

Regulatory Announcement

For immediate release

29 March 2006

Proximagen Neuroscience plc
(the "Company")

Preliminary results for the twelve months
ended 30 November 2005

London, UK, 29 March 2006 - Proximagen Neuroscience plc (AIM: PRX), the specialty drug discovery and development company focused on neurodegenerative diseases, today announces its audited Preliminary Results for the twelve months ended 30 November 2005.

Highlights:

- * Profit after tax reported for the second successive year
- * Substantial progress made on the four proprietary drug development programmes
- * Six service contracts signed
- * Successful listing on AIM in March 2005, raising £12.6m (after expenses)
- * Net cash as at 30 November 2005 of £13.0m

Commenting on the results, Kenneth Mulvany, Chief Executive of Proximagen, said:

"We made excellent progress in our first year as a publicly traded company having strengthened our discovery and development assets by hitting key

milestones in each of our four proprietary programmes. I am also delighted to report strong financial performance during the period. Our contracts with major pharmaceutical companies have not only consolidated our relationships with industry partners but have generated valuable revenue which has contributed to Proximagen being able to record a profit after tax for the second successive year. With a robust pipeline and a strong cash position, we look to the future with enthusiasm and confidence."

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Proximagen Neuroscience plc

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Buchanan Communications

Chairman's Statement

Introduction

We are pleased to report our first full financial results since Proximagen Neuroscience plc's successful listing on the London Stock Exchange's Alternative Investment Market. In 2005, Proximagen made strong progress in drug discovery and development.

Finance

In March 2005, the Company raised its target of £12.6m of new capital, net of

expenses. This financed a step change in Proximagen's ability to develop its drug discovery pipeline. Our service business revenue also expanded considerably during the year so that despite a significant investment in four research and development programmes, the net cash outflow has been minimal with none of the capital raised in the initial public offering having been spent.

Our Business

Our principal objective is to bring drugs to market through innovative discovery, stringent selection criteria and disciplined development. Proximagen possesses drug discovery capabilities of exceptional strength, including leading scientific research undertaken by Professor Peter Jenner, the Company's Chief Scientific Officer. His research facilities at King's College London were awarded the prestigious National Parkinson Foundation's Centre of Excellence designation in 2005. This constitutes the gold standard in Parkinson's disease research.

Proximagen has also enhanced its development capabilities by recruiting key personnel in project management, chemistry, and bio-analytical techniques. Discovery and development resources were further enhanced through infrastructure improvements to support our current size and beyond.

Proximagen's long-term business strategy is centred on its commitment to innovative research and development as the principal route to creating shareholder value. We expect our development expenditure to continue to accelerate rapidly as we invest more heavily in bringing our leading compounds through pre-clinical and clinical development. The Company intends to retain ownership of lead drug candidates through to proof-of-concept human clinical

trials before out-licensing them to major pharmaceutical companies in order to maximise value creation for our shareholders.

The Board

In December 2005, we welcomed Michael Ashton to the Board as a non-executive director. Michael has over 30 years of experience in the pharmaceutical industry having worked for Merck Inc., Pfizer Inc., Purepac Inc., Faulding Inc., and latterly as CEO for SkyePharma PLC. We have also started the process to recruit another non-executive director to bring additional expertise and experience to the Board. I would also like to thank George Murlewski who made a very valuable contribution to Proximagen during its formative period. Mr. Murlewski resigned in December 2005.

Outlook

Following strong progress in the past months, Proximagen has established firm foundations, good medium term prospects and significant opportunities for growth in the longer term. With a pipeline of promising drug candidates and a healthy balance sheet, we look to the future with confidence.

Bruce Campbell

Chairman

28 March 2006

Chief Executive's Review

Introduction

I am pleased to report that during 2005, Proximagen made major strides towards reaching our goal of becoming a leader in the discovery, development and commercialization of innovative drugs for the treatment of age-related neurodegenerative diseases.

During the past year, we have launched four proprietary programmes and strengthened our balance sheet through the completion of our IPO and the continuing provision of services to major pharmaceutical companies.

We believe that Proximagen is well-positioned to play a leadership role in creating new and much-needed therapies for neurodegenerative diseases. From its inception, Proximagen has dedicated all of its research and development efforts to these therapeutic indications, and in particular, to the growing need for better therapeutics in Parkinson's disease and cognitive decline. Parkinson's disease alone affects 1 in 100 people over the age of 60 with the severity of symptoms tending to worsen over time. There are approximately 3 million sufferers of Parkinson's disease worldwide and that number is expected to double in the next 10-20 years. Cognitive decline, which in its severest forms manifests as dementias such as Alzheimer's disease, affects a much broader proportion of the population with as many as 1 in 10 individuals aged over 65 affected.

Discovery and Development

In 2005, Proximagen made significant progress in our development programmes and has generated a pipeline of drugs designed to improve the standard of care for patients with neurodegenerative diseases. Our drug candidate programme PRX1 is aimed at improving the symptomatic treatment of Parkinson's disease and represents what we believe could be a major advance in Parkinson's disease therapy. In pre-clinical studies, we show predictive clinical efficacy with a reversal of motor deficits. Clinical trials are expected to demonstrate that our lead compound could provide improved therapeutic value over current treatments for Parkinson's disease by having better efficacy and a lower side effect profile.

Our second drug candidate programme was designed as a novel treatment for the uncontrollable movements that frequently result from the most common treatment of Parkinson's disease. Once established, these involuntary movements are produced following dosing of dopaminergic anti-Parkinson's disease medication and may become the factor significantly limiting current Parkinson's disease treatment strategies. Our pre-clinical studies indicate that our lead evaluation series is likely to be safe and well tolerated, and shows indications of anti-dyskinetic activity. Clinical trials are expected to demonstrate that this novel treatment strategy could greatly reduce the incidence and severity of these debilitating involuntary movements.

Our proprietary discovery programme PRX4 is for the prevention and treatment of a pathological change common in a large number of neurodegenerative diseases, and represents what we believe to be a groundbreaking approach to addressing the major unmet medical needs in these collective indications. While this programme is at an earlier stage than our other development programmes, it is nonetheless

exciting as there are currently no drug treatments on the market which slow or stop the inevitable progression of age-related neurodegenerative diseases. Our current studies have shown that PRX4 is implicated in the control of many mechanisms associated with degeneration of neurons. We have also shown that even in very low concentrations, PRX4 acts as a highly potent inhibitor of neurodegeneration in human neuronal cells.

Finally, the PRX5 drug discovery programme aims to improve the lives of patients with age-related cognitive decline. Many older individuals suffer from cognitive decline with advancing age, which in its severest forms translates into dementias such as Alzheimer's disease. The PRX5 programme has been initiated utilising both traditional medicinal chemistry and computational chemistry in areas of unique intellectual property. The Group applies biochemical and pharmacological models which are selective and predictive of activity in human tissue as part of our screening cascade. Discoveries in this programme have led to the development of a novel series of dopaminergic compounds.

Intellectual property

During the year, Proximagen continued to pursue its aggressive intellectual property strategy with four new patent applications filed based upon the Group's growing pipeline of in-house discovery initiatives.

Post year end, the Group filed further patent applications in February 2006 claiming a series of dopaminergic compounds from the expanded PRX1 programme. A US application claiming use of PRX4 was continued and an international (PCT) application claiming use of truncated variants of PRX4 was filed.

Also in February 2006, a second, expanded, patent application was filed for our programme to treat dyskinesias and an international (PCT) patent application based on those indications was also filed. In due course the Group will have the option of filing national applications derived from PCTs in those countries where protection for the invention appears commercially desirable.

In March 2006, the Group filed for patent protection for the PRX5 series and their use in dopaminergic signaling deficiency diseases.

Financial performance

Our service business continues to be an important part of the Group's operations. Our contracts with some of the world's largest pharmaceutical companies not only consolidate our relationships with industry partners but they generate valuable revenue. Income from these contracts covered a significant proportion of our overhead costs and, together with the impact of a tax credit, contributed to us being able to record a profit after tax for the second successive year.

In 2005 turnover increased by 51% to £878,000 compared with 2004. The percentage increase in turnover is explained by a combination of six new contracts being signed during the year to supplement the contracts already underway at the beginning of the year and the 2005 trading period being three months longer than the 2004 trading period.

Gross margin was 54%, compared with 45% for the year to November 2004. This reflects increased efficiency in our laboratory operations where the escalation in activity on our internal programmes has enabled us to deploy our resources more effectively.

As detailed earlier in my report, we have invested heavily in the development of our own drug candidates, which is reflected by the level of expenditure on R&D in the year. This increase will continue to accelerate as we progress our development programmes.

Operating costs have also increased as the Group has recruited high-calibre staff to fulfil key roles within the organisation. We continue to monitor expenditure closely to ensure that our resources are channeled into areas, such as R&D, where we believe we are most likely to see the best return on investment.

Net assets at the year end total £13.2m, an increase of £12.8m due primarily to the net proceeds of the IPO in March 2005.

The Group's cash position improved considerably during the year, from £0.3m to £13.0m. The main contributory factors were firstly the funds raised from the IPO and secondly from the management of working capital which enabled the Group to post net cash outflows from operating activities of £196,000 despite an operating loss of £489,000.

We expect investment in capital equipment to increase from current levels but we continue to be mindful of the need to ensure that such investment allows us to develop our programmes faster and cheaper than outsourcing would otherwise do.

Conclusion

We believe that 2006 will be an important year for Proximagen as we look forward with enormous enthusiasm to the challenges and opportunities that lie ahead. We are able to leverage truly world-class scientific capabilities to advance our discovery and development programmes, while laying the foundation for later-stage development and future commercialization activities from the value generated in our pipeline.

I would like to thank our team at Proximagen for their hard work and dedication and congratulate them on the outstanding contribution that they have made to our progress this past year. I would also like to thank you, our shareholders, for your steadfast support.

Kenneth Mulvany
Chief Executive Officer

28 March 2006

Proximagen Neuroscience plc

Consolidated profit and loss account

For the year ended 30 November 2005

	Note	Year ended 30 November 2005	Year ended 30 November 2004
		£	£
Turnover			
Service revenue		877,310	581,270
Other revenue		1,000	-
		878,310	581,270
Cost of sales		(405,798)	(319,367)
Gross profit		472,512	261,903
Research & development costs		(329,842)	-
Other administrative expenses		(632,087)	(248,008)
Net operating costs		(961,929)	(248,008)
Operating (loss)/profit		(489,417)	13,895
Interest receivable		410,432	6,491
Interest payable		-	(4)
Net interest receivable		410,432	6,487
(Loss)/profit before tax		(78,985)	20,382
Corporation Tax		83,597	(7,947)
Profit after tax		4,612	12,435
Profit transferred to reserves		4,612	12,435
Earnings per share			
Basic (pence)	2	0.03	0.12
Diluted (pence)	2	0.03	0.12

No separate statement of Total Recognised Gains and Losses has been presented since all such gains and losses have been dealt with in the profit and loss account.

As explained in Note 1 the profit and loss account has been prepared using

merger accounting principles and is presented as if the Group had been in existence throughout the current and prior periods.

All group activities relate to continuing operations.

Proximagen Neuroscience plc

Consolidated balance sheet

At 30 November 2005

	Note	At 30 November 2005 £	At 30 November 2004 £
Fixed assets			
Tangible fixed assets		87,437	-
Current assets			
Debtors		678,530	551,819
Cash at bank and in hand	3	13,027,699	315,164
		13,706,229	866,983
Creditors: amounts falling due within one year			(618,140) (453,648)
Net current assets		13,088,089	413,335
Net assets		13,175,526	413,335
Capital and reserves			
Called up share capital		200,356	102,000
Share premium account		12,659,223	-
Merger reserve		298,900	298,900
Profit and loss account		17,047	12,435
Equity shareholders' funds	4	13,175,526	413,335

Proximagen Neuroscience plc

Company balance sheet

At 30 November 2005

At 30 November
2005

	Note	£
Fixed assets		
Investments		102,000
Current assets		
Debtors		450,467
Cash at bank and in hand		12,763,848
		13,214,315
Creditors: amounts falling due within one year		(52,541)
Net current assets		13,161,774
Net assets		13,263,774
Capital and reserves		
Called up share capital		200,356
Share premium account		12,659,223
Profit and loss account		404,195
Equity shareholders' funds	4	13,263,774

Proximagen Neuroscience plc

Consolidated cash flow statement

For the year ended 30 November 2005

Note	Year ended 30	Year ended 30
	November 2005	November 2004
	£	£
Cash flow from operating activities	5 (195,875)	(92,223)
Returns on investment	244,707	6,487
Capital expenditure	(93,877)	-
Management of liquid resources	(12,600,000)	-
Financing	12,757,580	400,900
Increase in cash	112,535	315,164

Notes

1. Accounting policies

a. Basis of accounting

The financial information contained in this report has been prepared under the historical cost convention and in accordance with applicable accounting standards.

The financial information on the Group set out above does not constitute 'statutory accounts' within the meaning of section 240 of the Companies Act 1985. The financial information for the year ended 30 November 2005 has been extracted from the Group's audited consolidated statutory accounts, which will be delivered to the Registrar of Companies for England and Wales following the Company's Annual General Meeting on 23 May 2006. The report of the auditors on these accounts was unqualified and did not contain a statement under Section 237 (2) or (3) of the Companies Act 1985.

The financial information for the year ended 30 November 2004 is derived from the statutory accounts for that year for Proximagen Limited, which have been delivered to the Registrar of Companies. The auditors reported on those accounts and their report was unqualified.

Comparative figures are for the period ended 30 November 2004 on the basis set out in Note 1b.

The annual report will be posted to shareholders in April 2006 and will be laid before shareholders at the AGM on 23 May 2006. The financial information set out in this preliminary announcement was approved by the Board on 28 March 2006.

The statutory accounts for the year ended 30 November 2005 have been prepared following accounting policies consistent with those set out in the financial statements of the subsidiary company for the period ended 30 November 2004.

b. Basis of consolidation

Acquisition

Proximagen Neuroscience plc was incorporated on 14 January 2005 and on 9 March

2005 the Company acquired the entire share capital of Proximagen Limited by way of a share for share exchange. In accordance with the principles set out in Financial Reporting Standards ("FRS") 6 "Acquisitions and Mergers", 100% of the shares acquired have been accounted for under merger accounting. Consequently, although Proximagen Neuroscience plc was not incorporated until 14 January 2005 and the combination did not take place until 9 March 2005, the financial information is presented as though the merged businesses had always been a single group.

Basis of comparative information

The comparative consolidated profit and loss account has been presented as if the merger took place on the first day of each financial period presented and as though the Group, as presently constituted, had been in existence throughout these periods. The figures for the year to 30 November 2004 have been extracted from the audited Proximagen Limited accounts adjusted for the shares issued by the Company as consideration as if they had always been in issue. Any difference between the nominal value of the shares acquired by the Company and those issued by the Company to acquire them is taken to reserves.

2. Basic and diluted earnings per ordinary share

The calculations of basic and diluted earnings per ordinary share are based on the following results and numbers of shares:

	Year ended 30 November 2005 £	Year ended 30 November 2004 £
Profit for the year	4,612	12,435
	2005 Number of shares	2004 Number of shares
Weighted average number of shares		
For basic earnings per share	16,790,695	10,199,800
Dilutive effect of share options	833,718	-
For diluted earnings per share	17,624,413	10,199,800

The comparative figures are proforma based on the number of shares that would have been in issue had the capital structure of the new parent company always been in place.

3. Reconciliation of net cash flow to movement in net funds

Year ended 30	Year ended 30
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	November 2005 £	November 2004 £
Increase in cash in the year	112,535	315,164
Cash held on deposit	12,600,000	-
Change in net funds resulting from cash flows	12,712,535	315,164
Movement in net funds in the year	12,712,535	315,164
Net funds at beginning of year	315,164	-
Net funds at end of year	13,027,699	315,164

4. Reconciliation of movement in shareholders' funds

Group	Year ended 30 November 2005 £	Year ended 30 November 2004 £
Opening shareholders' funds	413,335	-
Shares issued during the year	98,356	102,000
Premium on shares issued during the year (net of expenses)	12,659,223	-
Creation of merger reserve	-	298,900
Profit for the year	4,612	12,435
Closing shareholders' funds	13,175,526	413,335

Company	Year ended 30 November 2005 £
Opening shareholders' funds	-
Shares issued during the year	200,356
Premium on shares issued during the year (net of expenses)	12,659,223
Profit for the year	404,195
Closing shareholders' funds	13,263,774

5. Reconciliation of operating profit to operational cash flow

Year ended 30	Year ended 30
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	November 2005 £	November 2004 £
Operating (loss)/profit	(489,417)	13,895
Depreciation	6,441	-
Decrease/(increase) in debtors	114,663	(551,819)
Increase in creditors	172,438	445,701
Net cash outflow from operating activities	(195,875)	(92,223)

6. Notice of AGM

The Annual General Meeting will be held at 11am on 23 May 2006 at Buchanan
Communications Ltd, 45 Moorfields, London EC2Y 9AE