REGEN THERAPEUTICS PLC

Chairman's Statement and preliminary results to 31 December 2007

PRELIMINARY STATEMENT to 31 December 2007

HIGHLIGHTS OF 2007

- Market launch of Colostrinin™ as CogniSure™ in the professional channel in North America in October 2007 and Australasia in July 2007.
- Successful completion of zolpidem trial. Results announced in August 2007 show that a 2.5mg dose of a novel sublingual formulation is non-sedating.
- In two fundraisings in February and June 2007 the Company raised £2,486,875 to continue it's development programme.

2007 was a good year for ReGen in which crucially Colostrinin™ (CogniSure™) was launched in the professional market in North America in October, following on from its original launch in Australasia in July. The USA alone accounts for about one third of the World nutraceutical market so this was a key launch for ReGen in its drive to achieve sustainable profitability. There were, however, a number of other major achievements, which are set out in the following paragraphs.

FINANCIALS
(Presented under IFRS)

Turnover for the year was £311,488. This figure includes our income from initial sales of CogniSure™ (Colostrinin™) in Australia and the USA, which were £63,810. The year on year decrease in turnover of 23% resulted from the decline in the business of Guildford Clinical Pharmacology Unit Ltd. ("GCPUL"), the contract research organisation, reflecting industry-wide trends. The company has now become a purely "in-house" clinical research facility.

Cost of sales represented 34.7% of turnover as opposed to 51.6% the previous year, reflecting the higher margins earned on CogniSure™. As a result gross profit was marginally higher than last year.

Development costs were slightly down, which reflected the considerable expense involved in the Colostrinin™ development work the previous year, not being repeated in 2007. The Company still has an active research programme but the Colostrinin™ peptides particularly are not at a costly stage in their development.

Other administrative costs also fell slightly and this was primarily the result of lower expenditure on salaries. The charge for impairment of intangible assets is a non-cash item and merely reflects the write down of goodwill associated with the acquisition of GCPUL. Thus, after financing charges loss before tax was 11% higher at £2,553,591. The two main items of expenditure, research and development costs, and other administrative costs were both slightly down year on year. The Board will

continue to control these costs tightly, and expects expenditure in both areas to be slightly down again in the coming year.

In March 2008 following the closure of the accounting period £246,898 was raised before expenses. In addition the Company obtained an equity credit facility of £2 million from Duke Holdings Corporation Limited enabling it to draw down capital in tranches in exchange for shares in the Company, based on the average traded share volumes achieved. This, taken together with other options currently being evaluated gives the Board confidence in our financial position. The money raised is being used in our development programmes.

COMMERCIAL DEVELOPMENT

Prior to the first ever launch of Colostrinin™ in the Australasian market, Dr Marian Kruzel, ReGen's Chief Scientific Officer, presented both scientific and clinical information on its utility to support healthy cognitive function at the 2007 International Congress on Natural Medicine in Surfers Paradise, Queensland, Australia. The conference, which was attended by key opinion leaders and practitioners of natural medicine from around the world, was sponsored by Metagenics Inc. of California via its Australian affiliate company Health World Limited. Since then Colostrinin™ is marketed in Australasia through the professional channel by Health World Ltd.

The crucial commercial development of the year was in October 2007 when Colostrinin™ was launched as CogniSure™ in the professional channel in the North American market by Metagenics Inc., our licensee. This was a key development for ReGen as the USA alone accounts for around one third of the World nutraceutical market.

Metagenics Inc., which is headquartered in San Clemente, California, is a leading developer, manufacturer and marketer of nutraceuticals, dedicated to research and evaluating the effects of natural ingredients on generic expression and protein activity. Metagenics states that it serves over 30,000 healthcare practitioners in North America.

ReGen produces bulk Colostrinin™ in South Dakota. Currently its production capacity is two million units per annum and a further extension of its manufacturing capability to ten million units per annum is possible and within the financial resources of the Company (a unit is thirty days supply). ReGen makes a profit of about $5 per unit, which includes manufacturing profit and royalties.

In March 2008 ReGen announced a licensing deal with Golgi Pharmaceuticals Limited for distribution of the product in Cyprus. ReGen is currently discussing licensing arrangements with potential partners in other markets particularly Japan and Europe.

In 2007 sales of Colostrinin™ for ReGen were £63,810. Currently this year ReGen has already received orders worth $168,000, excluding royalties, and this does not include stocking in Cyprus. For the record Colostrinin™ is now launched in the United States, Canada and Australasia.

SCIENTIFIC DEVELOPMENT

The primary focus of R&D in 2007 was the need to support the commercialisation of Colostrinin™ as a nutraceutical product and our continuing efforts to define the utility of zolpidem in the rehabilitation of brain trauma. Several peer reviewed publications and highly visible presentations (particularly the one in Australia already referred to supporting the launch of Colostrinin™) have been made during the year.

Colostrinin™ and derived peptides

In 2007 ReGen made significant progress in understanding both the diversity of Colostrinin's™ mode of action and its potential utility in various age related disorders.

The development of a new assay has commercial benefits, in its speed and simplicity, as well as its scientific use.
Consistent with the previous findings that Colostrinin™ inhibits the aggregation of beta amyloid, a simple potency assay had been developed and published in the peer reviewed Journal of Neuroscience Methods (2007;160(2):264-8). The assay is particularly attractive since thioflavin, a capture agent, fluoresces only when bound to toxic amyloid fibrils, not the non-toxic monomers. In addition the reaction is completed within one minute and thioflavin does not interfere with aggregation of amyloid fibrils. It is hoped that in the near future this assay can be used to quickly quantify the potency of Colostrinin™ before final formulation into tablets. Using this assay, it was also shown that Colostrinin™ not only prevents the aggregation of beta amyloid, but it can also solubilize existing toxic fibrils in a dose and time-dependent fashion.

The implication of reactive oxygen species (ROS) in inflammatory and neurodegenerative diseases is now well documented. Therefore the ability of Colostrinin™ to reduce oxidative stress, which has been further confirmed by the University of Texas Medical Branch (UTMB) scientists in both *in vitro* and *in vivo* studies using senescence accelerated mice (SAMP) is very important (SAMP mice are inbred mice predisposed to premature ageing). The *in vitro* results have been published in the peer reviewed journal Neuropeptides (2007;41(2):93-101). This showed that Colostrinin™ significantly slowed the ageing of cultured murine diploid fibroblast cells and increased their lifespan. This was shown to be associated with a decrease in the intracellular levels of reactive oxygen species, which may be due to senescence-associated mitochondrial dysfunction. These data suggest that Colostrinin™ may delay the development of cellular ageing at the level of the mitochondia. These findings were confirmed in a subsequent *in vivo* study published in Neurodegenerative Diseases (207;4:264), which showed that Colostrinin™ given in drinking water increased the lifespan, motor and neurological performance of SAMP mice.

Of considerable importance for the longer term future of the Colostrinin™ peptides for the treatment of Alzheimer's disease and for the use of Colostrinin™ itself as a treatment for 'healthy brain function' was the acceptance of a review article entitled:

"Colostrinin™ - An Oxidative Stress Modulator for Prevention and Treatment of Age-Related Disorders" in the Journal of Alzheimer's Disease (JAD) co-authored by Boldogh I. and Kruzel M. JAD is the major Journal for the audience in age-related disorders. This is about to be published. A second publication in 2008, in the International Archives of Allergy and Immunology entitled: "The Non-Allergenic Colostrinin™ Prevents Responses to Common Allergens" was co-authored by Boldogh I, Choudhury BK, Aguilera-Aguirre L, Bacsi A and Kruzel M and was published online in March 2008.

Colostrinin™ Pharmaceutical Peptides
With regard to the peptide programme, we reported in December 2007 on the preliminary findings of a microarray analysis to determine how gene expression profiles were altered following treatment of cells with Colostrinin™. This work has produced a number of interesting leads, three of which we are now following up. Two of the peptides favourably modulate genes associated with Alzheimer's disease and another a gene associated with obesity.

These leads, either as synthetic peptides or peptide mimetics, are being developed to address the pharmaceutical market. A classical pharmaceutical pre-clinical candidate is possible in 2009. Despite sales of around $11.8 billion in 2006 (source Espicom) the neurodegenerative markets do not have satisfactory treatments. A new product with efficacy and a good safety profile would be extremely attractive both on medical and health economics grounds. With regard to obesity there is considerable concern surrounding the leading product Xenical (orlistat), but even this product has sales of about $1billion per annum, so once again a safe and effective product could be a major revenue generator.

Veterinary Colostrinin™
Also in December 2007 ReGen announced that preliminary results of a study of Colostrinin™ in the treatment of dementia in ageing dogs looked encouraging. The dosing phase of the study had been completed and a preliminary report based on 22/23 subjects showed that Colostrinin™ was well tolerated and that '40% of owners felt that there had been signs of improvement' throughout the trial. These findings and a similar study in cats were confirmed in an announcement on 11 February 2008. Nicholas Mills, Principal Investigator to the study, said, "These results clearly show that Colostrinin™ can significantly reduce the symptoms of cognitive dysfunction in aged cats and dogs".

Zolpidem
In August 2007 the Company announced the successful completion of its Phase II trial in South Africa where it established that a 2.5mg dosage of a new sublingual formulation of zolpidem is non-sedating. The Company is currently planning a further trial in the UK to establish an effective and non-sedating multiple dose regimen to allow practical treatment for extended periods.

The Company has a scientific background programme attempting to understand the mode of action of zolpidem in brain trauma.

We should also stress that a very large amount of media interest was generated by the zolpidem discovery. Two TV programmes were screened on zolpidem during 2007. The first one in March on the Discovery Channel was an excellent programme and gave full prominence to ReGen. The second in October on BBC was less scientific, but generated more audience interest. Both of these programmes raised our profile.

SUMMARY

The launch of Colostrinin™ in the World's largest nutraceutical market is a key achievement. Additionally, the product was launched in Australasia. Major scientific progress was made in the development of the Colostrinin™ peptide and zolpidem projects. ReGen is getting to a stage now where the nutraceutical product can take the Company into sustainable profitability and the development of its science programme in 2008 could lead to major licensing deals.

Percy W Lomax
Executive Chairman

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REGEN THERAPEUTICS PLC

Consolidated income statement for the year ended 31 December 2007

		2007 £ (Unaudited)	2006 £ (Audited)
Revenue		**311,488**	404,918
Cost of sales		**107,985**	208,789
Gross Profit		**203,503**	196,129
Research and development costs		**802,303**	825,888
Other administrative costs		**1,654,185**	1,672,486
Impairment of intangible assets		**348,562**	19,546
Administrative expenses		**2,805,050**	2,517,920
Operating loss		**(2,601,547)**	(2,321,791)
Finance income		**56,537**	36,003
Finance costs		**(8,581)**	(8,675)
Loss before taxation		**(2,553,591)**	(2,294,463)
Taxation		**168,517**	118,406
Loss after taxation		**(2,385,074)**	(2,176,057)
Basic and diluted loss per share	Note 6	**(25.71)p**	(0.37)p

All amounts relate to continuing activities

REGEN THERAPEUTICS PLC

Consolidated Statement Of Changes In Equity
for the year ended 31 December 2007

	Share Capital £	Share Premium £	Other Reserves £	Retained Earnings £	Total £
Audited					
At 1 January 2006	5,797,689	10,437,948	242,308	(13,653,279)	2,824,666
Net income recognised directly in equity	-	-	-	-	-
Loss for the year	-	-	-	(2,176,057)	(2,176,057)
Total recognised income and expense for the year	-	-	-	(2,176,057)	(2,176,057)
Issue of share capital	194,562	1,553,888	23,437	-	1,771,887
Recognition of share based payments	-	-	-	7,348	7,348
Balance at 31 December 2006	5,992,251	11,991,836	265,745	(15,821,988)	2,427,844
Unaudited					
Net income recognised directly in equity	-	-	-	-	-
Loss for the year	-	-	-	(2,385,074)	(2,385,074)
Total recognised income and expense for the year	-	-	-	(2,385,074)	(2,385,074)
Issue of share capital	331,584	1,977,558	-	-	2,309,142
Recognition of share based payments	-	-	-	88,184	88,184
Balance at 31 December 2007	**6,323,835**	**13,969,394**	**265,745**	**(18,118,878)**	**2,440,096**

REGEN THERAPEUTICS PLC

Consolidated balance sheet at 31 December 2007

		2007 £ (Unaudited)	2007 £ (Unaudited)	2006 £ (Audited)	2006 £ (Audited)
Non current assets					
Property, plant and equipment			**2,674**		26,317
Intangible assets			**1,946,559**		2,260,400
			1,949,233		2,286,717
Current assets					
Inventories		**6,649**		20,131	
Trade and other receivables		**212,779**		229,518	
Tax receivable		**145,833**		115,464	
Cash and cash equivalents		**587,837**		508,045	
Total current assets			**953,098**		873,158
Total assets			**2,902,331**		3,159,875
Liabilities					
Current liabilities					
Trade and other payables		**311,636**		559,591	
Loans and borrowings		**50,599**		72,440	
Total current liabilities			**362,235**		632,031
Non current liabilities					
Provisions			**100,000**		100,000
Total liabilities			**462,235**		732,031
Total net assets			**2,440,096**		2,427,844
Equity					
Share capital	Note 5		**6,323,835**		5,992,251
Share premium			**13,969,394**		11,991,836
Other reserves			**265,745**		265,745
Retained earnings			**(18,118,878)**		(15,821,988)
Total equity			**2,440,096**		2,427,844

REGEN THERAPEUTICS PLC

Consolidated cash flow statement for the year ended 31 December 2007

		2007 £ (Unaudited)	2007 £ (Unaudited)	2006 £ (Audited)	2006 £ (Audited)
Loss before tax for the financial year		**(2,553,591)**		(2,294,463)	
Impairment of goodwill		**348,562**		19,546	
Amortisation of intangible assets		**34,910**		125,252	
Depreciation of property, plant and equipment		**24,353**		7,588	
Share option charge		**88,184**		7,348	
Interest charged		**8,581**		8,675	
Interest credited		**(56,537)**		(36,003)	
Taxation received		**138,148**		84,872	
Operating cash flows before movements in working capital and provisions		**(1,967,390)**		(2,077,185)	
Decrease/(increase) in inventories		**13,482**		(15,855)	
Decrease/(increase) in receivables		**16,739**		(1,930)	
(Decrease)/increase in payables		**(247,956)**		18,501	
Net cash outflow from operating activities		**(2,185,125)**		(2,076,469)	
Cash flows from investing activities					
Interest received		**56,537**		36,003	
Purchase of subsidiary, net of cash acquired		**-**		(21,360)	
Purchase of property, plant and equipment		**(710)**		(12,725)	
Purchase of intangible assets		**(69,630)**		(92,173)	
Net cash used in investing activities		**(13,803)**		(90,255)	
Cash flows from financing activities					
Proceeds from issue of share capital		**2,486,875**		1,930,000	
Expenses paid on share issue		**(177,733)**		(183,112)	
Interest paid		**(8,581)**		(8,675)	
Net cash from financing activities		**2,300,561**		1,738,213	
Net increase /(decrease) in cash and cash equivalents			**101,633**		(428,511)
Opening cash and cash equivalents			**435,605**		864,116
Closing cash and cash equivalents	Note 7		**537,238**		435,605

ReGen Therapeutics Plc

Notes forming part of the financial statements for the year ended 31 December 2007

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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 1985 applicable to companies preparing their accounts under IFRS. This is the first time the Group has prepared its financial statements in accordance with IFRSs, having previously prepared its financial statements in accordance with UK accounting standards. The Group's date of transition to IFRS is 1 January 2006 being the start of the previous period that has been presented as comparative information. Reconciliations to previously presented financial statements were set out in the interim statement.

The financial information contained in this announcement does not constitute statutory financial statements within the meaning of Section 240 of the Companies Act 1985. The financial information for the year ended 31 December 2006 has been extracted from the statutory financial statements for that year, which have been filed with the Registrar of Companies. The financial information has been converted and presented in accordance with IFRS. The audit report on those financial statements was unqualified and did not contain any statement under Sections 237 (2) or (3) of the Companies Act 1985. It did contain, however, an explanatory paragraph dealing with a fundamental uncertainty relating to going concern. The financial information for the year ended 31 December 2007 has been extracted from the draft statutory financial statements for that year upon which the auditors have yet to report. The auditors have indicated that their final audit report will contain an explanatory paragraph dealing with the going concern referred to in note 3.

2 Events after the balance sheet date

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 27 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 27 March 2008, the Company issued 138,889 ordinary shares of 10p each at a premium of 26p per share for a consideration of £50,000 representing the draw down fees payable 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. The Company has an initial facility of £2,000,000, which is available for 24 months in two tranches of £1,000,000, with draw downs based on traded share volumes achieved by the Company.

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 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 31 March 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 term liabilities as current and provide for additional liabilities.

4 Accounting policies

Implementation of IFRS

In implementing the transition to IFRS, the Group has followed the requirements of IFRS 1 " First Time Adoption of International Financial Reporting Standards", which in general requires IFRS accounting policies to be applied fully retrospectively in deriving the opening balance sheet at the date of transition. IFRS 1 contains certain mandatory exceptions and some optional exemptions to this principal of retrospective application. Where the Group has taken advantage of the exemptions they are noted below. The adoption of IFRS represents an accounting change only and does not affect the operations or cash flow of the Group. The principal areas of impact are described below.

Goodwill and Business Combinations (IFRS 3)

The Group has elected to take the exemption not to apply IFRS 3 retrospectively to business combinations occurring prior to the date of transition to IFRS. Goodwill arising on such acquisitions has therefore been frozen at its UK GAAP carrying value of £1,187,253 at 1 January 2006. A goodwill impairment review was undertaken as at 1 January 2006.

Research and development (IAS 38)

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. Previously under UK GAAP all development expenditure was expensed.

Employee benefits (IAS19)

The Group has complied with the provisions of IAS 19 and has accrued holiday pay for all staff from the date of transition. No accrual is necessary at the 31 December 2007 as it is the Company's policy not to carry over holiday into the next year.

Share-based payment

The Group adopted FRS 20 last year. This is the same as IFRS 2 "Share-based payments" which continues to apply to employee options granted after 7 November 2002 that had not vested by 1 January 2005.

5 Share Capital

On 6 February 2007, the Company issued 151,841,668 ordinary shares of 0.1p each at a premium of 0.65p per share for a consideration of £1,138,813.

On 14 June 2007, the Company issued 179,741,600 ordinary shares of 0.1p each at a premium of 0.65p per share for a consideration of £1,348,062.

The issued shares rank pari passu with existing shares.

On 20 November 2007 there was a reorganisation of the Company's share capital whereby a resolution was passed at an Extraordinary General Meeting of the Company at which every one hundred existing ordinary shares of 0.1p each were consolidated into one new ordinary share with a nominal value of 10p.

6 Loss per share

	2007	2006
Numerator		
Loss for the year	**2,385,074**	2,176,057
Denominator		
Weighted average number of shares of 10p/0.1p	**9,276,893**	595,192,463

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. This year's loss per share has been impacted by the share consolidation which took place on 20 November 2007.

7 Note supporting cash flow statement

Cash and cash equivalents comprises:

	2007 £ (Unaudited)	2006 £ (Audited)
Cash available on demand	**18,579**	34,549
Short-term deposits	**569,258**	473,496
Cash and cash equivalents	**587,837**	508,045
Overdraft	**(50,599)**	(72,440)
	537,238	435,605

The annual report and financial statements for the year ended 31 December 2007 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.