For immediate release **20 May 2010**

REGEN THERAPEUTICS PLC

Chairman's Statement and Preliminary Unaudited Results for the year ended 31 December 2009

PRELIMINARY STATEMENT

Highlights of 2009

- Breakeven point of the Company has substantially reduced due to cost reduction. Administration costs down by 39% and development costs down by 81%.
- Major new licensees appointed.
- Improved balance sheet. Current liabilities reduced by 23% despite credit crunch.

Financials

We can take some significant positives for the future from 2009 despite showing a disappointing drop of 39% in sales. In particular these positives were as we spell out below - a dramatic reduction in costs, bringing the Company's breakeven point down significantly, an improved balance sheet and further distributors signed up.

The sales drop was primarily the result of the fact that we had received very large orders from our North American licensee in the first half of 2008, which satisfied its demand into 2009. As we then only had Metagenics and Golgi as distributors, clearly our sales pattern was significantly influenced by this. Since then, however, we have signed further contracts with new licensees and this makes us much less dependent on any one single distributor. As sales in the second half of 2009 were £46,000 (the fourth quarter were £26,000), and quarterly sales in the first quarter of 2010 are above that level, we may now have reached a situation where we have sufficient contracts to even out quarterly sales.

Most importantly, however, our loss before tax for the year was almost halved from £1.5m to £758,000. This was achieved by significant reduction in costs and allowed the Company to continue to operate on reduced parameters and also lowered the breakeven point for the Company. I would remind shareholders that the loss in 2007 was £2.6m. This fall in costs reflects the action taken in early 2008 to enable the Company to survive the very difficult funding conditions following the severe economic crisis. This continues although perhaps lessening in severity. In specific terms the items were:

1. Administrative costs reduced by 39% from £1,176,224 to £719,569. Included within administrative costs are non-cash items of £238,774 so the cash expenditure on administration was actually £480,795. The largest reduction within this item was staff costs, which in cash terms were reduced from £457,056 to £262,271 in 2009.
2. Development costs reduced by 81% from £411,938 to £79,648. This reflected the slowing down of our development programme as we seek to exploit it commercially. As we show under Scientific Development there was actually some further development work taking place which was of no cost to ReGen.

Turning now to the balance sheet our total current liabilities have been reduced by 23% from £541,491 to £416,511. In view of the restricted capital markets during 2009 we regard this as a significant achievement and have plans in hand to reduce this still further. During 2009 we raised £691,185 and this enabled the Company to continue rolling out Colostrinin™ and improving its balance sheet to a limited extent.

Commercial development

Colostrinin™ roll out widens - New Developments:

Cyprus
The agreement with Golgi Pharmaceuticals Ltd of Cyprus under the brand name 'Cognase' was extended on 25 March 2009 to allow them to distribute Colostrinin™ in Greece and other Balkan countries. On the same day a further agreement was signed with Golgi to allow them to tablet and package Colostrinin™ in Cyprus. As part of this arrangement Golgi directly invested £28,000 in cash into ReGen in exchange for 700,000 shares priced at 4p per share. This represented at the time 3.4% of the enlarged share capital of the Company and was a 33% premium to the previous placing on 2 March 2009.

Poland
Following the test marketing by Tagerr, a professional services and trading company established in Cologne, Germany, Tagerr has successfully launched Colostrinin™ in Poland and has been slowly increasing its demand.

Turkey
On 29 January 2009 ReGen signed an agreement with Eczacibasi Ilac Pazarlama A.S., a leading Turkish industrials group, as the exclusive distributor of its nutraceutical product Colostrinin™, under the brand name 'Dyna' in the Republic of Turkey. Eczacibasi is now launching 'Dyna' in Turkey and has paid ReGen a $50,000 milestone payment. Net revenues to ReGen from Eczacibasi pursuant to the minimum annual purchase commitments in the distribution agreement are estimated to be $52,000 in the first year after regulatory approval is obtained and $104,000 in the second year.

India
On 27 April 2010 ReGen signed a Supply Agreement with an Indian Company based in Mumbai, India. The ReGen Board regards this as a crucial step for two reasons. Firstly, it provides entry into the second most heavily populated market in the world and one where self treatment is an integral part of healthcare. Secondly, India, along with China, is one of the two major growth drivers of the world economy. Thus, for these reasons a consumer launch in this market has significant potential for ReGen's long term profitability.

UK
PRG Nutraceuticals Limited launched 'MemoryAid' in the UK via the internet on the 1st October 2009.

China
China, with India, is a major potential market for ReGen, both because of its size and a tradition of self medication. We are currently engaging ICUK (a UK based British and Chinese Government Consultancy) to introduce us to key players in the Chinese market.

Existing Licensees
Our major partner is still Metagenics Inc., who were taken over by Alticor during 2009. This takeover would have contributed to the fact that they did not reorder active material from us for almost one year. An additional problem was that for a period of time Colostrinin™ fell foul of a review of the Australian regulations relating to colostrum products which meant it could not be sold in Australia, by Metagenics's subsidiary company who order through the US. This problem has now been resolved. We now are led to believe there will be a relaunch of Colostrinin™ in the US in the latter half of 2010.

Scientific development

Although ReGen has cut back its research spending, as it now believes it is time to capitalise on its research output, some research carried out in prior periods was reported in 2009. Also some of our former paid collaborators have continued to produce research out of their own funding.

Colostrinin™:
In the autumn of 2007 we announced that a micro array analysis of peptides derived from Colostrinin™ at the University of Texas Medical (UTMB) had shown that certain peptides had a capacity to change gene expression in areas involved in obesity and Alzheimer's disease. It was therefore decided to explore certain peptides further with a view to developing them to

the status of pre-clinical pharmaceutical candidates. On 12 March 2009 we announced the successful completion of the first stage of this exercise.

Alzheimer's disease:
In an *in-vitro* study using neuronal cells two synthetic peptides (RG-01 and RG-018) have shown significant impact on expression of genes involved in beta-amyloid generation and degradation pathways. Controlling beta-amyloid generation could have important implications in Alzheimer's disease.

Anti-obesity:
In an *in-vivo* study on obesity Colostrinin™, as well as three peptides in combination, have been shown to significantly reduce the body weight gain of mice when fed a high fat diet (HFD).

The obesity data could be used to create another nutraceutical product and indeed a large European food company is considering doing further work on this.

Backing up the work in Alzheimer's disease Professor Michael Stewart of the Open University has co-authored a paper showing further evidence of Colostrinin™ activity in reducing cytotoxicity related to Alzheimer's disease. Professor Stewart said:

"Alzheimer's disease is the most common form of dementia affecting 18 million people worldwide. It is characterised by extra cellular senile plaques consisting mainly of aggregated amyloid-beta and intracellular neurofibrillary tangles containing the cytoskeletal protein tau. A recent study by Froud et al. in Journal of Alzheimer's Disease[1] has demonstrated that Colostrinin™ significantly relieves amyloid-beta induced cytoxicity".

Zolpidem:
A study confirming the zolpidem effect in brain damage was presented at the 4th International Congress on Brain and Behaviour on 3 – 6 December 2009 in Thessaloniki, Greece by Dr Ralf Clauss. 23 of 41 consecutive adult patients, at least 6 months after brain damage, were selected as neurologically disabled patients after scoring less than 100/100 on the Barthel Index. Causes of brain damage included stroke (12 subjects), traumatic brain injury (7 subjects), anaphylaxis (2 subjects), drug overdose (1 subject) and birth injury (1 subject). The selected 23 patients had a baseline SPECT scan before starting daily zolpidem therapy and a second within two weeks of therapy, performed 1 hour after receiving 10 mg oral zolpidem. Scans were designated as improved when at least two of three independent assessors detected improvement after zolpidem. The rest were designated non-improved.

After four months of daily zolpidem therapy, the clinical condition of subjects was rated on the Tinetti Falls Efficacy Scale (TFES) before and after zolpidem. The TFES ratings of all subjects and scan improvers and non-improvers were compared statistically.

Mean overall improvement after zolpidem on TFES was 11.3% from 73.4/100 (SD 25.4) to 62.1/100 (SD 28.8) (p=0.0006). 10/23 (43%) improved on SPECT scan after zolpidem. Their mean TFES improvement was 19.4% (SD 16.75) compared with 5.17% (SD 5.167) in 13/23 non improvers (p=0.0081).

Summary

The Company has survived the credit crunch by implementing a severe cost reduction programme, but as my review of the year shows the business side has been expanded despite this. We still continue to believe that during 2010 the Company will move to sustainable profitability.

I would like to thank the shareholders and in particular our funders during 2009 for their very significant support at a time when money was very difficult to raise.

[1] J Alzheimers Dis. 2010 Feb 17. (Epub ahead of print) Colostrinin Alleviates Amyloid-beta Induced Toxicity in Rat Primary Hippocampal Cultures. Froud KE, Wardhaugh T, Banks D, Saffrey MJ, Stewart MG Department of Life Sciences, Open University, Walton Hall, Milton Keynes, UK.

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REGEN THERAPEUTICS PLC

Consolidated income statement for the year ended 31 December 2009

		2009 £ (Unaudited)	2008 £ (Audited)
Continuing operations			
Revenue		**56,055**	91,716
Cost of sales		**11,034**	20,447
Gross Profit		**45,021**	71,269
Research and development costs		**79,648**	411,938
Other administrative costs		**719,569**	1,176,224
Administrative expenses		**799,217**	1,588,162
Operating loss		**(754,196)**	(1,516,893)
Finance income		**46**	10,308
Finance costs		**(4,138)**	(3,436)
Loss before taxation		**(758,288)**	(1,510,021)
Taxation		**28,350**	80,590
Loss after taxation for continuing activities		**(729,938)**	(1,429,431)
Discontinued operations			
Loss after taxation from discontinued operations		**-**	(33,936)
Loss after taxation for the year		**(729,938)**	(1,463,367)
Basic and diluted loss per share	Note 6	**(2.67p)**	(12.27p)
Basic and diluted loss per share on continuing operations		**(2.67p)**	(11.98p)
Basic and diluted loss per share on discontinued operations		**-**	(0.28p)

REGEN THERAPEUTICS PLC

Consolidated statement of comprehensive income for the year ended 31 December 2009

	2009 £ (Unaudited)	2008 £ (Audited)
Loss for the year	**(729,938)**	(1,463,367)
Other comprehensive income for the year	**-**	-
Total comprehensive income for the year	**(729,938)**	(1,463,367)
Attributable to:		
Equity holders of the parent	**(729,938)**	(1,463,367)

REGEN THERAPEUTICS PLC

Consolidated Statement Of Changes In Equity
for the year ended 31 December 2009

	Share capital £	Share premium £	Other reserves £	Retained earnings £	Total £
Audited					
At 1 January 2008	6,323,835	13,969,394	265,745	(18,118,878)	2,440,096
Loss for the year	-	-	-	(1,463,367)	(1,463,367)
Total comprehensive income for the year	-	-	-	(1,463,367)	(1,463,367)
Issue of share capital	281,168	395,970	-	-	677,138
Share issue costs	-	(218,151)	-	-	(218,151)
Share based payments/(credits)	-	-	-	(95,532)	(95,532)
Closing equity as at 31 December 2008	**6,605,003**	**14,147,213**	**265,745**	**(19,677,777)**	**1,340,184**
Unaudited					
Loss for the year	-	-	-	(729,938)	(729,938)
Total comprehensive income for the year	-	-	-	(729,938)	(729,938)
Issue of share capital	2,163	689,022	-	-	691,185
Share issue costs	-	(88,340)	-	-	(88,340)
Balance at 31 December 2009	**6,607,166**	**14,747,895**	**265,745**	**(20,407,715)**	**1,213,091**

REGEN THERAPEUTICS PLC

Consolidated statement of financial position as at 31 December 2009

		2009 £ (Unaudited)	2009 £ (Unaudited)	2008 £ (Audited)	2008 £ (Audited)
Assets					
Non current assets					
Property, plant and equipment			**177**		1,017
Intangible assets			**1,564,205**		1,759,250
			1,564,382		1,760,267
Current assets					
Inventories		**38,219**		28,571	
Trade and other receivables		**80,573**		87,090	
Tax receivable		**16,043**		80,590	
Cash and cash equivalents		**30,385**		25,157	
Total current assets			**165,220**		221,408
Total assets			**1,729,602**		1,981,675
Liabilities					
Current liabilities					
Trade and other payables		**367,805**		489,699	
Loans and borrowings		**48,706**		51,792	
Total current liabilities			**416,511**		541,491
Non current liabilities					
Provisions			**100,000**		100,000
Total liabilities			**516,511**		641,491
Total net assets			**1,213,091**		1,340,184
Equity					
Share capital	Note 5		**6,607,166**		6,605,003
Share premium			**14,747,895**		14,147,213
Other reserves			**265,745**		265,745
Retained earnings			**(20,407,715)**		(19,677,777)
Total equity			**1,213,091**		1,340,184

REGEN THERAPEUTICS PLC
Consolidated statement of cash flows for the year ended 31 December 2009

		2009 £ (Unaudited)	2009 £ (Unaudited)	2008 £ (Audited)	2008 £ (Audited)
Loss after tax from continuing activities		**(729,938)**		(1,429,431)	
Loss after tax from discontinued activities		**-**		(33,936)	
Loss after tax for the financial year		**(729,938)**		(1,463,367)	
Amortisation of intangible assets		**237,934**		298,256	
Depreciation of property, plant and equipment		**840**		1,656	
Share option credit		**-**		(95,532)	
Finance costs		**4,138**		7,830	
Finance income		**(46)**		(10,311)	
Taxation credit		**(28,350)**		(80,590)	
Taxation received		**92,897**		145,833	
Operating cash flows before movements in working capital and provisions		**(422,525)**		(1,196,225)	
Increase in inventories		**(9,648)**		(21,922)	
Decrease in receivables		**6,517**		125,689	
(Decrease)/increase in payables		**(121,894)**		178,064	
Net cash flows from operating activities		**(547,550)**		(914,394)	
Net cash flows from investing activities					
Interest received		**46**		10,311	
Purchase of intangible assets		**(42,889)**		(110,947)	
Net cash flows used in investing activities		**(42,843)**		(100,636)	
Cash flows from financing activities					
Proceeds from issue of share capital		**691,185**		677,138	
Expenses paid on share issue		**(88,340)**		(218,151)	
Interest paid		**(4,138)**		(7,830)	
Net cash from financing activities		**598,707**		451,157	
Net increase/(decrease) in cash and cash equivalents			**8,314**		(563,873)
Opening cash and cash equivalents			**(26,635)**		537,238
Closing cash and cash equivalents	Note 7		**(18,321)**		(26,635)

ReGen Therapeutics Plc

Notes forming part of the financial statements for the year ended 31 December 2009

1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs and IFRIC interpretations) issued by the International Accounting Standards Board (IASB) as adopted by European Union ("adopted IFRSs") and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under IFRS.

The financial information contained in this announcement does not constitute statutory financial statements for the years ended 31 December 2009 and 31 December 2008 but is derived from them. The 2008 financial statements have been filed with the Registrar of Companies; their report was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985. It did contain, however, an explanatory paragraph dealing with a material uncertainty relating to going concern. Whilst the auditors have not reported on the financial statements for the year ended 31 December 2009, they anticipate issuing an unqualified report which will not contain statements under section 498(2) or (3) of the Companies Act 2006 but anticipate, however, including an explanatory paragraph dealing with a material uncertainty relating to going concern. The statutory accounts for the year ended 31 December 2009 will be finalised on the basis of the financial information presented by the Directors in this preliminary announcement and will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The financial information set out in this announcement was approved by the Board of Directors on 19 May 2010.

The directors do not recommend the payment of a dividend for the year.

2 Events after the balance sheet date

On 14 January 2010, the Company issued 8,333,333 ordinary shares of 0.01p each at a premium of 1.49p per share for a consideration of £125,000.

On 30 March 2010, the Company issued 5,000,000 ordinary shares of 0.01p each at a premium of 1.49p per share for a consideration of £75,000.

On 10 May 2010, the Company issued 11,550,000 ordinary shares of 0.01p each at a premium of 1.99p per share for a consideration of £231,000.

3 Going concern

The financial statements 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 as it moves towards self sustainability and to finance its 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, including new equity funds of £431,000 in aggregate raised between the balance sheet date and the date of approval of these financial statements, together with further options being considered and taken in conjunction with revenues from licensing, will be sufficient for the Group's purposes for a minimum of 12 months from the date of the approval of the financial statements. If the Group was unable to secure sufficient funding to enable it to continue on a going concern basis then adjustments would be necessary to write down assets to their recoverable amounts, reclassify fixed assets and long term liabilities as current and provide for additional liabilities.

4 Accounting policies

The financial information has been prepared in accordance with the accounting policies adopted by the Group which are consistent with those adopted in the financial statements for the year ended 31 December 2008 as well as applying the following key accounting policies.

Business combinations

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the consolidated balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of the acquired operations are included in the consolidated income statement from the date on which control is obtained.

Goodwill

Goodwill represents the excess of the cost of a business combination over the interest in the fair value of the identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair values of assets given, liabilities assumed and equity instruments issued, plus any direct costs of acquisition.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated income statement. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated income statement on the acquisition date.

Research and development

Research expenditure is recognised in the income statement in the year in which it is incurred. Development expenditure is recognised in the income statement in the year in which it is incurred unless it meets the recognition criteria of IAS 38 "Intangible Assets". Regulatory and other uncertainties generally mean that such criteria are not met. Where, however the recognition criteria are met, intangible assets are capitalised and amortised on a straight-line basis over their useful economic lives from product launch. This policy is in line with industry practise.

5 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 shares of 0.01p each at a premium of 2.99p per share for a consideration of £30,000.

On 20 August 2009, the Company issued 3,200,000 ordinary shares of 0.01p each at a premium of 2.99p per share for a consideration of £96,000.

On 2 September 2009, the Company issued 3,000,000 ordinary shares of 0.01p each at a premium of 3.99p per share for a consideration of £120,000.

On 30 October 2009, the Company issued 2,500,000 ordinary shares of 0.01p each at a premium of 2.99p per share for a consideration of £75,000.

On 6 October 2008 a resolution was passed at a General Meeting of the Company whereby a sub-division of Share Capital was effected so that every Existing Ordinary Share in issue was 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 equated to the number of Existing Ordinary Shares previously in issue. The Sub-division did not affect the rights attaching to the Existing Ordinary Shares, other than to alter their nominal value and, in particular, did not affect the voting rights of the holders of Existing Ordinary Shares. As all Existing Ordinary Shares were 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 remained unchanged.

The issued shares rank pari passu with existing shares.

6 Loss per share

	2009 £	2008 £
Numerator		
Loss for the year	**729,938**	1,463,367
Denominator		
Weighted average number of shares	**27,331,695**	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.

7 Note supporting cash flow statement

Cash and cash equivalents comprises:

	2009 £ (Unaudited)	2008 £ (Audited)
Cash available on demand	**29,406**	7,682
Short-term deposits	**979**	17,475
Cash and cash equivalents	**30,385**	25,157
Overdraft	**(48,706)**	(51,792)
	(18,321)	(26,635)

8 Taxation

	2009 £ (Unaudited)	2008 £ (Audited)
UK corporation tax credit in respect of current period	**16,043**	66,065
Adjustment in respect of prior years	**12,307**	14,525
Total current tax credit	**28,350**	80,590

The Group has unrecognised tax losses of approximately £14,000,000 (2008 – £13,500,000) for offset against future profits.

The rate of corporation tax changed to 28% with effect from April 2008.

The tax for the year differs from the standard rate of corporation tax in the UK. The differences are explained below:

	2009 £	2008 £
Loss before tax	**758,288**	1,543,957
Loss at the standard rate of corporation tax in the UK of 28% (2008 – 28.5%)	**212,321**	440,028
Effects of:		
Expenses not deductible for tax purposes	**(1,152)**	17,408
Expenditure qualifying for enhanced tax relief	**13,751**	46,990
Depreciation in excess of capital allowances	**288**	60
Difference in tax rate applying to R&D tax credit	**(16,043)**	(58,703)
Tax losses for which no deferred tax asset recognised	**(193,122)**	(379,718)
Adjustment to prior year tax charge	**12,307**	14,525
Total tax credit for the year	28,350	80,590

The annual report and financial statements for the year ended 31 December 2009 will be sent to all shareholders in due course and copies will be available on the web site www.regentherapeutics.com and from the company's business address at 73 Watling Street, London, EC4M 9BJ.