ReGen Therapeutics Plc

Interim Results for the Six Months' to 30 June 2002

CHAIRMAN'S STATEMENT

So far 2002 has been an important year in ReGen's development. The most significant events were the two reports from the clinical trials. These have already been the subject of major press releases, but I feel it is worth restating the key points of the final results announced on 8th July 2002. The 30-week trial demonstrates that:

Based on an Analysis of Overall Response, approximately 40% of patients on Colostrinin™ were stabilised or improved after 15 weeks of therapy;

After 30 weeks of treatment, 33% of patients continued to show stabilisation or improvement, although overall levels of benefit in all patients treated in the trial appeared to be slightly secondary to those levels seen at the 15-week state;

Clinical efficacy was demonstrated in both the mild and moderate symptom groups, with greatest effect seen in the earlier stages of the disease;

No drug-related Serious Adverse Events or safety concerns were observed during the trial.

We consider these results to be thoroughly encouraging and are continuing our plan for the further development of Colostrinin™ as a treatment for Alzheimer's Disease. In particular we are looking to optimise the dosage regimen in view of the lack of side effects.

Whilst the fundamental aim of ReGen is the development of the Colostrinin™ therapy for Alzheimer's Disease, we have not lost sight of the fact that, given Colostrinin™ has shown efficacy in that disease, it may have potential in the treatment of other or similar disease conditions. Various strategies, including offering Colostrinin™ as a neutraceutical product, are currently being investigated by the Company.

Our activities require financing and we have had to take in additional funding during the year. An interim fund raising in June raised £429,000. We have now secured a further significant potential funding facility, which was the subject of a detailed press release on the 24th September 2002. The essence of the deal is that we have exchanged shares with the New Opportunities Investment Trust and intend to effect disposals of shares in NOIT so as to facilitate sufficient funding to carry out the expected further necessary work on Colostrinin™ before proceeding to the next stage of clinical trials.

Turning now to the Interim Figures these show that we have kept administration expenses at the same level as the first half of last year. To reflect, however, the changing circumstances

of the Company we have restructured the Board making a significant reduction in our salary costs. The effect of our cost reductions will come through fully in the first half of 2003.

Development costs were slightly down, so that the result was a loss of £1.1million broadly comparable to the restated loss for the first half of last year. The loss per share declined, as there are a larger number of shares in issue as a result of the fundings that have taken place. Clearly, the balance sheet shows that we need more cash to continue our activities and one of our possible methods of funding ourselves was put in place earlier this week as we have already described. However, we will continue to control our cash outflow as tightly as possible in the current difficult equity market.

Finally, I would like to pay tribute to the staff and my fellow directors for the efforts they have put in over this year. I look forward to continuing our progress.

Percy Lomax
Chairman
26/09/02

ReGen Therapeutics Plc

Interim Results for the Six Months' to 30 June 2002

Consolidated Profit and Loss Account
For the six months ended 30 June 2002

	Unaudited 6 months to 30-Jun-02 (£000)	Unaudited 6 months to 30-Jun-01 (restated) (£000)	Audited Year to 31-Dec-01 (£000)
Administrative expenses	716	714	1,573
Development costs	419	521	916
Operating loss	(1,135)	(1,235)	(2,489)
Interest Receivable	16	59	79
Interest Payable	-	-	(4)
Loss on ordinary activities before taxation	(1,119)	(1,176)	(2,414)
Tax on ordinary activities	(71)	-	(88)
Loss on ordinary activities after taxation	(1,048)	(1,176)	(2,326)
Loss per share (basic and diluted)	(1.54)p	(2.24)p	(4.64)p

ReGen Therapeutics Plc

Consolidated Balance Sheet

	Unaudited As at 30-Jun-02 (£000)	Unaudited As at 30-Jun-01 (restated) (£000)	Audited As at 31-Dec-01 (£000)
Fixed Assets			
Intangible assets	1,871	1,818	1,863
Tangible assets	26	65	39
	1,897	1,883	1,902
Current assets			
Debtors	214	188	325
Cash at bank	705	1,154	1,099
	919	1,342	1,424
Creditors: amounts falling due within one year	(409)	(393)	(364)
Net current assets	510	949	1,060
Net assets	2,407	2,832	2,962
Capital and reserves			
Called up share capital	3,596	2,627	3,349
Share premium	5,715	4,910	5,469
Profit and loss account	(6,904)	(4,706)	(5,856)
Equity shareholders' funds	2,407	2,831	2,962
Non-equity minority interests	-	1	-
	2,407	2,832	2,962

ReGen Therapeutics Plc

Consolidated Cash Flow Statement

	Unaudited As at 30-Jun-02 (£000)	Unaudited As at 30-Jun-01 (restated) (£000)	Audited As at 31-Dec-01 (£000)
Operating loss	(1,135)	(1,235)	(2,489)
Amortisation	38	40	76
Depreciation	12	13	18
Decrease/(increase) in debtors	69	42	(6)
Increase/(decrease) in creditors	46	(100)	(130)
Net cash outflow from operating activities	(970)	(1,240)	(2,531)
Returns on investments and servicing of finance			
Interest received	16	59	79
Interest paid	-	-	(4)
Taxation	113	-	-
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets	-	(6)	(12)
Payments to acquire intangible fixed assets	(45)	(37)	(120)
Proceeds from sale of fixed assets	-	-	28
Net cash outflow before management of liquid resources and financing	(886)	(1,224)	(2,560)
Management of liquid resources			
Decrease in short term deposits	350	1,000	900
Sales of short-term investments			200
Financing			
Proceeds of shares issued for cash	492	-	1,445
Increase in short term borrowings	-	-	-
Expenses paid on share issue	-	-	(164)
	492	-	1,281
Increase/(Decrease) in cash	(44)	(224)	(179)

Notes to the Interim Report:

Basis of preparation
The results for the six months ended 30 June 2002 are unaudited and have been prepared on a basis consistent with the statutory accounts for the year ended 31 December 2001. The comparative amounts for the year ended 31 December 2001 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. The comparatives for the six months ended 30 June 2001 have been restated to reflect the change in accounting policy for research and development expenditure reported in the audited accounts for the year ended 31 December 2001.

Loss per share

The calculation of loss per share is based on the weighted average number of shares in issue for the period of 67,884,143 and the loss for the period of £1,091,807.

Reconciliation of movements in equity shareholders' funds

	30-Jun-02 (£000)
Loss for the six months	(1,048)
New share issue	247
Premium on new share issue net of issue costs	246
Decrease to equity shareholders' funds	(555)
Opening equity shareholders' funds	2,962
Closing equity shareholders' funds	2,407

Intangible fixed assets

Costs amounting to £45,295 relating to patent rights have been capitalised for the six months to 30 June 2002 in accordance with the company's stated accounting policy.

Further information:
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