

**FOR IMMEDIATE RELEASE**

**23 September 2010**

**REGEN THERAPEUTICS PLC**

**UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS TO 30 JUNE 2010**

**ReGen Therapeutics Plc <AIM:RGT> ('ReGen' or the 'Company' or the 'Group') has published its interim results for the six months to 30 June 2010**

**CHAIRMAN'S STATEMENT**

**FINANCIALS:**

These are the best figures in terms of sales and Company performance that ReGen has ever presented.

Sales increased to £134,000 compared to £9,000 for the first half of 2009. This half year sales figure is greater than any full-year figure previously achieved. Margins are lower than last year, but the previous figure included an extremely high margin single order. For the first half of this year, sales were an amalgam of revenues of varying profitability. The crucial point, however, is that ReGen now has a number of customers and margins at 66% are high by the standards of all but the most profitable pharmaceutical companies.

The Company continued to control costs very tightly. Administrative cash expenditure was down £55,000, a fall of 18%, whilst development costs increased by only £13,000 to £40,000. As we show later this does not mean that the Company has abandoned developing for the future, but the Directors believe that now is the time to exploit the research and development that had been undertaken over the previous decade.

The impact of the rise in sales and tight control of expenditure was seen in a substantial reduction in loss before tax down 29% to £242,000. The cash loss in fact was £206,000. The Directors would comment that, even with the tighter funding environment that has come since the credit crunch, the Company has managed to fund the level of deficit as is indicated by our ability to raise £601,000 from 1 January 2010 to 16 July 2010. This has enabled us to pay down debt acquired during the more stringent environment of 2009 as well as providing working capital.

The latest figures show that ReGen is getting nearer to profitability. We have stated that we believe ReGen will obtain sustainable profitability in the 4th Quarter of 2010. The Company has a number of initiatives in place, described in this statement, to bring about this situation. It is too early to state yet whether we will achieve our target but the Company continues to believe in the initiatives it has under way.

**TRADING:**

There were two major developments in the first half of 2010 – Colostrinin™ launches in Turkey and India

## **Turkey**

Our Turkish licensee Eczacibasi Ilac Pazarlama A. S. ('Eczacibasi') based in Levent-Istanbul, Turkey has now confirmed that it has launched ReGen's nutritional supplement Colostrinin™ under the local trade name 'Dyna™' in the Republic of Turkey. Eczacibasi [www.eczacibasi.com](http://www.eczacibasi.com) is a leading Turkish industrials group with 40 companies, approximately 9,300 employees and revenues of \$3.2bn in 2007.

Since obtaining final product approval on 4 May 2010 and prior to formal launch Eczacibasi have built a new marketing and sales team to launch the product and have introduced the product to key opinion leaders in the market.

By way of reminder Eczacibasi are supplied with bulk blistered tablets for which ReGen receive a fee for the active ingredient component. These are then packaged locally. 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 and \$104,000 in the second year.

## **India**

On 27 April 2010 ReGen signed a supply agreement with an Indian Company (revealed as USV Limited ('USV') on 7 July 2010) based in Mumbai, India. USV [www.usvindia.com](http://www.usvindia.com) is a 40-year-old leading healthcare company, which began as a joint venture with USV & P Inc. USA, a subsidiary of Revlon. Its product offering today includes Active Pharmaceutical Ingredients, Peptides, Biosimilars, Injectables, Ophthalmics and Solid Orals.

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-medication 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. USV is now launching Colostrinin™ in India as Cognate™. USV's commitment to Colostrinin™ is shown by the fact that it has developed and is manufacturing its own formulation specifically tailored to the market in India.

## **Other markets**

The US still remains our largest market. Following its takeover by Alticor we understand that our licensee Metagenics is now working to further enhance the profile of CogniSure™ with a view to re-invigorating the marketing of the product.

Australia, Poland, Cyprus and the UK are continuing to market Colostrinin™.

## **NEW MARKETS:**

### **China**

China, with India, is a major potential market for ReGen because of its size and tradition of self-medication. It should be noted that the rapid economic growth in China is bringing more and more people into the consumer market. We have engaged ICUK (a UK based British and Chinese Government Consultancy) to introduce us to key players in the Chinese market. They have already introduced us to a major Chinese Company, which is currently carrying out market research to evaluate the commercial potential of

Colostrinin™ in China. If this research proves positive we would expect to negotiate and sign an agreement with the major Chinese Company.

### **Other markets**

We continue to talk to interested players throughout the world, but would point out that sometimes it can take significant time from initial contact to the launch of a product. Even in the case of Metagenics it took 15 months from the signing of our agreement to launch and we had been talking to them for some years before. Simply because we do not mention a market it does not mean that everything is dead in that market, but that we have nothing factual to report.

### **SCIENCE:**

#### **Zolpidem**

##### South African SPECT Scanning Study – Full Publication

The full paper reporting the results of the SPECT scanning study in South Africa (first announced in a ReGen press release of 9 November 2009) was published in the journal *Arzneimittel Forschung/ Drug Research*. An abstract is available at <http://www.ncbi.nlm.nih.gov/sites/pubmed> by searching under the authors names: Nyakale NE, Clauss RP, Nel HW, Sathekge MM.

##### Zolpidem Website

A website drawing together all of the currently available scientific information on the use of zolpidem in brain trauma has been put together and will be maintained by Dr Ralf Clauss (<http://sites.google.com/site/zolpidemtherapy/>). There is now a link to this from the ReGen website.

##### *Mode of Action Hypothesis Paper*

A paper proposing how zolpidem works to overcome the natural brain response to trauma has been published by Dr Clauss. <http://www.ncbi.nlm.nih.gov/pubmed/20347531>

#### **Colostrinin™**

##### Austen/Stewart publications – J Nutr and Aging

A publication, by Prof Brian Austen (a former scientific collaborator of ReGen) and a subsequent letter from Dr Michael Stewart (a former collaborator and consultant to ReGen) further elaborate on the mechanism of how Colostrinin™ can protect human neurones in-vitro from cell death (apoptosis) induced by aggregated beta amyloid and suggest that this mechanism might be the basis of Colostrinin's™ protective effect in Alzheimer's disease.

Abstracts of both articles are available at: <http://www.ncbi.nlm.nih.gov/sites/pubmed> by searching under the authors names. Douraghi-Zadeh D, Matharu B, Razvi A, Austen B. and Stewart M.G respectively.

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)

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## ReGen Therapeutics Plc

### Interim Results for the Six Months to 30 June 2010

#### Consolidated income statement For the six months ended 30 June 2010

	Unaudited 6 months to 30-Jun-10 (£000)	Unaudited 6 months to 30-Jun-09 (£000)	Audited Year to 31-Dec-09 (£000)
<b>Continuing operations</b>			
Revenue	134	9	56
Cost of sales	(45)	(1)	(11)
<b>Gross profit</b>	<b>89</b>	<b>8</b>	<b>45</b>
Research and development costs	40	27	80
Other administrative costs	288	322	719
<b>Administrative costs</b>	<b>328</b>	<b>349</b>	<b>799</b>
<b>Operating loss</b>	<b>(239)</b>	<b>(341)</b>	<b>(754)</b>
Finance income	-	-	-
Finance costs	(3)	1	(4)
<b>Loss before taxation</b>	<b>(242)</b>	<b>(342)</b>	<b>(758)</b>
Taxation	8	-	28
<b>Loss after taxation for continuing activities</b>	<b>(234)</b>	<b>(342)</b>	<b>(730)</b>
<b>Attributable to:</b>			
Equity holders of the parent	(234)	(342)	(730)

<b>Basic and diluted loss per share</b>	Note 3	<b>(0.46p)</b>	(1.69p)	(2.67p)
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## ReGen Therapeutics Plc

### Consolidated statement of comprehensive income

For the six months ended 30 June 2010

	Unaudited 6 months to 30-Jun-10 (£000)	Unaudited 6 months to 30-Jun-09 (£000)	Audited Year to 31-Dec-09 (£000)
<b>Loss</b>	<b>(234)</b>	(342)	<b>(730)</b>
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	<b>(234)</b>	(342)	<b>(730)</b>
<b>Attributable to</b>			
Equity holders of the parent	<b>(234)</b>	(342)	<b>(730)</b>

## ReGen Therapeutics Plc

### Consolidated statement of financial position

	Unaudited As at 30-Jun-10 (£000)	Unaudited As at 30-Jun-09 (£000)	Audited As at 31-Dec-09 (£000)
<b>Assets</b>			
<b>Non current assets</b>			
Goodwill	965	965	965
Other intangible assets	572	797	599
Property, plant and equipment	-	1	-
<b>Total non current assets</b>	<b>1,537</b>	<b>1,763</b>	<b>1,564</b>
<b>Current assets</b>			
Inventories	32	40	38
Trade and other receivables	129	65	81
Tax receivable	24	81	16
Cash and cash equivalents	124	41	31
<b>Total current assets</b>	<b>309</b>	<b>227</b>	<b>166</b>
<b>Total assets</b>	<b>1,846</b>	<b>1,990</b>	<b>1,730</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	313	476	368
Loans and borrowings	44	53	49
<b>Total current liabilities</b>	<b>357</b>	<b>529</b>	<b>417</b>
<b>Non current liabilities</b>			
Provisions	100	100	100
<b>Total liabilities</b>	<b>457</b>	<b>629</b>	<b>517</b>
<b>Total net assets</b>	<b>1,389</b>	<b>1,361</b>	<b>1,213</b>
<b>Equity</b>			
<b>Capital and reserves</b>			
Share capital - Issued and fully paid	Note 4 7	3	4
- Deferred B shares	1,305	1,305	1,305

- Deferred A shares	5,298	5,298	5,298
Share premium	15,155	14,509	14,748
Other reserves	266	266	266
Retained earnings	(20,642)	(20,020)	(20,408)
<b>Total equity</b>	<b>1,389</b>	<b>1,361</b>	<b>1,213</b>

## ReGen Therapeutics Plc

### Consolidated statement of cash flows

	Unaudited 6 months to 30-Jun-10	Unaudited 6 months to 30-Jun-09	Audited Year to 31-Dec-09
	(£000)	(£000)	(£000)
<b>Loss after tax for the period</b>	<b>(234)</b>	<b>(342)</b>	<b>(730)</b>
Amortisation of intangible assets	39	17	238
Depreciation of property, plant and equipment	-	1	1
Interest charged	3	1	4
Interest credited	-	-	-
Taxation credit	(8)	-	(28)
Taxation received	-	-	93
<b>Operating cash flows before movements in working capital and provisions</b>	<b>(200)</b>	<b>(323)</b>	<b>(422)</b>
Decrease/(Increase) in inventories	6	(12)	(10)
(Increase)/decrease in receivables	(49)	22	7
(Decrease)/increase in payables	(55)	(14)	(122)
<b>Net cash outflow from operating activities</b>	<b>(298)</b>	<b>(327)</b>	<b>(547)</b>
<b>Cash flows from investing activities</b>			
Interest received	-	-	-
Purchase of intangible assets	(11)	(20)	(43)
<b>Net cash used in investing activities</b>	<b>(11)</b>	<b>(20)</b>	<b>(43)</b>
<b>Cash flows from financing activities</b>			
Net proceeds from issue of share capital	410	363	603
Interest paid	(3)	(1)	(4)
<b>Net cash from financing activities</b>	<b>407</b>	<b>362</b>	<b>599</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>98</b>	<b>15</b>	<b>9</b>

<b>Opening cash and cash equivalents</b>		<b>(18)</b>	<b>(27)</b>	<b>(27)</b>
<b>Closing cash and cash equivalents</b>	Note 5	<b>80</b>	<b>(12)</b>	<b>(18)</b>

## ReGen Therapeutics Plc

### Consolidated statement of changes In equity

	<b>Share Capital</b>	<b>Share Premium</b>	<b>Other Reserves</b>	<b>Retained Earnings</b>	<b>Total</b>
	<b>(£000)</b>	<b>(£000)</b>	<b>(£000)</b>	<b>(£000)</b>	<b>(£000)</b>
At 1 January 2009	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	6,606	14,509	266	(20,020)	1,361
Loss for the period	-	-	-	(388)	(388)
Total comprehensive income and expense for the period	-	-	-	(388)	(388)
Net issue of share capital	1	239	-	-	240
Balance at 31 December 2009	6,607	14,748	266	(20,408)	1,213
Loss for the period	-	-	-	(234)	(234)
Total comprehensive income and expense for the period	-	-	-	(234)	(234)
Net issue of share capital	3	407	-	-	410
Balance at 30 June 2010	<b>6,610</b>	<b>15,155</b>	<b>266</b>	<b>(20,642)</b>	<b>1,389</b>

## Notes to the Interim Results Six Months Ended 30 June 2010

### 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 2010 and are unchanged from those disclosed in the group's Report and Financial Statements for the year ended 31 December 2009, except that the following standards and amendments have now become effective – IAS 7 (revised 2009), IAS 27 (arising from the amendments to IFRS 3) and IAS 36, none of which has had a material impact on the financial information of the Group.

The Interim Statement has not been audited nor reviewed by the Company's auditors. The comparatives for the full year ended 31 December 2009 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 498(2)-(3) of the Companies Act 2006.

### 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-10</b>	<b>6 months to 30-Jun-09</b>	<b>Year to 31-Dec-09</b>
<i>Numerator</i>			
Loss for the period (£)	<b>234,000</b>	<b>342,000</b>	730,000
<i>Denominator</i>			
Weighted average number of shares of 0.01p	<b>50,379,605</b>	<b>20,186,360</b>	27,331,695

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 presented.

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

#### 4. Share Capital

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.

On 30 June 2010, the Company issued 5,000,000 ordinary shares of 0.01p each at a premium of 1.99p per share for a consideration of £100,000.

#### 5. Note supporting cash flow statement

Cash and cash equivalents comprises:

	<b>Unaudited As at 30-Jun-10 (£000)</b>	<b>Unaudited As at 30-Jun-09 (£000)</b>	<b>Audited As at 31-Dec-09 (£000)</b>
Cash available on demand	123	40	30
Short-term deposits	1	1	1
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Cash and cash equivalents	124	41	31
Overdraft	(44)	(53)	(49)
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	80	(12)	(18)
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