20 September 2007

ReGen Therapeutics Plc

Unaudited Interim Results for the Six Months' to 30 June 2007

CHAIRMAN'S STATEMENT

Summary of key events:

Colostrinin™

- February 2007 announcement of study showing Colostrinin™ increases lifespan, neurological and motor performance in mice prone to premature ageing.
- June 2007 Professor Marian Kruzel – Chief Scientific Officer presented preclinical and human clinical data showing that Colostrinin™ has the potential to 'support healthy cognitive function'.
- July 2007 Colostrinin™ successfully launched in its first market Australasia.

Zolpidem

- March 2007 Discovery Channel programme on zolpidem screened in the UK.
- August 2007 completion of zolpidem trial in South Africa – further studies to be undertaken.

Funding

- February 2007 £1.138m raised.
- June 2007 £1.348m raised.

Commentary:

This is the first set of results announced under IFRS with comparisons against the restated 2006 interim results. The first half sales figures of £117,000 up 127% relate entirely to Guildford Clinical Pharmacology Unit Limited (GCPUL) and, if we take into account the work that GCPUL does for ReGen on zolpidem it is in fact profitable for the period. We comment later on zolpidem that we have further research activities planned but this is not immediate and as investors will be aware there is very considerable competition in the UK Phase I/II clinical trials market and indeed much business has been moved to Eastern Europe and further afield. As required by IFRS, we conducted an impairment review of the goodwill that arose on the acquisition of GCPUL taking in to account these market conditions. This has resulted in the goodwill being written down by £349,000 in the Income Statement. I would stress that this is a non-cash item and all the impairment has been taken in the first half of the year.

The other major item of interest in the Income Statement is the 30% increase in research and development costs, which shows the Company's rising commitment to research and development, particularly the cost of the zolpidem clinical trial. We expect this trend to continue.

Colostrinin™

The successful launch of Colostrinin™ in Australasia its first market should be seen as a validation of the Company's long-term research effort. This launch was preceded by Professor Marian Kruzel presenting at the 2007 International Congress on Natural Medicine in Australia. Professor Kruzel presented both pre-clinical and human clinical data showing that Colostrinin™:

- Reduces the production of intracellular reactive oxygen species (ROS). These increase with old age and are associated with tissue and metabolic damage;
- Prevents the aggregation of beta-amyloid and its consequent neurotoxicity. This is a protein associated with Alzheimer's disease;
- Increases the lifespan of mice prone to premature ageing by around 30% when given in the drinking water;
- Is well-tolerated and without adverse effects; and
- Had beneficial effects on the cognitive and functional performance of around 150 human subjects in clinical trials with mild to moderate Alzheimer's disease.

We look forward to the launch in the USA in the fourth quarter of 2007 and the above comments from Professor Kruzel provide a firm basis for optimism. We continue to seek licensing partners to enable launch in other markets as soon as possible.

Our peptide programme continues to develop. We are currently assessing the results from several activity assays with our peptides and will be putting the most potent of these through further tests to evaluate their therapeutic potential.

Zolpidem

A sensitive programme was put out on the Discovery Channel which we felt reflected well on the potential for the drug and I think showed ReGen in a favourable light. Anyone who saw the programme or has viewed the video has been impressed by it and we will be showing it at our Christmas presentation to the City. Most importantly, however, from our recently completed trial in South Africa we now have conclusive proof that a 2.5mg sublingual spray is non-sedating. Consequently we now have enough evidence to take this project a stage further. I would stress that our estimates of the market size here remain in excess of £4bn.

GCPUL

GCPUL was acquired for two reasons, to help us with our own research work and also to do outside work. GCPUL has been extremely useful with the zolpidem project and this would have cost us a great deal more if we had done it with an external CRO. Unfortunately, conditions in the CRO market changed for the worse over the last year and we have not generated the orders necessary to make the Company profitable without ReGen business. This is a non-core business and we do not want to put resources into it, which detract from our mainstream activity - drug development. Whilst, it continues to serve this purpose it is useful, but we are reviewing our options.

Summary:

The year so far has been an exciting one for us. The encouraging launch of Colostrinin™ in Australasia, the successful completion of the zolpidem clinical trial and fundraising of

£2.486m has immensely strengthened the Company's position and I look forward to building on this over the next year.

I would like to thank our shareholders for their continued support.

Percy Lomax
Executive Chairman

A copy of this interim statement is being sent to shareholders and copies are available from the Company's offices at 73, Watling Street, London EC4M 9BJ or by visiting our website at www.regentherapeutics.com

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ReGen Therapeutics Plc

Interim Results for the Six Months' to 30 June 2007

Consolidated Income Statement
For the six months ended 30 June 2007

	Unaudited 6 months to 30-Jun-07	Restated Unaudited 6 months to 30-Jun-06	Restated Audited Year to 31-Dec-06
	(£000)	(£000)	(£000)
Revenue	**117**	**55**	**405**
Cost of sales	(31)	(4)	(209)
Gross profit	86	51	196
Research and development costs	467	360	826
Other administrative costs	880	776	1,673
Impairment of intangible assets	349	10	20
Administrative costs	(1,696)	(1,146)	(2,519)
Operating loss	(1,610)	(1,095)	(2,323)
Finance income	18	11	36
Finance costs	(5)	(5)	(8)
Loss before taxation	(1,597)	(1,089)	(2,295)
Income tax credit	73	40	118
Loss after taxation	(1,524)	(1,049)	(2,177)
Loss per share (basic and diluted)	(0.18)p	(0.20)p	(0.37)p

ReGen Therapeutics Plc

Consolidated Balance Sheet

	Unaudited As at 30-Jun-07 (£000)	Restated Unaudited As at 30-Jun-06 (£000)	Restated Audited As at 31-Dec-06 (£000)
Assets			
Non current assets			
Goodwill	964	1,223	1,313
Intangible assets	969	1,031	947
Property, plant and equipment	23	21	26
Total non current assets	1,956	2,275	2,286
Current assets			
Inventories	14	11	20
Trade and other receivables	556	176	230
Tax receivable	50	40	115
Cash and cash equivalents	1,280	617	508
Total current assets	1,900	844	873
Total assets	3,856	3,119	3,159
Liabilities			
Current liabilities			
Trade and other payables	496	563	632
Non current liabilities			
Provisions	100	-	100
Total liabilities	596	563	732
Total net assets	3,260	2,556	2,427
Equity			
Capital and reserves			
Share capital - Issued and fully paid	1,026	583	694
- Deferred	5,298	5,298	5,298
Share premium	13,973	11,112	11,992
Other reserves	266	266	266
Retained earnings	(17,303)	(14,703)	(15,823)
Total equity	3,260	2,556	2,427

ReGen Therapeutics Plc

Consolidated Cash Flow Statement

	Unaudited 6 months to 30-Jun-07	Restated Unaudited 6 months to 30-Jun-06	Restated Audited Year to 31-Dec-06
	(£000)	(£000)	(£000)
Loss for the financial period	(1,524)	(1,049)	(2,177)
Impairment of goodwill	349	10	20
Amortisation of intangible assets	13	16	127
Depreciation of property, plant and equipment	4	3	8
Share option charge	44	-	7
Taxation	65	(40)	(34)
Operating cash flows before movements in working capital and provisions	(1,049)	(1,060)	(2,049)
Changes in inventories	6	(7)	(16)
Changes in receivables	(326)	133	(2)
Changes in payables	(135)	(48)	19
Net cash outflow from operating activities	(1,504)	(982)	(2,048)
Cash flows from investing activities			
Purchase of subsidiary, net of cash acquired	-	(21)	(21)
Purchase of property, plant and equipment	(1)	(3)	(13)
Purchase of intangible assets	(36)	(68)	(92)
Net cash used in investing activities	(37)	(92)	(126)
Cash flows from financing activities			
Proceeds from issue of share capital	2,487	820	1930
Expenses paid on share issue	(174)	(64)	(183)
Net cash from financing activities	2,313	756	1,747
Net increase/(decrease) in cash and cash equivalents	772	(318)	(427)
Opening cash and cash equivalents	508	935	935
Closing cash and cash equivalents	1,280	617	508

ReGen Therapeutics Plc

Consolidated Statement Of Changes In Equity

	Share Capital	Share Premium	Other Reserves	Retained Earnings	*Total*
	(£000)	(£000)	(£000)	(£000)	(£000)
At 1 January 2006	5,798	10,438	242	(13,653)	2,825
New shares issued	83	674	24	-	781
Loss for the period and total recognized income and expenses	-	-	-	(1,050)	(1,050)
Share based charges	-	-	-	-	-
Net increase/(decrease) to shareholders' equity	83	674	24	(1,050)	(269)
At 30 June 2006	5,881	11,112	266	(14,703)	2,556
New shares issued	111	880	-	-	991
Loss for the period	-	-	-	(1,127)	(1,127)
Share based charges	-	-	-	7	7
Net increase/(decrease) to shareholders' equity	111	880	-	(1,120)	(129)
At 31 December 2006	5,992	11,992	266	(15,823)	2,427
New shares issued	332	1,981	-	-	2,313
Loss for the period	-	-	-	(1,524)	(1,524)
Share based charges	-	-	-	44	44
Net increase/(decrease) to shareholders' equity	332	1,981	-	(1,480)	833
At 30 June 2007	6,324	13,973	266	(17,303)	3,260

Notes to the Consolidated Financial Statements
Six Months Ended 30 June 2007

1. Basis of preparation

ReGen Therapeutics Plc has previously prepared Group financial statements in accordance with UK Generally Accepted Accounting Practice ("UK GAAP"). From 1 January 2007 the Group is required to prepare its consolidated financial statements under International Accounting Standards and International Financial Reporting Standards (collectively "IFRS") as adopted by the European Union ("EU"). 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.

The financial information presented in this document has been prepared on the basis of the IFRS in issue that are either endorsed by the EU and effective at 31 December 2007 or are expected to be endorsed before the financial statements are approved and authorised for issue. Based on these adopted and unadopted IFRS, the directors have made assumptions about the accounting policies expected to be applied when the first annual IFRS statements are prepared for the year ended 31 December 2007. In addition, the adopted IFRS that will be effective in the annual financial statements for the year ending 31 December 2007 are still subject to change and to additional interpretations and therefore can not be determined with certainty. Accordingly, the accounting policies for that annual period will be determined finally only when the annual financial statements for the Group are prepared for the year ending 31 December 2007.

The Interim Statement does not constitute statutory accounts as defined in section 240 of the companies Act 1985 has not been audited by the Company's auditors BDO Stoy Hayward LLP. The comparatives for the full year ended 31 December 2006 are not the Company's full statutory accounts for that year. A copy of the statutory accounts for that year, which were prepared under UK GAAP, 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. 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 retained at its UK GAAP carrying value of £1,187,000 at 1 January 2006. Under IFRS 3 this goodwill is subject to impairment reviews and is not amortised.

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. A charge of £16,000 has been recorded in the IFRS income statement for the six months to 30 June 2006.

Reconciliations to previously presented financial statements are set out in notes 7 to 11.

4. Taxation

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

5. Loss per share

The basic loss per share has been calculated based on the loss on ordinary activities after taxation of £1,524,000 and the weighted average number of shares in issue for the period of 829,490,896 (June 2006: 516,834,400) and (December 2006: 595,192,463)

There are 46,914,285 share options in issue that are currently anti-dilutive.

6. 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.

7. Reconciliation Of Loss From UK GAAP To IFRS For The Year Ended 31 December 2006

	Commentary	UK GAAP	Effect of transition to IFRS	IFRS
		(£000)	(£000)	(£000)
Revenue		405	-	405
Cost of sales		(209)	-	(209)
Gross profit		196	-	196
Research and development costs		826	-	826
Other administrative costs		1,673	-	1,673
Goodwill amortisation	(a)	96	(96)	-
Impairment of intangible assets	(a)	-	20	20
Administrative costs		2,595	(76)	2,519
Operating loss		(2,399)	76	(2,323)
Finance income		36	-	36
Finance costs		(8)	-	(8)
Loss before taxation		(2,371)	76	(2,295)
Income tax credit		118	-	118
Loss after taxation		(2,253)	76	(2,177)
Loss reported under previous UK GAAP				(2,253)
Goodwill amortisation				96
Impairment charge				(20)
Total adjustment to profit				76
Total loss reported under IFRS				(2,177)

8. Reconciliation Of Loss From UK GAAP To IFRS For The 6 Months Ended 30 June 2006

	Commentary	UK GAAP	Effect of transition to IFRS	IFRS
		(£000)	(£000)	(£000)
Revenue		**55**	**-**	**55**
Cost of sales		(4)	-	(4)
Gross profit		51	-	51
Research and development costs		360	-	360
Other administrative costs	(b)	760	16	776
Goodwill amortisation	(a)	48	(48)	-
Impairment of intangible assets	(a)	-	10	10
Administrative costs		1,168	(22)	1,146
Operating loss		(1,117)	22	(1,095)
Finance income		11	-	11
Finance costs		(5)	-	(5)
Loss before taxation		(1,111)	22	(1,089)
Income tax credit		40	-	40
Loss after taxation		(1,071)	22	(1,049)
Loss reported under previous UK GAAP				(1,071)
Goodwill amortisation				48
Impairment charge				(10)
Employee benefits				(16)
Total adjustment to profit				22
Total loss reported under IFRS				(1,049)

9. Reconciliation Of Equity From UK GAAP To IFRS At 1 January 2006

	UK GAAP	Effect of transition to IFRS	IFRS
	(£000)	(£000)	(£000)
Assets			
Non current assets			
Goodwill – carrying value at 31/12/05	1,187	-	1,187
Intangible assets	980	-	980
Property, plant and equipment	21	-	21
Total non current assets	2,188	-	2,188
Current assets			
Inventories	4	-	4
Trade and other receivables	227	-	227
Tax receivable	82	-	82
Cash and cash equivalents	942	-	942
Total current assets	1,255	-	1,255
Total assets	3,443	-	3,443
Liabilities			
Current liabilities			
Trade and other payables	618	-	618
Non current liabilities			
Provisions	-	-	-
Total liabilities	618	-	618
Total net assets	2,825	-	2,825
Equity			
Capital and reserves			
Share capital - Issued and fully paid	500	-	500
- Deferred	5,298	-	5,298
Share premium	10,438	-	10,438
Other reserves	242	-	242
Retained earnings	(13,653)	-	(13,653)
Total equity	2,825	-	2,825

10. Reconciliation Of Equity From UK GAAP To IFRS At 30 June 2006

	Commentary	UK GAAP	Effect of transition to IFRS	IFRS
		(£000)	(£000)	(£000)
Assets				
Non current assets				
Goodwill	(a)	1,185	38	1,223
Intangible assets		1,031	-	1,031
Property, plant and equipment		21	-	21
Total non current assets		2,237	38	2,275
Current assets				
Inventories		11	-	11
Trade and other receivables		176	-	176
Tax receivable		40	-	40
Cash and cash equivalents		617	-	617
Total current assets		844	-	844
Total assets		3,081	-	3,081
Liabilities				
Current liabilities				
Trade and other payables	(b)	547	16	563
Non current liabilities				
Provisions		-	-	-
Total liabilities		547	16	563
Total net assets		2,534	22	2,556
Equity				
Capital and reserves				
Share capital - Issued and fully paid		583	-	583
- Deferred		5,298	-	5,298
Share premium		11,112	-	11,112
Other reserves		266	-	266
Retained earnings		(14,725)	22	(14,703)
Total equity		2,534	22	2,556

11. Reconciliation Of Equity From UK GAAP To IFRS At 31 December 2006

	Commentary	UK GAAP	Effect of transition to IFRS	IFRS
		(£000)	(£000)	(£000)
Assets				
Non current assets				
Goodwill	(a)	1,237	76	1,313
Intangible assets		947	-	947
Property, plant and equipment		26	-	26
Total non current assets		2,210	76	2,286
Current assets				
Inventories		20	-	20
Trade and other receivables		230	-	230
Tax receivable		115	-	115
Cash and cash equivalents		508	-	508
Total current assets		873	-	873
Total assets		3,083	-	3,083
Liabilities				
Current liabilities				
Trade and other payables		632	-	632
Non current liabilities				
Provisions		100	-	100
Total liabilities		732	-	732
Total net assets		2,351	76	2,427
Equity				
Capital and reserves				
Share capital - Issued and fully paid		694	-	694
- Deferred		5,298	-	5,298
Share premium		11,992	-	11,992
Other reserves		266	-	266
Retained earnings		(15,899)	76	(15,823)
Total equity		2,351	76	2,427

12. Commentary on adjustments

(a) Under IAS 38 goodwill is not amortised and so goodwill previously amortised under UK GAAP is reversed. Instead, impairment must be considered.

(b) Under IAS 19 employee benefits, such as holiday pay, are provided for at the balance sheet.