPI and in the NIS/Dollar exchange rate causes a further difference between taxable income and the income before taxes shown in the financial statements. In accordance with paragraph 9(f) of SFAS 109, the Company has not provided deferred income taxes on the difference between the reporting currency and the tax bases of assets and liabilities.

b. Carryforward tax loss

As of December 31, 2008, the Company had a net operating loss carryforward for federal income tax purposes of approximately \$19.7 million which will begin to expire in the year 2020. Utilization of the Company's net operating loss may be subject to substantial annual limitation due to ownership change limitations provided by the Internal Revenue Code and similar state provisions. Such an annual limitation could result in the expiration of the net operating loss before utilization. As a result of the implementation of FIN 48 (see note 2h) the Company recognized for purposes of deferred tax calculations carryforward losses in the amount of \$5.2 million. As of December 31, 2008 the Company had net operating loss carryforward for state franchise tax purposes of approximately \$5.2 million which will begin to expire in 2011. As of December 31, 2008 the subsidiary had a carryforward tax loss for Israeli purposes in the amount of approximately \$5 million which can be carried forward indefinitely.

c. Deferred income taxes

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts deductible for income tax purposes. Significant components of the Company and its subsidiary's deferred tax assets are as follows:

| | December 31, | |
|---|---------------------|-------------|
| | 2008 | 2007 |
| Operating loss carryforward | \$3,476,589 | \$2,204,528 |
| Reserves and allowances | 262,191 | 189,908 |
| Net deferred tax asset before valuation allowance | 3,738,780 | 2,394,436 |
| Valuation allowance | (3,738,780) | (2,394,436) |
| Net deferred tax asset | <u>\$ -</u> | <u>\$ -</u> |

The valuation allowance for deferred income taxes relates primarily to the uncertainty of utilization of the net operating loss carryforwards, which are dependent on the future profitability of the Company.

Management currently believes that since the Company has a history of losses it is more likely than not that the deferred tax regarding the loss carryforwards and other temporary differences will not be realized in the foreseeable future.

- d.** Until December 31, 2003, the regular tax rate applicable to income of the subsidiary was 36%. In June 2004, an amendment to the Income Tax Ordinance (No. 140 and Temporary Provision), 2004 was passed by the "Knesset" (Israeli Parliament) and in July 2005, an amendment to the Income Tax Ordinance (No. 147) was passed by the "Knesset", which determines, among other things,

that the corporate tax rate is to be gradually reduced to the following tax rates: 2004 - 35%, 2005 - 34%, 2006 - 31%, 2007 - 29%, 2008 - 27%, 2009 - 26% and 2010 and thereafter - 25%.

- e. The Company files income tax returns in the U.S. federal jurisdiction and state jurisdiction. The U.S. tax authorities have not conducted an examination in respect of the Company's U.S. federal income tax returns since inception. The Company's Israeli subsidiary has not yet received final tax assessments since its inception. The subsidiary has tax assessments, deemed final under the law, up to and including the year 2003.

NOTE 10:- SUBSEQUENT EVENTS

- a. In January and February 2009 as part of the warrant repricing program (see note 8d (25)) 11,025,833 warrants were exercised for a total investment of \$ 406,048 and 1,218,144 bonus warrants were issued.
- b. During 2009 the subsidiary received approval for an additional Research and Development program from the Office of the Chief Scientist in Israel for the period April 2009 through March 2010. The grant is for up to approximately \$1.2 million.
- c. The company is proposing to raise up to \$5 million with the option to increase such amount to up to US \$7 million in aggregate through the issue of convertible debentures in a private placement and has signed agreements with a few placement agents. The company is obligated to pay a cash fee to one or more of the Placement Agents equal to between 8% and 12% of the gross amount of Debentures sold in this Private Placement and to issue to the Placement Agents warrants to purchase shares of Common Stock equal to between 4% and 10% of the total number of shares of Common Stock into which the Debentures convert. Non-refundable retainer fees totaling \$18,000 have been paid and the company is obligated to pay another \$33,000 in fees when certain fundraising milestones of the Private Placement are met. The Company has agreed to reimburse certain reasonable expenses incurred with regards services in the Private Placement, up to a maximum reimbursement of \$45,000.

In addition, the Company has entered into another agreement engaging an exclusive lead underwriter and sole bookrunner in connection with a contemplated IPO in the United States (hereinafter "the IPO") for a period of 12 months. The Company has agreed to pay compensation in connection with the IPO equal to a 10% cash commission on the gross proceeds raised in the IPO and the issuance of a warrant to purchase an amount equal to 10% of the shares sold in the IPO. In addition, the Company will pay a 2% corporate finance fee with respect to the gross proceeds raised.

Notes to Editors

Medgenics, Inc. is a clinical-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.

Medgenics currently has two products in development based on this technology:

- EPODURE - producing erythropoietin (EPO) to treat anemia
- INFRADURE - producing interferon-alpha (IFN-a) to treat Hepatitis-C

The Company's ongoing Phase I/II clinical trial for EPODURE in anaemic patients continues to demonstrate proof of concept of the Biopump. Designed to produce and deliver a therapeutic dose of EPO steadily for up to six months or more, EPODURE Biopumps are already maintaining effective anemia treatment for more than 6 months in earliest patients in the ongoing study, even with the low dose levels administered to date.

The Directors believe that the Biopump platform technology will provide a wide range of advantages over existing protein therapies that will appeal and offer benefits to doctors, patients and third party payers (e.g. medical insurers).

These advantages include:

- increased efficacy
- improved safety
- reduced side effects
- lower costs
- elimination of frequent injections
- extended treatment to undertreated populations.

Medgenics intends to develop its innovative products and bring them to market via strategic partnerships with major pharmaceutical and/or medical device companies, starting with EPODURE and INFRADURE.

Medgenics plans to raise the requisite funds during 2009 to enable it to follow the current trial of EPODURE with a Phase IIb clinical trial in the US which it hopes to start in 2010, and in addition, it hopes to commence a Phase I/II trial of INFRADURE in Hepatitis-C patients in Israel during 2010.

Beyond this, 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 areas include multiple sclerosis (interferon-B), hemophilia (Factor VIII), pediatric growth hormone deficiency (human growth hormone) and diabetes (insulin).

Founded in 2000, Medgenics is a US-incorporated company with major operations in Misgav, Israel. Medgenics was admitted to the London Stock Exchange's AIM market in December 2007 (AIM: MEDG and AIM: MEDU).

www.medgenics.com

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This release contains forward-looking statements, which include all statements other than statements of historical fact, including (without limitation) those regarding the Company's financial position, business strategy, plans and objectives of management for future operations. These statements relate to future events, prospects, developments

and strategies. Forward-looking statements are sometimes identified by their use of the terms and phrases such as 'estimate,' 'project,' 'intend,' 'forecast,' 'anticipate,' 'plan,' 'planning,' 'expect,' 'believe,' 'will,' 'will likely,' 'should,' 'could,' 'would,' 'may' or the negative of such terms and other comparable terminology. All such forward-looking statements are based on current expectations and are subject to risks and uncertainties. Should any of these risks or uncertainties materialize, or should any of the Company's assumptions prove incorrect, actual results may differ materially from those included within these forward-looking statements. Accordingly, no undue reliance should be placed on these forward-looking statements, which speak only as of the date made. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based. As a result of these factors, the events described in the forward-looking statements contained in this release may not occur.