

## **ReGen Therapeutics Plc**

### **Interim Results for the Six Months' to 30 June 2005**

#### CHAIRMAN'S STATEMENT

Our interim results show the impact of the expansion of the group planned at the end of 2004. Our research costs were up 52% reflecting the increased scientific work during the period. Other costs, which basically encompass the doubling of our staff size, rose commensurately.

However, the story is not about costs but what we have achieved during the half year and a number of substantial milestones were reached during that period.

- On the pure research side we announced on the 27 April that a synthetic peptide derived from Colostrinin™ had shown activity in vitro in Parkinson's disease. In the opinion of the principal investigator it was worth further examination in this area.
- On the 20 June we announced that we had successfully defined the production process for Colostrinin™ at industrial scale.
- Two new patents were issued in the US. On the 14 February a patent was issued for neuronal cell differentiation and on the 4 March one was issued to cover the use of Colostrinin™ on dementia including Alzheimer's disease.
- Finally at the end of the period on the 27 June we announced a publication in the journal 'Neuropeptides' by researchers working for us at Roswell Park in New York. The publication of this study in a peer reviewed journal is an important scientific milestone as it confirms that Colostrinin™ reduces the aggregation and toxicity of Alzheimer's disease peptide (beta-amyloid) and protects nerve cells in vitro.

We should stress that the US market accounts for over half the developed world sales of central nervous system drugs and 35% of the global nutraceutical market. Our previously announced production in South Dakota and our scientific progress in the US is important in the development of the Company, in particular we will be able to supply the US market from the US, which is a key element in our strategy.

Percy W Lomax  
Executive Chairman  
15 September 2005

Further information:  
Andrew Marshall  
Marshall Robinson Roe  
Tel: 020 7960 6007

# ReGen Therapeutics Plc

## Interim Results for the Six Months' to 30 June 2005

### Consolidated Profit and Loss Account For the six months ended 30 June 2005

	Unaudited 6 months to 30-Jun-05	Unaudited 6 months to 30-Jun-04	Audited Year to 31-Dec-04
	(£000)	(£000)	(£000)
Turnover	100	-	99
Cost of sales	43	-	45
Gross profit	57	-	54
<b>Administrative costs</b>			
Development costs	313	206	457
Other	780	484	1,063
Goodwill amortisation	47	37	78
	1,140	727	1,598
Operating loss	(1,083)	(727)	(1,544)
Interest Receivable	24	27	46
Interest Payable	(5)	(2)	(4)
Loss on ordinary activities before taxation	(1,064)	(702)	(1,502)
Tax on ordinary activities	(30)	(30)	(114)
Loss on ordinary activities after taxation	(1,034)	(672)	(1,388)
Loss per share (basic and diluted)	(0.30)p	(0.24)p	(0.49)p

# ReGen Therapeutics Plc

## Consolidated Balance Sheet

	Unaudited As at 30-Jun-05 (£000)	Unaudited As at 30-Jun-04 (£000)	Audited As at 31-Dec-04 (£000)
<b>Fixed Assets</b>			
Intangible assets	2,178	1,801	2,190
Tangible assets	24	7	19
	<u>2,202</u>	<u>1,808</u>	<u>2,209</u>
<b>Current assets</b>			
Stocks	2	-	1
Debtors	194	74	1,163
Cash at bank	572	1,145	771
	<u>768</u>	<u>1,219</u>	<u>1,935</u>
<b>Creditors: amounts falling due within one year</b>	<u>(461)</u>	<u>(191)</u>	<u>(601)</u>
<b>Net current assets</b>	<u>307</u>	<u>1,028</u>	<u>1,334</u>
<b>Net assets</b>	<u>2,509</u>	<u>2,836</u>	<u>3,543</u>
<b>Capital and reserves</b>			
Share Capital - Issued and fully paid	342	280	342
- Deferred	5,298	5,298	5,298
Share premium	9,173	8,055	9,173
Other reserves	242	-	242
Profit and loss account	(12,546)	(10,797)	(11,512)
Equity shareholders' funds	<u>2,509</u>	<u>2,836</u>	<u>3,543</u>

# ReGen Therapeutics Plc

## Consolidated Cash Flow Statement

	Unaudited 6 months to 30-Jun-05	Unaudited 6 months to 30-Jun-04	Audited Year to 31-Dec-04
	(£000)	(£000)	(£000)
<b>Operating loss</b>	(1,083)	(727)	(1,544)
<b>Amortisation</b>	57	43	93
<b>Depreciation</b>	4	2	5
<b>Increase in stocks</b>	(1)		(1)
<b>Decrease/(Increase) in debtors</b>	957	430	(571)
<b>(Decrease)/increase in creditors</b>	(117)	(81)	257
<b>Net cash outflow from operating activities</b>	(183)	(333)	(1,761)
<b>Returns on investments and servicing of finance</b>			
Interest received	24	27	46
Interest paid	(5)	(2)	(5)
<b>Taxation</b>	43	-	-
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets	(10)	(4)	(4)
Payments to acquire intangible fixed assets	(45)	(19)	(66)
<b>Acquisitions</b>			
Purchase of a subsidiary undertaking:			
<b>Acquisition</b> expenses	-	-	(73)
<b>Net overdraft acquired with</b> subsidiary	-	-	(115)
<b>Net cash outflow before management of liquid resources and financing</b>	(176)	(331)	(1,978)
<b>Management of liquid resources</b>			
Decrease/(Increase) in short term deposits	243	(209)	206
<b>Financing</b>			
Proceeds of shares issued for cash	-	500	1,748
Expenses paid on share issue	-	(20)	(95)
	-	480	1,653
<b>Increase/(Decrease) in cash</b>	67	(60)	(119)

## Notes to the Interim Report:

### Basis of preparation

The results for the six months ended 30 June 2005 are unaudited and have been prepared on a basis consistent with the statutory accounts for the year ended 31 December 2004. The comparative amounts for the year ended 31 December 2004 do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985 but have been extracted from the audited statutory accounts delivered to the Register of Companies on which the auditors issued an unqualified report which did not contain a statement under section 237 of that Act.

### Loss per share

The calculation of loss per share is based on the weighted average number of shares in issue for the period of 341,919,720 and the loss for the period of £1,034,000.

### Reconciliation of movements in equity shareholders' funds

	<b>30-Jun-05</b> <b>(£000)</b>
Loss for the six months	(1,034)
New share issues	-
Premium on new share issues net of issue costs	-
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Decrease to equity shareholders' funds	(1,034)
Opening equity shareholders' funds	3,543
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Closing equity shareholders' funds	<u>2,509</u>

### Intangible fixed assets

Costs amounting to £45,000 relating to patent rights have been capitalised for the six months to 30 June 2005 in accordance with the company's stated accounting policy.