

## **REGEN THERAPEUTICS PLC**

### **UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS TO 30 JUNE 2009**

**ReGen Therapeutics Plc ('ReGen' or the 'Company' or the 'Group') has published its interim results for the six months to 30 June 2009**

#### **CHAIRMAN'S STATEMENT**

##### **SALES:**

Before commenting on the figures, I think it is necessary for people to understand what exactly ReGen sales comprise. ReGen's sales are of bulk active ingredient supplied as a freeze-dried powder. The Company also generates royalty income. As we have consistently said, the most significant return to ReGen is from the sale of the active ingredient. As ReGen only has two customers at the moment sales of the product are lumpy. This lumpiness is exaggerated by the need to produce tablets in very large quantities to keep production costs as low as possible.

Therefore, investors should not immediately assume that because ReGen has recorded relatively low sales in the first half of the year the retail sales of Colostrinin<sup>TM</sup> have ceased. Sales are continuing and indeed ReGen's sales in the second half of the year have already exceeded the first half's figures. The lumpiness of sales will only be changed when ReGen supplies a number of different parties and it anticipates more customers coming on stream in the ensuing twelve months.

##### **COST CUTTING:**

Turning now to the make up of the figures for the period. We said in our 2008 Report and Accounts that we had cut costs significantly and indeed we have. Total administrative expenses are down to £345,000 from £920,000, a fall of nearly two thirds compared with the corresponding period in 2008. We said last autumn that we could exploit our IP without incurring significant costs and this we are attempting to do. Development costs are only £3,836 against £240,908 in the corresponding period last year. Having cut development costs does not mean we are abandoning our Intellectual Property Portfolio and we have spent £20,000 in the first half of the year on patenting costs. The net effect of our actions is to have reduced the retained loss for the period to £342,000, compared with £1,059,000 in the first half of 2008. The weighted average loss per share (basis and diluted) has been reduced to 1.69 pence from 9.75 over the same period.

##### **FUNDING:**

So far we have raised £613,185 during 2009. Of this £397,185 was raised in the first half of the year. We think it is an important fact that we have been able to raise this sum of money during one of the most difficult economic years in recent history when capital raising, especially for small companies, has been extremely difficult.

##### **PROSPECTS:**

The end of this year and next year are a crucial time for ReGen:

- PRG Nutraceuticals\* launched in the UK on 28 September 2009.
- Turkish approval is expected within 2009.
- We are in late stage discussions in two new major markets for Colostrinin™.
- Metagenics is now part of Alticor/Amway and the enhanced marketing strength that this gives Metagenics should increase North American sales.
- A global player is investigating Colostrinin™ and the peptides for anti-obesity activity and results on this are expected in 2010.

The Board believes that the Company is on track to achieve profitability in 2010 and is encouraged by the continuing support of its shareholders.

Percy Lomax  
Executive Chairman

Copies of this interim statement are available from the Company's offices at 73, Watling Street, London EC4M 9BJ, or by visiting our website at [www.regentherapeutics.com](http://www.regentherapeutics.com)

\* PRG Nutraceuticals website [www.memoryaid.com](http://www.memoryaid.com)

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# ReGen Therapeutics Plc

## Interim Results for the Six Months to 30 June 2009

### Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2009

	Unaudited 6 months to 30-Jun-09 (£000)	Unaudited 6 months to 30-Jun-08 (£000)	Audited Year to 31-Dec-08 (£000)
<b>Continuing operations</b>			
Revenue	9	91	92
Cost of sales	(1)	(26)	(21)
<b>Gross profit</b>	<b>8</b>	<b>65</b>	<b>71</b>
Research and development costs	4	241	330
Other administrative costs	345	920	1,258
<b>Administrative costs</b>	<b>349</b>	<b>1,161</b>	<b>1,588</b>
<b>Operating loss</b>	<b>(341)</b>	<b>(1,096)</b>	<b>(1,517)</b>
Finance income	-	9	10
Finance costs	-	(3)	(3)
<b>Loss before taxation</b>	<b>(341)</b>	<b>(1,090)</b>	<b>(1,510)</b>
Taxation	Note 2	-	60
<b>Loss after taxation for continuing activities</b>	<b>(341)</b>	<b>(1,030)</b>	<b>(1,429)</b>
<b>Discontinued operations</b>			
Loss after taxation from discontinued operations	(1)	(29)	(34)
<b>Comprehensive and total comprehensive loss after taxation for the period</b>	<b>(342)</b>	<b>(1,059)</b>	<b>(1,463)</b>
Loss per share (basic and diluted)	Note 3	(1.69p)	(9.75p)
Loss per share on continuing operations (basic and diluted)		(1.69p)	(9.48p)
Loss per share on discontinued operations (basic and diluted)		(0.01p)	(0.27p)

# ReGen Therapeutics Plc

## Consolidated Statement of Financial Position

	Unaudited As at 30-Jun-09 (£000)	Unaudited As at 30-Jun-08 (£000)	Audited As at 31-Dec-08 (£000)
<b>Assets</b>			
<b>Non current assets</b>			
Goodwill	965	965	965
Other intangible assets	797	809	794
Property, plant and equipment	1	2	1
<b>Total non current assets</b>	<b>1,763</b>	<b>1,776</b>	<b>1,760</b>
<b>Current assets</b>			
Inventories	40	22	29
Trade and other receivables	65	199	87
Tax receivable	81	60	81
Cash and cash equivalents	41	177	25
<b>Total current assets</b>	<b>227</b>	<b>458</b>	<b>222</b>
<b>Total assets</b>	<b>1,990</b>	<b>2,234</b>	<b>1,982</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	476	426	490
Loans and borrowings	53	75	52
<b>Total current liabilities</b>	<b>529</b>	<b>501</b>	<b>542</b>
<b>Non current liabilities</b>			
Provisions	100	100	100
<b>Total liabilities</b>	<b>629</b>	<b>601</b>	<b>642</b>
<b>Total net assets</b>	<b>1,361</b>	<b>1,633</b>	<b>1,340</b>
<b>Equity</b>			
<b>Capital and reserves</b>			
Share capital - Issued and fully paid	3	1,134	2
- Deferred B shares	1,305	-	1,305
- Deferred A shares	5,298	5,298	5,298
Share premium	14,509	14,078	14,147
Other reserves	266	266	266
Retained earnings	(20,020)	(19,143)	(19,678)

Note 4

**Total equity**

**1,361**

**1,633**

**1,340**

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# ReGen Therapeutics Plc

## Consolidated Statement of Cash Flows

	Unaudited 6 months to 30-Jun-09  (£000)	Unaudited 6 months to 30-Jun-08  (£000)	Audited Year to 31-Dec-08  (£000)
<b>Loss after tax from continuing activities</b>	<b>(341)</b>	(1,030)	(1,429)
<b>Loss after tax from discontinued activities</b>	<b>(1)</b>	(29)	(34)
<b>Loss after tax for the period</b>	<b>(342)</b>	(1,059)	(1,463)
Amortisation of intangible assets	17	230	298
Depreciation of property, plant and equipment	1	1	2
Share option charge	-	35	(96)
Interest charged	1	5	8
Interest credited	-	(9)	(10)
Taxation credit	-	(60)	(81)
Taxation received	-	146	146
<b>Operating cash flows before movements in working capital and provisions</b>	<b>(323)</b>	(711)	(1,196)
Increase in inventories	(12)	(16)	(22)
Decrease in receivables	22	13	126
(Decrease)/increase in payables	(14)	115	178
<b>Net cash outflow from operating activities</b>	<b>(327)</b>	(599)	(914)
<b>Cash flows from investing activities</b>			
Interest received	-	9	10
Purchase of intangible assets	(20)	(57)	(111)
<b>Net cash used in investing activities</b>	<b>(20)</b>	(48)	(101)
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital	407	325	677
Expenses paid on share issue	(44)	(108)	(218)
Interest paid	(1)	(5)	(8)
<b>Net cash from financing activities</b>	<b>362</b>	212	451
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>15</b>	(435)	(564)
<b>Opening cash and cash equivalents</b>	<b>(27)</b>	537	537
<b>Closing cash and cash equivalents</b>	<b>(12)</b>	102	(27)

Note 5

# ReGen Therapeutics Plc

## Consolidated Statement Of Changes In Shareholders' Equity

	Share Capital	Share Premium	Other Reserves	Retained Earnings	Total
	(£000)	(£000)	(£000)	(£000)	(£000)
At 1 January 2008	6,324	13,969	266	(18,119)	2,440
Loss for the period	-	-	-	(1,059)	(1,059)
Total comprehensive income and expense for the period	-	-	-	(1,059)	(1,059)
Net issue of share capital	108	109	-	-	217
Recognition of share-based payments	-	-	-	35	35
Balance at 30 June 2008	6,432	14,078	266	(19,143)	1,633
Loss for the period	-	-	-	(404)	(404)
Total comprehensive income and expense for the period	-	-	-	(404)	(404)
Net issue of share capital	173	69	-	-	242
Recognition of share-based payments	-	-	-	(131)	(131)
Balance at 31 December 2008	6,605	14,147	266	(19,678)	1,340
Loss for the period	-	-	-	(342)	(342)
Total comprehensive income and expense for the period	-	-	-	(342)	(342)
Net issue of share capital	1	362	-	-	363
Balance at 30 June 2009	<b>6,606</b>	<b>14,509</b>	<b>266</b>	<b>(20,020)</b>	<b>1,361</b>

**Notes to the Interim Results**  
**Six Months Ended 30 June 2009**

**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 ending 31 December 2009 and are unchanged from those disclosed in the group's Report and Financial Statements for the year ended 31 December 2008, except for the impact of the Standards and Interpretations described below:

- Revised IFRS 8 Operating Segments - effective for annual periods beginning or after 1 January 2009. IFRS 8 is a disclosure standard that has resulted in a re-designation of the Group's reportable segments, but has no impact on the reported results or financial position of the Group.
- IAS 1 (revised 2007) Presentation of Financial Statements - effective for annual periods beginning on or after 1 January 2009. IAS 1 (revised 2007) presents transactions with owners in detail and non-owner changes in equity as a single line in the statement of changes in equity. The standard introduces a Condensed Consolidated Statement of Comprehensive Income which presents all items of unrecognised income and expense and is linked to the Consolidated Income Statement. In addition, the Consolidated Balance Sheet has been renamed to Condensed Consolidated Statement of Financial Position and the Consolidated Cash Flow Statement has been renamed to Condensed Consolidated Statement of Cash Flows.

The Interim Statement has not been audited nor reviewed by the Company's auditors. The comparatives for the full year ended 31 December 2008 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. Taxation**

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

**3. Loss per share**

	<b>6 months to 30-Jun-09</b>	<b>6 months to 30-Jun-08</b>	<b>Year to 31-Dec-08</b>
<i>Numerator</i>			
Loss for the period	<b>342,000</b>	1,059,000	1,463,367
<i>Denominator</i>			
Weighted average number of shares of 0.01p	<b>20,186,360</b>	10,861,942	11,926,992

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.

There are 20,463 share options in issue that are currently anti-dilutive.

#### 4. Share Capital

On 5 January 2009, the Company issued 350,000 ordinary shares of 0.01p each at a premium of 3.99p per share for a consideration of £14,000.

On 15 January 2009, the Company issued 400,000 ordinary shares of 0.01p each at a premium of 3.49p per share for a consideration of £14,000.

On 18 February 2009, the Company issued 2,171,834 ordinary shares of 0.01p each at a premium of 2.99p per share for a consideration of £65,155.

On 18 February 2009, the Company issued 100,000 ordinary shares of 0.01p each at a premium of 9.99p per share for a consideration of £10,000.

On 19 February 2009, the Company issued 1,751,666 ordinary shares of 0.01p each at a premium of 2.99p per share for a consideration of £52,550.

On 25 March 2009, the Company issued 700,000 ordinary shares of 0.01p each at a premium of 3.99p per share for a consideration of £28,000.

On 7 April 2009, the Company issued 2,149,332 ordinary shares of 0.01p each at a premium of 3.99p per share for a consideration of £64,480.

On 15 April 2009, the Company issued 800,000 ordinary shares of 0.01p each at a premium of 2.99p per share for a consideration of £24,000.

On 24 April 2009, the Company issued 2,000,000 ordinary shares of 0.01p each at a premium of 2.99p per share for a consideration of £60,000.

On 4 June 2009, the Company issued 1,000,000 ordinary shares of 0.01p each at a premium of 2.99p per share for a consideration of £30,000.

On 12 June 2009, the Company issued 500,000 ordinary share of 0.01p each at a premium of 2.99p per share for a consideration of £15,000.

On 22 June 2009, the Company issued 1,000,000 ordinary share of 0.01p each at a premium of 2.99p per share for a consideration of £30,000.

#### 5. Note supporting cash flow statement

Cash and cash equivalents comprises:

	<b>Unaudited As at 30-Jun-09 (£000)</b>	<b>Unaudited As at 30-Jun-08 (£000)</b>	<b>Audited As at 31-Dec-08 (£000)</b>
Cash available on demand	40	104	8
Short-term deposits	1	73	17
Cash and cash equivalents	41	177	25
Overdraft	(53)	(75)	(52)

