Tissue Regenix Group plc

(“Tissue Regenix” or “the Group”)

Interim Results

YORK, 20 October 2010 – Tissue Regenix, the regenerative medical devices company which uses animal or human tissue to replace damaged or worn out parts of the human body, announces interim results for the six months ended 31 July 2010.

Operational Highlights

- European approval received for lead product, the dCELL® Vascular Patch, enabling marketing to commence
- Application has been made for FDA approval for the dCELL® Vascular Patch
- Two new patents granted in the US and Australia

Financial Highlights

- Successfully listed on AIM raising gross proceeds of £4.5m by way of a placing
- Net loss for six months to 31 July 2010 of £0.7m before tax and before a deemed cost on reverse acquisition of £3.7m (H1 2009: loss £0.9m)
- Cash and short term deposits at 31 July 2010 of £6.7m (H1 2009: £1.8m)

Antony Odell, Managing Director of Tissue Regenix, said:-

“The first half of 2010 has been an exciting period for Tissue Regenix. We are now able to commence marketing our first product and have a highly promising pipeline of developments to follow. We are well positioned to achieve our goal of building a global leader in the field of regenerative medical devices and we look forward with confidence to delivering strong long-term growth for shareholders.”

Enquires:

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About Tissue Regenix

Tissue Regenix was incorporated in May 2006 to commercialise the academic research of Professor Eileen Ingham and Professor John Fisher from the University of Leeds in the field of tissue decellularisation. Its dCELL® Technology comprises a patented process which removes cells and other components from human and animal tissue allowing it to be used without anti-rejection drugs to replace worn out or diseased body parts.

About dCELL® Technology

The process comprised within the dCELL® Technology involves the production of biological scaffolds created by taking a piece of human or animal tissue that is equivalent to the diseased or damaged body part which is being replaced, treating such tissue with a series of gentle chemical washes and then sterilising it. The end product is a scaffold which can be stored under normal conditions at room temperature like any synthetic medical device and, when it is implanted into the body, it repopulates with the patient's own cells using natural biological repair mechanisms.

Tissue Regenix's strategy is to continue to use its core dCELL® Technology as a platform to develop a range of products using the established medical device regulatory pathway to deliver solutions to unmet clinical needs. The three priority markets for the application of the technology are: Vascular (e.g. Vascular Patches); Cardiac (e.g. Heart Valves); and Orthopaedics (e.g. Meniscus).

Chairman's Statement

I am pleased to present our first interim report as a public company, following our successful listing on AIM and the raising of £4.5m of new funds by way of a placing. This has provided us with the ability to continue to develop our pipeline of products in a number of therapeutic areas including vascular, orthopaedic and cardiac. Using our proprietary technology platform (dCELL®) our goal is to build a global leader in the field of regenerative medical devices. These products have the potential to deliver long term solutions to major clinical needs by replacing worn out or damaged body parts with tissue that is able to regenerate inside the human body using natural biological processes.

The dCELL® Process

The dCELL® process involves the creation of biological scaffolds from decellularised human or animal tissue. When implanted into the human body these scaffolds are able to regenerate, becoming natural parts of the body, a process which does not require anti rejection drugs. dCELL® Technology allows for the development of products that can replace damaged or diseased body parts using long term and natural substitutes. Also, because the implants are essentially inert and therefore safe, they are classed as medical devices and are subject to faster and less costly regulatory approval procedures.

dCell® Vascular Patch

Our lead product is the dCELL® Vascular Patch, a sterile, non-cellular biological scaffold manufactured to the highest quality and safety standards from porcine pericardium and intended to be permanently implanted into the human body for vascular repair. In August of this year we announced we had received European CE Marking for the dCELL® Vascular Patch. The approval was a historic moment for Tissue Regenix, marking our first product approved for launch and providing the company access to some of the world's largest medical devices markets. We are currently working towards receiving FDA approval for the dCELL® Vascular Patch in the U.S.

dCell® Meniscus

The next product on which we intend to focus is the dCELL® Meniscus, for the repair of damaged knee meniscus. We will commit a significant proportion of our available funds towards the further development of this product and the securing of regulatory approval for marketing. We hope to begin preclinical studies in Q4 2010/Q1 2011.

Other Opportunities

We plan on investigating opportunities in a number of other therapeutic areas including cardiology, dermatology and urology.

Intellectual Property

Our proprietary dCELL® technology is protected by a library of patents which form a comprehensive intellectual property portfolio. As the Company grows and further develops this technology and products using it, we will continue to file patents to protect improvements to existing methods and also to file specific product patents. In August we received two new patents in the U.S. and Australia relating to Ultrasonic Modification of Matrices.

Financial Review

In the six months to 31 July 2010 we recorded a loss before tax of £4.4m which was largely attributable to a £3.7m non-cash deemed cost arising from our reverse acquisition and successful listing on AIM in the period. The loss before tax was £0.7m excluding that one-off deemed cost versus a £0.9m loss for the comparable six months to 31 July 2009. On floatation we also raised £4.5m by way of a placing and Group cash balances at 31 July 2010 amounted to £6.7m.

Outlook
We have achieved much in the last six to twelve months. Receiving approval for our first product is, I believe, a huge milestone and provides validation of the technology platform.

John Samuel
Executive Chairman
20 October 2010

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS TO 31 JULY 2010

	Notes	Six months to 31 July 2010 (Unaudited) £'000	Six months to 30 July 2009 (Unaudited) £'000	Six months to 31 January 2010 (Audited) £'000
Revenues	3	112	15	74
Administrative expenses		(799)	(906)	(877)
Deemed cost on reverse acquisition	8	(3,749)	-	-
Operating loss		**(4,436)**	**(891)**	**(803)**
Finance income		7	19	64
Loss before tax		**(4,429)**	**(872)**	**(739)**
Taxation	4	102	101	75
Loss after tax attributable to equity holders of the parent		**(4,327)**	**(771)**	**(664)**
Loss per share				
Basic and diluted on loss for the period (pence)				
Pre deemed cost on reverse acquisition	5	(0.21)	(0.32)	(0.27)
Post deemed cost on reverse acquisition	5	(1.56)	(0.32)	(0.27)

The loss for the period arises from the Group's continuing operations.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS TO 31 JULY 2010

	Share Capital £'000	Share Premium £'000	Reverse Acquisition Reserve £'000	Issued Equity Capital £'000	Share Based Payments Reserve £'000	Revenue Deficit Reserve £'000	Total Equity £'000
At 31 January 2009	-	3,879	-	3,879	-	(1,158)	2,721
Loss for the period	-	-	-	-	-	(771)	(771)
At 31 July 2009	-	3,879	-	3,879	-	(1,929)	1,950
Loss for the period	-	-	-	-	-	(664)	(664)
Share based payment	-	-	-	-	1	-	1
At 31 January 2010	-	3,879	-	3,879	1	(2,593)	1,287
Loss for the period	-	-	-	-	-	(4,327)	(4,327)
Reverse acquisition	1,810	11,338	(7,148)	6,000	-	-	6,000
Issue of shares	533	4,803	-	5,336	-	(836)	4,500
Expenses on issue of shares	-	(513)	-	(513)	-	-	(513)
Share based payment	-	-	-	-	20	-	20
At 31 July 2010	2,343	19,507	(7,148)	14,702	21	(7,756)	6,967

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2010

	Notes	31 July 2010 (Unaudited) £'000	31 July 2009 (Audited) £'000	31 January 2010 (Audited) £'000
Assets				
Non-current assets				
Property, plant and equipment		180	130	135
Total non-current assets		**180**	**130**	**135**
Current assets				
Trade and other receivables		144	63	30
Taxation asset		327	150	225
Cash and cash equivalents		6,702	1,797	1,083
Total current assets		**7,173**	**2,010**	**1,338**
Total Assets		**7,353**	**2,140**	**1,473**
Liabilities				
Current liabilities				
Trade and other payables		(386)	(190)	(186)
Total liabilities		**(386)**	**(190)**	**(186)**
Net Assets		**6,967**	**1,950**	**1,287**
Equity				
Share capital	6	2,343	-	-
Share premium	6	19,507	3,879	3,879
Reverse acquisition reserve	6	(7,148)	-	-
Issued equity capital		**14,702**	**3,879**	**3,879**
Share based payment reserve		21	-	1
Revenue deficit reserve	7	(7,756)	(1,929)	(2,593)
Total Equity		**6,967**	**1,950**	**1,287**

Approved by the Board and authorised for issue on 20 October 2010.

John Samuel *Executive Chairman* Michael Bretherton *Finance Director*

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 31 JULY 2010

	Notes	Six months to 31 July 2010 (Unaudited) £'000	Six months to 30 July 2009 (Unaudited) £'000	Six months to 31 January 2010 (Audited) £'000
Operating Activities				
Loss before interest and tax		(4,436)	(891)	(803)
Adjustment for non- cash items:				
Depreciation of property, plant and equipment		21	11	18
Share based payment		20	-	1
Deemed cost on reverse acquisition		3,749	-	-
(Increase)/decrease in trade and other receivables		(98)	(32)	33
Increase/(decrease) in trade and other payables		108	59	(4)
Cash used in operations		**(636)**	**(853)**	**(755)**
Research and development tax credits received		-	48	-
Net cash outflow from operations		**(636)**	**(805)**	**(755)**
Investing Activities				
Interest received		7	19	64
Purchases of property, plant and equipment		(66)	(83)	(23)
Net cash (outflow)/inflow from investing activities		**(59)**	**(64)**	**41**
Financing Activities				
Cash acquired on reverse acquisition	8	2,327	-	-
Proceeds from issue of share capital	6	4,500	-	-
Expense of issue of share capital	6	(513)	-	-
Net cash inflow from financing activities		**6,314**	**-**	**-**
Increase/(decrease) in cash and cash equivalents		**5,619**	**(869)**	**(714)**
Cash and cash equivalents at start of period		1,083	2,666	1,797
Cash and cash equivalents at end of period		**6,702**	**1,797**	**1,083**

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (
FOR THE SIX MONTHS ENDED 31 JULY 2010

1) BASIS OF PREPARATION

The interim financial statements of Tissue Regenix Group plc are unaudited condensed consolidated financial statements for the six months to 31 July 2010. These include unaudited comparatives for the six months to 31 July 2009 together with audited comparatives for the six month short accounting period to 31 January 2009.

The Group financial statements consolidate the financial statements of Tissue Regenix Group plc and the entities it controls, its subsidiaries.

On 29 June 2010, Oxeco plc completed the acquisition of Tissue Regenix Limited in a share for share consideration exchange as detailed in note 8, at which time the Company also changed its name to Tissue Regenix Group plc.

The above combination has been accounted for as a reverse acquisition equity transaction as if Tissue Regenix Limited had issued new shares in exchange for Oxeco's cash and other assets. Under this method of accounting, the Group's activity has been treated as a continuation of that of the legal subsidiary, Tissue Regenix Limited and comparative numbers presented in this Interim Report are those of the legal subsidiary, Tissue Regenix Limited, for the six months to 31 July 2009 (unaudited) and for the six month short accounting period to 31 January 2010 (audited).

2) SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost convention in accordance with International Financial Reporting Standards as adopted by the European Union.

The accounting policies adopted are consistent with those followed in the preparation of the audited financial statements of Tissue Regenix Limited for the six month short accounting period to 31 January 2010 with the exception of the following additional policy which is relevant to the current period:

Basis of consolidation and reverse acquisition of Oxeco plc
The acquisition of Tissue Regenix Limited by Oxeco plc on 29 June 2010 has been accounted for as a reverse acquisition equity transaction as if Tissue Regenix Limited had issued new shares in exchange for Oxeco's cash and other assets. Although these Group financial statements have been issued in the name of the legal parent, the Group's activity is in substance a continuation of that of the legal subsidiary, Tissue Regenix Limited, because after the transaction the former Board of Tissue Regenix Limited were deemed to have control of the Group and of the legal parent. The following accounting treatment has therefore been applied in respect of the transaction.

- The retained loss and other equity balances recognised in the Group financial statements reflect the retained loss and other equity balances of Tissue Regenix Limited immediately before the transaction, and the consolidated results for the period from 1 February 2010 to the date of the transaction are those of Tissue Regenix Limited. However, the equity structure appearing in the Group financial statements reflects the equity structure of the legal parent, including the equity instruments issued under the share for share exchange to effect the transaction. The effect of using the equity structure of the legal parent gives rise to an adjustment to the Group's issued equity capital ("the reverse acquisition reserve"), see note 6.
- Comparative numbers presented in this Interim Report are those of the legal subsidiary, Tissue Regenix Limited, for the six months to 31 July 2009 (unaudited) and for the six month short accounting period to 31 January 2010 (audited).
- The fair value of the deemed shares issued by Tissue Regenix Limited to acquire Oxeco plc, has been determined from the perspective of Tissue Regenix Limited on the basis set out in note 8.

The condensed consolidated financial statements do not constitute statutory accounts. The statutory accounts for the for the six month short accounting period to 31 January 2010 have been reported on by the auditors to Tissue Regenix Limited and have been filed with the Registrar of Companies. The report of the auditors was unqualified and did not contain a statement under section 498 of the Companies Act 2006.

3) SEGMENTAL REPORTING

At 31 July 2010, the Group operated in one business segment, that of the development and commercialisation of innovative platform technologies in the field of tissue engineering and regenerative medicine.

To date all the revenues comprise grant income earned in the UK. All of the Group's assets are held in the UK and all of its capital expenditure arises in the UK.

4) TAXATION

	Six months to 31 July 2010 (Unaudited) £'000	Six months to 30 July 2009 (Unaudited) £'000	Six months to 31 January 2010 (Audited) £'000
Current tax:			
Tax credit on research and development costs in the period	64	101	**75**
Tax credits in respect of prior periods	38	-	**-**
	102	**101**	**75**
Deferred tax:			
Origination and reversal of temporary timing differences	-	-	**-**
Tax credit on loss on ordinary activities	**102**	**101**	**75**

The Group has accumulated losses available to carry forward against future trading profits. No deferred tax asset has been recognised in respect of tax losses since it is uncertain at the balance sheet date as to whether future profits will be available against which the unused tax losses can be utilized.

5) LOSS PER SHARE (BASIC AND DILUTED)

Basic loss per share is calculated by dividing the loss attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the period excluding own shares held jointly by the Tissue Regenix Employee Share Trust and certain employees. Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares in issue during the period to assume conversion of all dilutive potential ordinary shares.

	Six months to 31 July 2010 (Unaudited) £'000	Six months to 30 July 2009 (Unaudited) £'000	Six months to 31 January 2010 (Audited) £'000
Loss attributable to the equity holders of the parent			
Pre deemed cost on reverse acquisition	**(578)**	**(771)**	**(664)**

Deemed cost on reverse acquisition	**(3,749)**	-	-
Total loss attributable to the equity holders of the parent	**(4,327)**	**(771)**	**(664)**
	No.	**No.**	**No.**
Weighted average number of ordinary shares in issue during the period	**278,253,818**	**241,885,103**	**241,885,103**
Loss per share			
Basic and diluted on loss for the period			
Pre deemed cost on reverse acquisition	(0.21)p	(0.32)p	(0.27)p
Post deemed cost on reverse acquisition	(1.56)p	(0.32)p	(0.27)p

The weighted average number of shares for the for the six months ended 31 July 2009 and the six months ended 31 January 2010 is based on the number of shares issued by Tissue Regenix Group plc to acquire Tissue Regenix Limited under the reverse acquisition as set out in note 6 to these interim financial statements. The weighted average number of shares for the six months ended 31 July 2010 reflects the number of ordinary shares issued by Tissue Regenix Group plc to acquire Tissue Regenix Limited up to the acquisition date and the total number of shares in issue for the period post the acquisition.

The Company has issued employee options over 16,154,523 ordinary shares which are potentially dilutive. There is however, no dilutive effect of these issued options as there is a loss for each of the periods concerned.

6) SHARE CAPITAL

	Number	Share capital £'000	Share premium £'000	Reverse acquisition reserve £'000	Total £'000
Allotted, issued and fully paid shares					
Tissue Regenix Limited					
Ordinary shares of 1p each					
As at 31 January 2009, 31 July 2009 and 31 January 2010	10,949	-	3,879	-	3,879
Tissue Regenix Group plc					
Ordinary shares of 0.1 p each as at 31 January 2010	600,000,000	600	4,333	-	4,933
Share consolidation 1 for 5 in to Ordinary shares of 0.5p each	(480,000,000)	-	-	-	-
Issued to acquire the entire issued share capital of Tissue Regenix	241,885,103	1,210	10,884	-	12,094

Limited

Issued for cash	90,000,000	450	4,050	-	4,500
Issued to Tissue Regenix Employee Share Trust	16,712,800	83	753	-	836
Arising on reverse acquisition of Tissue Regenix Limited	-	-	-	(7,148)	(7,148)
Expenses of issue of shares	-	-	(513)	-	(513)
Total Ordinary shares of 0.5 p each as at 31 July 2010	468,597,903	2,343	19,507	(7,148)	14,702

As permitted by the provisions of the Companies Act 2006, the Company does not have an upper limit to its authorised share capital.

The acquisition of Tissue Regenix Limited by Oxeco plc on 29 June 2010 has been accounted for as a reverse acquisition equity transaction as outlined in notes 2 and 8. The retained loss and other equity balances recognised in the Group interim financial statements reflect the consolidated retained loss and other equity balances of Tissue Regenix Limited immediately before the business combination and the consolidated results for the period from 1 February 2010 to the date of the acquisition are those of Tissue Regenix Limited. However, the equity structure appearing in the interim Group financial statements reflects the equity structure of the legal parent, including the equity instruments issued under the share for share exchange to effect the transaction. The effect of using the equity structure of the legal parent gives rise to an adjustment to the Group's issued equity capital in the form of a reverse acquisition reserve. The substance of the transaction is that of a share issue fund raising under which Tissue Regenix Limited received cash and bank balances of £2,327,000 representing 103 per cent. of the value of the net assets of Oxeco plc and the associated costs of the transaction have therefore been charged directly against equity share premium.

On 29 June 2010 the Company issued 90,000,000 ordinary shares of 0.5 pence each for a cash price of 5 pence per share raising a gross amount of £4,500,000.

On 29 June 2010 the Company issued 16,712,800 ordinary shares of 0.5 pence each to the Trustee of the Tissue Regenix Employee Share Trust at a price of 5 pence per share, more details of which are set out in note 7. The shares were acquired jointly by the Trustee with a number of executive directors of the Company and has been funded by way of a loan contribution from the Company of £836,000 to the Trustee. The executive directors have paid cash of £8,398 to the Trustee relating to their 1 per cent. initial interest in the jointly owned shares.

7) MOVEMENT IN REVENUE RESERVE AND OWN SHARES

	Retained Deficit £'000	Own £'000	Revenue Deficit Reserve £'000
At 31 January 2009	(1,158)	-	(1,158)
Loss for the period	(771)	-	(771)
At 31 July 2009	(1,929)	-	(1,929)
Loss for the period	(664)	-	(664)
At 31 January 2010	(2,593)	-	(2,593)

Loss for the period	(4,327)	-	(4,327)
Purchase of own shares	-	(836)	(836)
At 31 July 2010	(6,920)	(836)	(7,756)

Own shares
On 29 June 2010, the Trustee of the Tissue Regenix Employee Share Trust purchased by way of subscription 16,712,800 ordinary shares of 0.5pence each at a price of 5 pence per share. The shares were acquired jointly with a number of directors of the Company pursuant to certain conditions set out in Joint Ownership Agreements ("JOA's"). Purchase of all the shares was funded by way of a loan contribution from the Company of £836,000 to the Trustee and the directors paid to the Trustee Company the 1 per cent. of the purchase cost attributable to their initial interest in the jointly owned shares, amounting to £8,398. Under the terms of the JOA's the directors are in certain circumstances able to benefit from any increase in value above the 5 pence market value per share on or after 29 June 2011 in the case of 5,570,933 shares (provided that the market price of the shares increase to at least 10 pence per share), on or after 29 June 2012 in the case of a further 5,570,933 shares (provided that the market price of the shares increase to at least 15 pence per share) and or after 29 June 2013 in the case of the remaining 5,570,934 shares (provided that the market price of the shares increase to at least 20 pence per share).

The Trust's interest in all the above shares have been classified as own shares.

8) ACQUISITION OF SUBSIDIARY UNDERTAKING

On 29 June 2010 the Company acquired 100 per cent. of the issued share capital of Tissue Regenix Limited for consideration satisfied by the issue of 241,885,103 ordinary shares of 0.5 pence each.
As described in note 2, the transaction has been accounted for as a reverse acquisition equity transaction as if Tissue Regenix Limited had issued new shares in exchange for Oxeco plc's cash and other assets. The substance of the transaction is that of a share issue fund raising under which Tissue Regenix Limited received cash and bank balances of £2,327,000 representing 103 per cent. of the value of the net assets of Oxeco plc and the associated costs of the transaction have therefore been charged directly against equity share capital.

The fair value of the shares issued has been determined from the perspective of Tissue Regenix Limited as the market capitalisation value of Oxeco plc immediately prior to the acquisition. Based on an Oxeco plc market price of 5 pence per share, being the market price at which new money was also raised by the Company by the issue of shares for cash on the acquisition date, gives an implied fair value of Oxeco plc at acquisition of £6,000,000 which is £3,749,000 higher than the value of the net assets deemed acquired as set out below:

	Oxeco plc £'000
Net assets acquired:	
Bank and cash	2,327
Trade and other receivables	16
Trade and other payables	(92)
	2,251
Deemed cost on reverse acquisition	3,749
Fair value of reverse acquisition	6,000

The difference between the fair value of the transaction and the net assets deemed acquired has been recorded as a deemed cost on reverse acquisition in the income statement.

The fair value of the assets deemed to have been acquired has been assessed as the book value on the acquisition date.

Oxeco plc changed its name to Tissue Regenix Group plc on completion of the acquisition on 29 June 2010 and was re-admitted to AIM on that same day.

9) RELATED PARTY TRANSACTIONS

During the period the Company entered into the following transactions with companies and organisations that are also significant corporate shareholders of the Company and are therefore deemed to be related parties.

	Six months to 31 July 2010 (Unaudited) £'000	Six months to 30 July 2009 (Unaudited) £'000	Six months to 31 January 2010 (Audited) £'000
Transactions with significant shareholder related parties:			
Staff secondment and sundry office running costs	-	11	2
Patent support costs	19	24	12
Laboratory facility costs	2	28	8
Rent	-	14	3
Management fees	1	-	-
Reverse acquisition fees	19	-	-
Amounts due to related parties at the period end	4	8	4

During the six month period ended 31 July 2010, the Company entered into numerous transactions with its subsidiary company which net off on consolidation – these have not been shown above.

In addition, during the period the Company paid remuneration to the Directors' in accordance with their service contracts and letters of appointment.

10) INTERIM FINANCIAL REPORT

A copy of this interim report will be distributed to shareholders and is also available on the Company's website at www.tissueregenix.com