23 September 2008

REGEN THERAPEUTICS PLC

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS TO 30 JUNE 2008

ReGen Therapeutics Plc ('ReGen' or the 'Company') has published its interim results for the six months to 30 June 2008

HIGHLIGHTS

- **Colostrinin™ roll out continues**
- **Development work on two peptides as potential treatments for Alzheimer's disease and one for obesity on schedule at UTMB**
- **Zolpidem now prepared for licensing out**
- **Administrative cash costs reduced by £121,000 (17%)**

CHAIRMAN'S STATEMENT

Financial Position

ReGen acted decisively in the first half of the year, as the severity of the economic problems suggested that equity markets would be unlikely to supply the required finance for the planned development of the business. The Board restructured the development programme and reduced administrative costs, so that it could operate within the cash resources available to it.

In the period under review, we must stress that the revenue figures are not strictly comparable to the six months to 30 June 2007. The £94,000 revenue in the first half of this year is all but £3,000 from Colostrinin™, but for the six month period ending 30 June 2007 all revenue was from Guildford Clinical Pharmacology Unit Ltd, which is no longer operating, however, its former principals continue to act as advisors to ReGen. The reduction in research and development costs reflects the planned scale down of in-house development.

In line with its policy of tight financial controls, ReGen continues to match its expenditure and cash. Although administrative costs show a rise of nearly 8% to £948,000 this total contains a major non-cash item of £230,000 for patent amortisation compared with £13,000 the year before. In fact cash administrative costs for this half-year were £668,000 as against £807,000 for the first half 2007, a fall of 17%. The actual cash spent in the first half of 2008 was £909,000 and we expect this to reduce further in the second half of the year. The Company is continuing to look for sources of finance in a difficult financial market and to date has utilised the committed share drawdown facilities and other sources available to fund its current expenditure.

The Company signed a new contract with The University of Texas Medical Branch (UTMB) guaranteeing the continuing development of the peptides, which represent a major objective for the future success of the Company. With regard to zolpidem ReGen has completed some further background scientific work and prepared a protocol for a second

'proof of concept' clinical study. ReGen is now approaching major pharmaceutical companies in the sector to license out the zolpidem project.

Commercial Update

Colostrinin™ roll out continues:
The roll out of Colostrinin™ as a nutraceutical, which has been developed to support healthy brain aging and cognition is continuing in line with the Company's expectations.

The product is already being sold (under the brand name CogniSure™) via healthcare professionals in the US and Australia through Metagenics, ReGen's licensing partner for those territories in the professional channel. Retail opportunities in the US market are also currently being explored.

At the beginning of March 2008, the Company announced its first European Union distribution agreement for Colostrinin™ with Golgi Pharmaceuticals Ltd of Cyprus. The European Union launch of the nutraceutical product under the brand name Cognase™ is now expected in October. The product is also being test marketed in South Africa and discussions are now underway with two companies in India and other businesses in Turkey, Poland/Germany and Israel, with a view to signing licensing agreements.

The Board wishes to remind shareholders that the estimated market value of the product ordered by Metagenics in the first half of the year would be approximately $2.2m (assuming it is all sold). Furthermore, whilst the main Colostrinin™ "use" patent expires in October 2016, we are pleased to announce that the EU patent, which protects our manufacturing process, has been granted and this expires in March 2024. The manufacture of Colostrinin™ is proprietary and complex so that this patent grant is of considerable commercial significance.

Scientific development

Colostrinin™ and Colostrinin™ Derived Peptides:
A new contract has been entered into with the University of Texas Medical Branch (UTMB) for the development of peptides derived from Colostrinin™. The peptide programme involves in-vivo studies in Alzheimer's disease and obesity and is expected to show some initial results by the end of the year. ReGen already has indications from one global company that it is interested in the initial results of one of these peptides.

Alzheimer's Conference on 17th September, 2008:
Professor Marian Kruzel, the Company's Chief Scientific Advisor presented a poster reviewing how Colostrinin™ achieves its clinical effect at the first Clinical Trials in Alzheimer's Disease Conference, held in Montpellier, France, 17th September, 2008.

Summarising the contents of his poster, Professor Kruzel said:

"In this presentation I explained how such a low dose of Colostrinin™ can produce significant medical benefits in AD patients. I focussed on our findings from recent genomic microarray work, which shows that Colostrinin™ can favourably modulate the expression of several molecules involved in the pathology of Alzheimer's disease (upregulation of bleomycin hydrolase, downregulation of APP and effect on Tau phosphorylation). This

enables the body's own multiple responses to reduce neuronal pathology and achieve homeostasis. The effect on Tau is said to be the reason for the response witnessed by the patients taking the drug Rember*. This data suggests that Colostrinin™, may be one of the first compounds with the potential to impact both Tau tangles and beta amyloid plaques, the two key pathologies of Alzheimer's disease."

For a long time ReGen has had compelling experimental and clinical data that suggest Colostrinin™ can support healthy brain aging and cognition. In discussions with potential licensing partners, investors and healthcare practitioners however, initially, there has always been a degree of scepticism that a small dose of peptides given orally could lead to significant clinical effects. ReGen's recent work, which shows that Colostrinin™ absorbed in the lining of the mouth triggers the production of other molecules that lead to the final outcome, should go a considerable way to removing this as an issue and lead to greater use of the product.

A copy of the poster is now available on the ReGen website (www.regentherapeutics.com)

An article by Professor Mike Stewart of the Open University, Milton Keynes, UK, reviewing the benefits of Colostrinin™ has also recently been published on-line in the journal Expert Opinion on Pharmacotherapy, October 2008. Summarising his article, Professor Stewart, a scientific consultant to ReGen, said:

'Neurodegenerative illnesses such as Alzheimer's disease and their debilitating effects pose a major problem as their incidence increases. Given that Colostrinin™ has efficacy in counteracting neural degradation, stimulating neural growth, reducing oxidative stress, preventing beta-amyloid aggregation and prolonging the lifespan of mice prone to premature aging it would seem to have much to commend its use as a nutraceutical in the early stages of cognitive decline in aging humans and companion animals'.

The abstract of this paper can be viewed at
:http://www.informapharmascience.com/toc/eop/9/14

Zolpidem:
In June 2008, the Company announced that collaborators at Aston University, Birmingham UK had discovered new evidence of zolpidem's unique mode of action using pharmaco-magneto-encephalography (MEG) brain imaging. They found that non-functioning areas of the brain within the stroke damage area of a patient were being kept in a dormant state by excessive slow wave activity that zolpidem reversed. This effect could not be reproduced with placebo or another sedative with a similar pharmacological action called zopiclone. ReGen has filed a new patent application around this important discovery.

Recent analysis of data from ReGen's first study has established in patients with long-standing brain damage that the sublingual route of dosing is more consistent, faster in onset and more potent than existing tablets, characteristics that will greatly help patients to control the effect of dosing when they need to avoid sedation. More importantly, the trial also demonstrated that 2.5 mg sublingually was non-sedative even when repeated, and since published reports have shown 2.5mg to be an effective dose in this new indication, it established a clear demarcation between ReGen's new indication and generic sedative formulations.

Currently, and with advice from internationally respected experts in stroke rehabilitation, ReGen is planning a further, double-blind clinical trial in the UK designed to demonstrate the efficacy of repeated doses of zolpidem after stroke. This information will help to design optimal treatment regimens.

In addition, a study is ongoing at the University of Pretoria, regarding the use of zolpidem for the reversal of neurodormancy after brain damage. Findings from this study will be presented at the Asia Oceania Congress of Nuclear Medicine and Biology, Delhi, India, November, 2008.

In this prospective study, 40 patients with clinical and neurologically confirmed brain damage due to various causes (mainly stroke and traumatic brain injury) were investigated by brain SPECT imaging before and after zolpidem. All patients underwent non-attenuation corrected Ceretec rest/zolpidem imaging. All testing was completed within a maximum period of a week. Three experts reviewed all images, blinded to the rest and zolpidem studies. Concordance / discordance of brain SPECT and neurological assessment was assessed. The results show that 72.5% of patients demonstrated an improvement in cerebral perfusion after zolpidem, which is significantly higher than the response rate based on clinical measurements only.

The findings of the MEG studies regarding the mechanism of the neurodormancy reversal and the preliminary findings of the Pretoria study will be presented by Dr Clauss at the forthcoming Ehrlich II congress on ‘magic bullets’ in Nuremberg, Germany, at the beginning of October 2008.

Commenting on the studies, Percy Lomax, Chief Executive of ReGen said:

‘We now have so many individual reports of a beneficial effect from zolpidem in a wide range of brain damage, from birth injury to trauma, stroke and others, that it is clear that zolpidem can help a considerable proportion of patients. The new Pretoria study suggests that the proportion of cases that might benefit from zolpidem could be much higher than expected from simple clinical responses. In some patients the benefit has been profound with recoveries of speech, continence, cognitive function and limb paralysis. Moreover, there has been no report of undue adverse effects other than the expected daytime sedation, all of which suggests that zolpidem should be tried in every case of brain injury’.

International PrimeQX

On 14 July 2008 ReGen announced that it was listing its American Depositary Receipts (ADRs) on the OTC market’s prestigious tier, International PrimeQX. Pink OTC Markets Inc., is the leading electronic inter-dealer quotation system, trading technology and financial information provider for over-the-counter (OTC) securities.

Note:
* Product/trademark of TauRx

Percy Lomax
Executive Chairman

A copy of this interim statement is being sent to shareholders and copies are available from the Company's offices at 73, Watling Street, London EC4M 9BJ or by visiting our website at www.regentherapeutics.com

For further information contact:

Percy Lomax
ReGen Therapeutics Plc
Tel: 020 7153 4920

Roland Cornish/Felicity Geidt
Beaumont Cornish Limited
Tel: 020 7628 3396

Katherine Goddard/Nick Bealer
Alexander David Securities Limited
Tel: 020 7448 9820

Adrian Duffield/Jon Davies
College Hill Associates
Tel: 020 7457 2020

ReGen Therapeutics Plc

Interim Results for the Six Months to 30 June 2008

Consolidated Income Statement
For the six months ended 30 June 2008

		Unaudited 6 months to 30-Jun-08 (£000)	Unaudited 6 months to 30-Jun-07 (£000)	Audited Year to 31-Dec-07 (£000)
Revenue		**94**	**117**	**311**
Cost of sales		(28)	(31)	(108)
Gross profit		66	86	203
Research and development costs		241	467	802
Other administrative costs		948	880	1,654
Impairment of intangible assets		-	349	349
Administrative costs		1,189	1,696	2,805
Operating loss	`	(1,123)	(1,610)	(2,602)
Finance income		9	18	57
Finance costs		(5)	(5)	(9)
Loss before taxation		(1,119)	(1,597)	(2,554)
Income tax credit	Note 3	60	73	169
Loss after taxation		(1,059)	(1,524)	(2,385)
Loss per share (basic and diluted)	Note 4	(9.75)p	(18.37)p	(25.71)p

ReGen Therapeutics Plc

Consolidated Balance Sheet

		Unaudited As at 30-Jun-08 (£000)	Unaudited As at 30-Jun-07 (£000)	Audited As at 31-Dec-07 (£000)
Assets				
Non current assets				
Goodwill		965	965	965
Intangible assets		809	969	981
Property, plant and equipment		2	23	3
Total non current assets		1,776	1,957	1,949
Current assets				
Inventories		22	14	7
Trade and other receivables		199	556	213
Tax receivable		60	50	146
Cash and cash equivalents		177	1,280	588
Total current assets		458	1,900	953
Total assets		2,234	3,857	2,902
Liabilities				
Current liabilities				
Trade and other payables		426	417	312
Loans and borrowings		75	80	50
Total current liabilities		501	497	362
Non current liabilities				
Provisions		100	100	100
Total liabilities		601	597	462
Total net assets		1,633	3,260	2,440
Equity				
Capital and reserves				
Share capital - Issued and fully paid	Note 5	1,134	1,026	1,026
- Deferred		5,298	5,298	5,298
Share premium		14,078	13,973	13,969
Other reserves		266	266	266
Retained earnings		(19,143)	(17,303)	(18,119)
Total equity		1,633	3,260	2,440

ReGen Therapeutics Plc

Consolidated Cash Flow Statement

		Unaudited 6 months to 30-Jun-08	Unaudited 6 months to 30-Jun-07	Audited Year to 31-Dec-07
		(£000)	(£000)	(£000)
Loss before tax for the financial period		(1,119)	(1,597)	(2,554)
Impairment of goodwill		-	349	349
Amortisation of intangible assets		230	13	35
Depreciation of property, plant and equipment		1	4	24
Share option charge		35	44	88
Interest charged		5	5	9
Interest credited		(9)	(18)	(57)
Taxation received		146	138	138
Operating cash flows before movements in working capital and provisions		(711)	(1,062)	(1,967)
Changes in inventories		(16)	6	13
Changes in receivables		13	(326)	17
Changes in payables		115	(143)	(248)
Net cash outflow from operating activities		(599)	(1,525)	(2,185)
Cash flows from investing activities				
Interest received		9	18	57
Purchase of property, plant and equipment		-	(1)	(1)
Purchase of intangible assets		(57)	(36)	(70)
Net cash used in investing activities		(48)	(19)	(14)
Cash flows from financing activities				
Proceeds from issue of share capital		325	2,487	2,487
Expenses paid on share issue		(108)	(174)	(178)
Interest paid		(5)	(5)	(9)
Net cash from financing activities		212	2,308	2,300
Net (decrease)/increase in cash and cash equivalents		(435)	764	101
Opening cash and cash equivalents		537	436	436
Closing cash and cash equivalents	Note 6	102	1,200	537

ReGen Therapeutics Plc

Consolidated Statement Of Changes In Equity

	Share Capital	Share Premium	Other Reserves	Retained Earnings	*Total*
	(£000)	(£000)	(£000)	(£000)	(£000)
At 1 January 2007	5,992	11,992	266	(15,822)	2,428
New shares issued	332	1,981	-	-	2,313
Loss for the period	-	-	-	(1,524)	(1,524)
Share option charge	-	-	-	44	44
Net increase/(decrease) to shareholders' equity	332	1,981	-	(1,480)	833
At 30 June 2007	6,324	13,973	266	(17,302)	3,261
New shares issued	-	(4)	-	-	(4)
Loss for the period	-	-	-	(861)	(861)
Share option charge	-	-	-	44	44
Net increase/(decrease) to shareholders' equity	-	(4)	-	(817)	(821)
At 31 December 2007	6,324	13,969	266	(18,119)	2,440
New shares issued	108	109	-	-	217
Loss for the period	-	-	-	(1,059)	(1,059)
Share option charge	-	-	-	35	35
Net increase/(decrease) to shareholders' equity	108	109	-	(1,024)	(807)
At 30 June 2008	6,432	14,078	266	(19,143)	1,633

Notes to the Interim Results
Six Months Ended 30 June 2008

1. Basis of preparation

This financial information has been prepared using the recognition and measurement principles of International Accounting Standards, International Financial Reporting Standards and Interpretations adopted for use in the European Union (collectively Adopted IFRSs). The principal accounting policies used in preparing the interim results are those the group expects to apply in its financial statements for the year ended 31 December 2008 and are unchanged from those disclosed in the group's Report and Financial Statements for the year ended 31 December 2007.

The Interim Statement has not been audited by the Company's auditors BDO Stoy Hayward LLP. The comparatives for the full year ended 31 December 2007 are not the Company's full statutory accounts for that year. A copy of the statutory accounts for that year, which were prepared under IFRS, have been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified and included references to going concern which the auditors drew attention to by way of emphasis without qualifying their report and did not contain a statement under Section 237(2)-(3) of the Companies Act 1985.

2. Going concern

The Interim results have been prepared on a going concern basis. However, the Group's ability to continue as a going concern is reliant upon successfully obtaining funds to finance ongoing development. In considering the appropriateness of this basis of preparation the directors have reviewed the Company's working capital forecasts. They believe that the funds raised recently, together with the use of further options being considered, taken in conjunction with revenues from licensing, will be sufficient for the Group's purposes for a minimum of 12 months from 23 September 2008. If licensing deals, further fundraising or ongoing development programmes are not successful then adjustments may be necessary to write down assets to their recoverable amounts, reclassify fixed assets and long terms liabilities as current and provide for additional liabilities.

3. Taxation

The interim tax credit reflects an estimate of the likely effective tax rate for the period.

4. Loss per share

	6 months to 30-Jun-08	6 months to 30-Jun-07	Year to 31-Dec-07
Numerator			
Loss for the period	1,059,000	1,524,000	2,385,074
Denominator			
Weighted average number of shares of 10p	10,861,942	8,294,909	9,276,893

The Company has instruments that could potentially dilute basic earnings per share in the future, but that have not been included in the calculation of diluted earnings per share because they are antidilutive for the periods presented. The loss per share for the six months to 30 June 2007 has been restated to reflect the consolidation of the Company's share capital on 20 November 2007 where every one hundred ordinary shares of 0.1p each were consolidated into one ordinary share of with a nominal value of 10p.

There are 469,143 share options in issue that are currently anti-dilutive.

5. Share Capital

On 26 March 2008, the Company issued 629,685 ordinary shares of 10p each at a premium of 22.5p per share for a consideration of £204,648.

On 28 March 2008, the Company issued 130,000 ordinary shares of 10p each at a premium of 22.5p per share for a consideration of £42,250.

On 28 March 2008, the Company issued 138,889 ordinary shares of 10p each at a premium of 26p per share for the payment of drawdown fees of £50,000 upon entering in to an agreement with Duke Holdings Corporation Limited ("Duke") under which Duke will make available to the Company an initial equity credit facility of £2,000,000.

On 17 April 2008, the Company issued 325,000 ordinary shares of 10p each at a premium of 13.8p per share for a consideration of £77,350.

A General Meeting of the Company has been convened for 6 October 2008 where it is proposed that a sub-division of Share Capital will be effected so that every Existing Ordinary Share in issue be sub-divided and reclassified into one new ordinary share having a nominal value of 0.01 pence ("New Ordinary Shares") and one deferred B share having a nominal value of 9.99 pence ("Deferred B Share") (the "Sub-division").

The number of New Ordinary Shares in issue following the Sub-division will equal the number of Existing Ordinary Shares currently in issue. The Sub-division will not affect the rights attaching to the Existing Ordinary Shares, other than to alter their nominal value and, in particular, will not affect the voting rights of the holders of Existing Ordinary Shares.

As all Existing Ordinary Shares are being sub-divided, each Shareholder's percentage holding in the issued share capital of the Company immediately before and after the implementation of the Sub-division will remain unchanged.

6. Note supporting cash flow statement

Cash and cash equivalents comprises:

	Unaudited As at 30-Jun-08 (£000)	**Unaudited As at 30-Jun-07 (£000)**	**Audited As at 31-Dec-07 (£000)**
Cash available on demand	**104**	47	19
Short-term deposits	**73**	1,233	569
Cash and cash equivalents	**177**	1,280	588
Overdraft	**(75)**	(80)	(51)
	102	1,200	537