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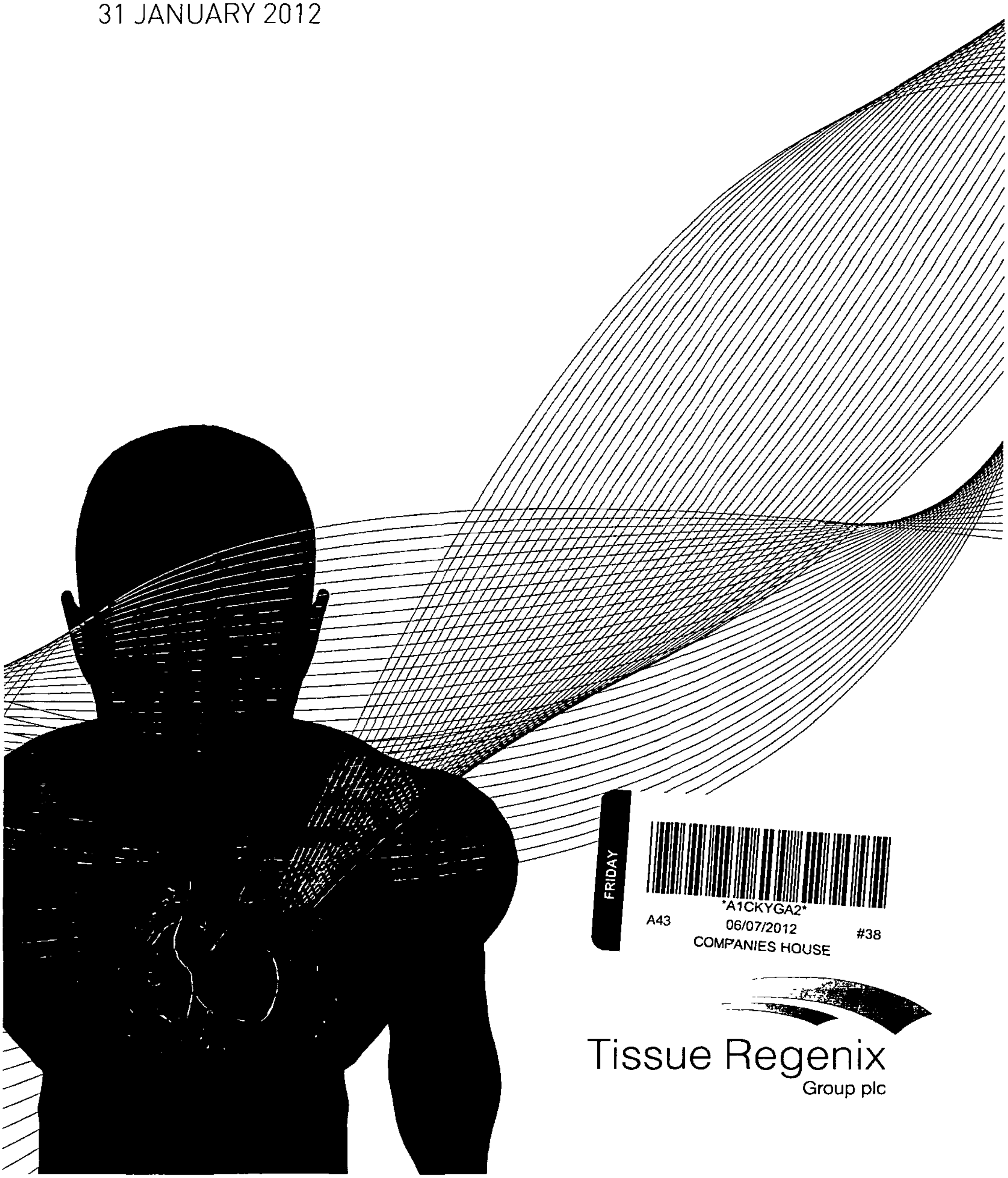
ANNUAL REPORT
FOR THE YEAR ENDED 31 JANUARY 2012



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COMPANIES HOUSE

Tissue Regenix
Group plc

DIRECTORS

John Samuel	(Executive Chairman)
Antony Odell	(Managing Director)
Ian Jefferson	(Chief Financial Officer)
Michael Bretherton	(Non-Executive Director)
Alan Aubrey	(Non-Executive Director)
Alan Miller	(Non-Executive Director)
Alexander Stevenson	(Non-Executive Director)

COMPANY SECRETARY
Ian Jefferson

COMPANY WEBSITE
www.tissueregenix.com

COMPANY NUMBER
5969271 (England & Wales)

REGISTERED OFFICE
The Biocentre
Innovation Way
Heslington
York
North Yorkshire
YO10 5NY

REGISTRAR
Capita Registrars Limited
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

AUDITOR
KPMG Audit Plc
1 The Embankment
Neville Street
Leeds
LS1 4DW

LEGAL ADVISER
DLA Piper UK LLP
Princes Exchange
Princes Square
Leeds
LS1 4BY

NOMINATED ADVISER AND BROKER
Peel Hunt Limited
Moor House
120 London Wall
London
EC2Y 5ET

Contents

Chairman's Statement

Overview

We continue to make good progress in the development of a number of products, addressing a range of needs across multiple therapeutic areas, utilising our proprietary platform technology, dCell® Our goal is to become a global leader in regenerative medicine The successful share placing in December 2011, which raised £25m (before expenses), has greatly enhanced our momentum by allowing us to develop a number of products in parallel

The dCell Process

The dCell® process is protected by a library of patents and is used to create biological scaffolds by decellularising human or animal tissue These scaffolds are intended to replace damaged or diseased parts of the human body and have been shown to be capable of regeneration, thereby becoming integrated into the patient Because the scaffolds are inert on implantation and the subsequent regeneration has been shown to occur through natural bodily functions, they are classified as medical devices and therefore follow a regulatory pathway which is typically faster and less costly than, for example, pharmaceutical products

Product Development

Cardiac

We are continuing to prepare the data required to support the development of a dCell® version of an existing bioprosthetic heart valve, which has already been used in over 1200 patients The dCell® process has been used with human donor valves in over 140 patients and with encouraging results covering a period of over five years Discussions are at an early stage to develop commercial agreements with tissue banks and work has commenced on both aortic and pulmonary replacement porcine heart valves Although at an early stage we believe these products have the potential to represent a tremendous advance in this field

Dermis

The pilot study of the use of human donor decellularised skin in the treatment of chronic wounds, which was initiated with our UK development partner NHSBT, continues with very early but promising results We expect preliminary clinical data to be available towards the end of 2012 This product will also be evaluated for use in plastic surgery and burns A porcine donor version is also under examination

Vascular

Two year follow up data for the dCell® Vascular Patch will be available later this year and we continue to build clinical evidence and experience to assist in its commercialisation Dialogue with the FDA continues in respect of approval of its use in the USA and we are preparing additional data that they have requested Thus far its use has been mainly in the femoral position (arteries of the thigh) and we are examining how it may best be used by surgeons in carotid applications (arteries of the head and neck) A pre-pilot study for a cardiac patch is under way and showing early signs of promise and we expect a study of its use in patching the Dura will be underway soon Also we continue to progress the Arterial-Vascular graft, which can be used to replace damaged veins and arteries, with our development partners in Brazil

Orthopaedic

The preclinical trial of our porcine meniscal repair product is nearing its end and we expect data to be available in the second half of the year There is a very large but un-met clinical need for this product and initial surgeon feedback has been encouraging We have also begun to refine production processes for a porcine ligament repair product and will commence preclinical work shortly

Financial Review

During the year we raised £25 0m (before expenses) through a placing of shares achieved in very demanding market conditions, with support from a major new institutional shareholder, Invesco Asset Management Limited, plus a number of our existing shareholders The purpose of the fund-raising was to enable the development of a number of products simultaneously As at the year end the cash balance was £28 0m (2011 £5 9m) Operating income of £0 1m (2011 £0 2m) was comprised mainly of grant income Administrative expenses increased to £3 1m (2011 £2 1m) primarily due to increased development spend on new product trials and additional staff costs incurred as we began to scale up to develop multiple products concurrently As a result of these investments, the operating loss for the period increased to £3 0m (2011 £1 9m excluding £3 7m of deemed cost on reverse acquisition)

The Board and external recognition

There have been no changes in the composition of the Board since the previously announced appointment of Ian Jefferson as Chief Financial Officer on 13 June 2011 I am however delighted that external recognition has been given to our development partners at Leeds University The Institute of Medical and Biological Engineering at the University was awarded the Queens Diamond Jubilee Award for Higher and Further Education for their work in the field of regenerative medical devices

Outlook

The chronic global shortage of donor tissue will result in clinical demand for products to address this issue continuing to increase Tissue Regenix's programmes in Cardiac, Orthopaedics, Vascular and Advanced Woundcare are ideally placed to provide long term solutions to replace and regenerate diseased or aging body parts Markets like advanced wound care (which has estimated revenues of $5bn per year globally) continue to grow as conditions such as chronic wounds and diabetic foot ulcers place huge burdens on healthcare systems and are prime candidates for products based on our technology platform The fundraising which we successfully achieved in 2011 leaves me confident that we are now ideally positioned to capitalise on major market needs and become a leader in regenerative medicine Our product pipeline continues to progress well and we are looking forward to being in a position to advance these through a range of trials with the intention of commercialising them in due course

John Samuel
Executive Chairman
9 May 2012

Directors' Report

The Directors present their report and consolidated financial statements for the year ended 31 January 2012

Principal activity

The principal activity of the Group was that of exploiting innovative platform technologies in the field of tissue engineering and regenerative medicine The Company is incorporated and domiciled in the UK

Review of the business and future developments

A review of the Group's performance and future prospects is included in the Chairman's statement on pages 2 and 3

Key performance indicators

Key Group performance indicators are set out below

	31 January 2012 £'000	31 January 2011 £'000
Net assets	27,879	6,218
Loss attributable to equity holders pre cost of acquisition	(2,687)	(1,678)
Deemed cost of reverse acquisition	-	(3,749)
Total loss attributable to equity holders	(2,687)	(5,427)
Cash and cash equivalents	28,021	5,889

Results and dividends

The loss for the year attributable to equity holders pre exceptional items was £2,687k (2011 £1,678k) The directors do not recommend the payment of a dividend (2011 nil)

Share capital and funding

Full details of the Group and Company's share capital movements during the year are given in note 13 of the financial statements

Directors and their interests

The following directors held office in the year

John Samuel
Antony Odell
Ian Jefferson *(appointed 13 June 2011)*
Michael Bretherton
Alan Aubrey
Alan Miller
Alexander Stevenson

Directors' interests in the shares of the Company, including family interests are included in the Remuneration Report on pages 9 to 12

Directors' indemnity insurance

The Group has maintained insurance throughout the year for its directors and officers against the consequences of actions brought against them in relation to their duties for the Group

Profile of the directors

John Samuel, *Executive Chairman*

John Samuel joined Tissue Regenix Limited as Chairman in March 2008 John qualified as a Chartered Accountant with Price Waterhouse and has held a number of senior finance positions in industry, including as Financial Director of Whessoe plc and Ellis & Everard plc He was formerly the CEO of the Molnlycke Health Care Group, a global provider of single use surgical and wound care products to the healthcare sector Until January 2010 he was a Partner with Apax Partners Llp Currently, he is also Chairman of Xeros Ltd

Antony Odell, *Managing Director*

Antony Odell joined Tissue Regenix Limited as a consultant from January 2008 and was appointed to the Board of Tissue Regenix Limited in October 2008 Antony has extensive commercial experience in the medical technology sector As well as working as co-director of Xeno Medical, a medical technology consultancy, he was CEO for a UK NHS cardiovascular device spin-out, Tayside Flow Technologies Ltd Antony has a strong corporate sector background having worked for J&J Medical for almost 10 years in European business development roles for Drug Delivery & Vascular Access and General Manager (UK) for Fresenius (Critical Care & Diagnostics)

Ian Jefferson, *Chief Financial Officer*

Ian Jefferson joined Tissue Regenix Group Plc as Chief Financial Officer in June 2011 Ian was formerly Chief Executive Officer of AIM listed, COE Group Plc Having initially joined COE as CFO in 2007 he became CEO in 2008, restructured the Group and then successfully planned and executed its sale Prior to COE, Ian held a number of senior finance positions within LSE-quoted companies, most recently as Group Financial Controller of 600 Group Plc He has a comprehensive financial and operations background and extensive experience of organisational transformation and M&A A qualified chartered accountant Ian holds a BSc in Physics with Electronics from Manchester University and an MSc in Applied Radiation Physics from Birmingham University

Michael Bretherton, *Non-Executive Director*

Michael Bretherton graduated in Economics from the University of Leeds and then worked as an accountant and manager with Pricewaterhouse for 7 years in both London and the Middle East He subsequently worked for the Plessey Company Plc before being appointed Finance Director of Bridgend Group Plc in 1988 where he held the position for 12 years More recently, he has worked at the property and services company, Mapeley Limited as Financial Operations Director and then at the entertainment software games developer, Lionhead Studios Limited Michael currently is a director of ORA Capital Partners Limited, which is one of the significant investors in Tissue Regenix, as well as a number of other AIM listed companies

Alan Aubrey, *Non-Executive Director*

Alan was the joint founder and Chief Executive of Techtran Group Ltd, the first company in Europe to offer a complete outsourced technology transfer function to universities Techtran was acquired by IP Group in 2005 Alan is also Non-Executive Chairman of Proactis, an AIM-listed software company based in York From 1995-2002 Alan was a partner in KPMG where he specialised in providing advice to fast growing

Directors' Report

technology businesses Alan holds a BA in Economics from the University of Leeds and a MBA with Distinction from the University of Bradford He is a fellow of the Institute of Chartered Accountants of England and Wales Alan is also Chairman of the Department for Business, Innovation & Skills (BIS) Audit and Risk Committee

Alan Miller, *Non-Executive Director*
Alan Miller is a founding partner of SCM Private, the wealth management company, which was set up in 2009 He was formerly the Chief Investment Officer and founding shareholder of New Star Asset Management from 2001 until 2007 Prior to that, he was a Director at Jupiter Asset Management having spent his early career as a senior fund manager at Gartmore Investment Management Alan is also a Non-Executive Director of several private companies including Pharminox Ltd, a pharmaceutical company specialising in cancer research Alan has a degree in Commerce (Accounting) from Birmingham University and is a member of the Chartered Institute of Management Accountants

Alexander Stevenson, *Non-Executive Director*
Alex Stevenson joined Tissue Regenix Limited as a Non-Executive Director in December 2007 Alex is a Director of Aquarius Equity Partners, one of the significant investors in Tissue Regenix He began his career as a scientist, before focusing on identification, establishment and growth of high value technology businesses Alex worked for Techtran from formation through to its sale to main market listed IP Group in 2005 Following the acquisition, Alex worked in a variety of roles within IP Group and managed investments in portfolio companies including Avacta and Syntopix (where he was also CEO), both of which listed on AIM in 2006 Most recently, Alex was a founder and Chief Operating Officer of Modern Biosciences plc, the drug development subsidiary of IP Group

Substantial shareholders

As at 31 March 2012, shareholders holding more than 3% of the share capital of Tissue Regenix Group plc were

Name of shareholder	Number of shares	% of voting rights
Invesco Limited	186,457,019	28 58
ORA (Guernsey) Limited	129,435,477	19 83
Techtran Group Limited	89,884,942	13 77
University of Leeds	33,980,127	5 21
The Northern Entrepreneurs Fund LLP	30,512,434	4 67
IP Venture Fund	24,794,730	3 80
Henderson Global Investors	23,808,207	3 65
John Samuel*	23,588,928	3 61
Alan Miller	22,861,655	3 50

* Includes 10,740,000 shares held jointly by the director and the Tissue Regenix Employee Share Trust.

Risk management

Details of the Group's financial risk management objectives and policies are disclosed in note 11 to the financial statements

The main risks arising from the Group's activities are market risk and liquidity risk The Directors review and agree policies for managing risk at least annually

Market risk

Interest rate risk

The Group has no external financing facilities therefore its interest rate risk is limited to the level of interest received on its cash surpluses Interest rate risk is partially mitigated by using an element of fixed rate deposit accounts

Liquidity risk

The Company seeks to manage liquidity by ensuring sufficient funds are available to meet foreseeable needs and to invest cash assets safely and profitably The Group had cash balances of £28,021k as at 31 January 2012 (2011 £5,889k) which the Directors consider to be sufficient to continue in business for the foreseeable future

In order to minimise risk to the Group's capital, funds are invested across a number of financial institutions with strong credit ratings Cash forecasts are updated regularly to ensure that there is sufficient cash available for foreseeable requirements

Credit risk

The Company's principal financial asset is cash The credit risk associated with cash is limited because the Group only holds cash with banks with high credit ratings

Donations

No charitable or political donations were made in the year (2011 nil)

Policy on payment of suppliers

The Group does not follow any code or standard payment practice The Group's policy is to agree the terms of payment with key suppliers For all other suppliers, terms are agreed for each transaction The Group endeavours to abide by the terms of payment with suppliers

Employment policies

The Group supports employment of disabled people where possible through recruitment, by retention of those who become disabled and generally through training, career development and promotion

The Group is committed to keeping employees as fully-informed as possible with regard to the Group's performance and prospects and seeks their views, wherever possible, on matters which affect them as employees

Statement as to disclosure of information to the auditor

The Directors who were in office on the date of approval of these financial statements have confirmed, that as far as they are aware, that there is no relevant audit information of which the auditor is unaware Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor

Directors' Report

Audıtor

Durıng the year the Group decıded to change audıtors and the appoıntment of KPMG Audıt Plc was approved by the board on 1 March 2012 In accordance wıth sectıon 489 of the Companıes Act 2006, a resolutıon to appoınt KPMG Audıt Plc wıll be put to the members at the Annual General Meetıng

On behalf of the Board

Antony Odell
Dırector

9 May 2012

Directors' Remuneration Report

It is the Company's policy that Executive Directors should have contracts with an indefinite term providing for a maximum of six months' notice In the event of early termination, the Directors' contracts provide for compensation up to a maximum of basic salary for the notice period

Non-executive Directors are employed on letters of appointment which may be terminated on not less than three months' notice

Companies with securities listed on AIM do not need to comply with the UKLA Listing Rules The Remuneration Committee is however committed to maintaining high standards of corporate governance and disclosure and has applied the guidelines as far as practical given the current size and development of the Company

Remuneration Committee

The Remuneration Committee's primary responsibilities are to review the performance of the Executive Directors of the Company and to determine the broad policy and framework for their remuneration and the terms and conditions of their service and that of senior management (including the remuneration of and grant of options to such persons under any share scheme adopted by the Company) The Remuneration Committee comprises Alexander Stevenson, who is chairman of the committee, Alan Aubrey and Alan Miller The committee meets no less than twice in each financial year

The main elements of the remuneration packages for Executive Directors and senior management are

Basic annual salary (including directors' fees)

The base salary is reviewed annually at the beginning of each year The review process is undertaken by the Remuneration Committee and takes into account several factors, including the current position and development of the Group, individual contribution and market salaries for comparable organisations

Discretionary annual bonus

All Executive Directors and senior managers are eligible for a discretionary annual bonus which is paid in accordance with a bonus scheme developed by the Remuneration Committee This takes into account individual contribution, business performance and commercial progress, along with financial results

Share incentive schemes

The Group operates a share option plan, under which certain directors' and senior management have been granted options to subscribe for ordinary shares All options are equity settled The options are subject to service and performance conditions, have an exercise price of between 0 5 pence and 14 25 pence and the vesting period is generally 1-3 years If the options remain unexercised after a period of 10 years from the date of grant, the options expire The Group has no legal or constructive obligation to repurchase or settle the options in cash

In addition, certain Executive Directors are eligible to acquire interests in ordinary shares in the Company to be owned jointly with the trustee of the Tissue Regenix Group Employee Share Trust (EBT) and under which, subject to meeting performance criteria conditions, most of any future increase in the value of the shares will accrue to the employees

Directors' Remuneration Report

Remuneration Policy for Non-Executive Directors

Remuneration for Non-Executive Directors is set by the Chairman and the Executive Members of the Board Non-Executives do not participate in bonus schemes or share incentive schemes

Directors' remuneration

The remuneration of the main Board Directors' of Tissue Regenix who served in the year to 31 January 2012 was

	Salary & fees £'000	Bonus £'000	Total Benefits £'000	Total 2012 £'000	2011 £'000
Antony Odell (note 2 & 3)	140	89	–	229	136
John Samuel (note 3)	100	–	–	100	65
Ian Jefferson (note 1 & 3)	77	18	–	95	-
Michael Bretherton (note 3)	12	–	–	12	11
Alan Aubrey	15	–	–	15	9
Alexander Stevenson	10	–	–	10	13
Alan Miller	15	–	–	15	13
Total	369	107	–	476	247

Note 1 Represents remuneration from 13 June 2011, being the date Ian Jefferson joined the Company

Note 2 £39k of Antony Odell's bonus relates to the prior year

Note 3 In addition certain directors hold employee share scheme interests in the company Fair value share based payment charges recognised in the consolidated statement of comprehensive income attributable to these directors are, John Samuel £59,000 (2011 £53,000), Antony Odell £30,000 (2011 £203,000), Ian Jefferson £28,000 (2011 £nil) and Michael Bretherton £5,000 (2011 £2,000)

Directors' shareholdings

Directors' interests in the shares of the Company, including family interests at 31 January 2012 were

	Ordinary shares of 0 5p each			
	2012 Number	2012 %	2011 Number	2011 %
John Samuel (note 4)	23,588,928	3 61%	22,861,655	4 87%
Antony Odell (note 4)	5,572,800	0 85%	5,572,800	1 19%
Ian Jefferson (note 4)	1,009,404	0 03%	–	–
Michael Bretherton (note 4)	1,200,000	0 18%	1,200,000	0 26%
Alan Aubrey (note 5 & 6)	2,389,259	0 37%	2,389,259	0 51%
Alan Miller	21,486,988	3 29%	21,486,988	4 57%
Alexander Stevenson (note 6)	–	–	–	–

Note 4 Includes shares held jointly by the director and EBT as set out below

Note 5 Shares are held through IP2IPO Nominees Limited

Note 6 Alan Aubrey holds approximately 0 4 per cent of the issued share capital of IP Group plc, the holding company of Techtran Group Limited and a 0 17 per cent limited partnership interest in IP Venture Fund In addition, Alan Aubrey has a 3 per cent direct interest in the Northern Entrepreneurs Fund LLP and approximately a 0 24 per cent indirect interest in the same through his shareholding in Axiomlab Group plc, the parent company of Inhoco 2835 Limited which has a 3 per cent interest in the Northern Entrepreneurs Fund LLP Further, Alan Aubrey and Alexander Stevenson are participants in the Northern Entrepreneurs Fund Co-investment LLP which holds 1,731,665 shares in Tissue Regenix Group Plc. Alan and Alexander would be entitled

Directors' interests in jointly owned EBT shares and share options

Directors' interests in shares owned jointly with the Trustees of the Tissue Regenix Group Employee Share Trust (EBT) and in share options to acquire ordinary shares of 0 5 pence each in the Company at 31 January 2012 were

	At 1 February 2011			Granted during year	At 31 January 2012	Exercise price
Approved EMI scheme options						
Antony Odell	8,307,608	–	–	–	8,307,608	0 73 pence
Antony Odell	1,187,200	–	–	–	1,187,200	5 00 pence
Ian Jefferson	–	–	–	872,727	872,727	13 75 pence
John Samuel	2,400,000	–	–	–	2,400,000	5 00 pence
EBT scheme shares						
Antony Odell	5,372,800	–	–	–	5,372,800	5 00 pence
Ian Jefferson	–	–		827,586	827,586	14 50 pence
John Samuel	10,740,000	–	–	–	10,740,000	5 00 pence
Michael Bretherton	600,000	–	–	–	600,000	5 00 pence

There are no performance conditions outstanding in relation to the 8,307,608 options granted to Antony Odell prior to the reverse acquisition all of which were eligible to be exercised at 31 January 2011

All of the other options and EBT share interests are subject to employment period and performance conditions which allows for vesting in three equal proportions on or after the three consecutive annual anniversaries from the date of grant subject to the Company's share price performance For Antony Odell and John Samuel the share price is required to reach 10 pence per share, 15 pence per share and 20 pence per share by the respective three vesting dates and for Ian Jefferson the share price is required to reach 15 pence per share, 20 pence per share and 25 pence per share by the respective three vesting dates

At 31 January 2012, the employment period and performance conditions had been met in relation to 395,733 EMI share options and 1,790,933 EBT shares held by Antony Odell and 800,000 EMI share options and 3,580,000 EBT shares held by John Samuel These shares were therefore eligible to vest Also, at 31 January 2012, the performance conditions had been met in relation to a further 395,733 EMI shares options and 1,790,933 EBT shares held by Antony Odell and 800,000 EMI share options and 3,580,000 EBT shares held by John Samuel These shares will become eligible to vest on completion of the associated employment period condition on 30 June 2012

The Tissue Regenix Group Employee Share Trust ("the EBT") was established with Osiris Management Services Limited appointed as trustee ("the Trustee") to enable the Trust to acquire ordinary shares in the Company and to make interests in those shares available for the benefit of current and future employees of the Company and its subsidiaries

Antony Odell, John Samuel and Michael Bretherton have interests in ordinary shares in the Company which were acquired jointly with the Trustee in the market on 29 June 2010 at a price of 5 pence per share Ian Jefferson has an interest in ordinary shares

Directors' Remuneration Report

in the Company which were acquired jointly with the Trustee in the market on 25 July 2012 at a price of 14 25 pence The shares were all acquired pursuant to certain conditions set out in Joint Owned Equity agreements ("JOE's") Subject to meeting the performance criteria conditions set out in the JOE's, most of any future increase in the value of the shares will accrue to the employees provided that they have not ceased employment with the Group on or before the date that these conditions are met

The employees are also under certain circumstances able to benefit from an increase in the value of the Shares on a takeover, change of control, scheme of arrangement or a voluntary winding-up of the Company Where the performance conditions are not met, the Trustee has an option to acquire the interests of the employees in the Shares at a price equal to the original purchase cost they paid so that none of any increase in the value of the Shares will accrue to them

The market price of the shares at 31 January 2012 was 13 62 pence per share, the highest and lowest prices during the year were 15 00 pence and 11 00 pence respectively

Further details of all share options and jointly owned shares held by the Trustee are set out in note 17 to the financial statements

On behalf of the Board

Alexander Stevenson
Chairman of the Remuneration Committee

9 May 2012

Corporate Governance Statement

Corporate governance

The Directors recognise the importance of sound corporate governance and observe the principals of the UK Corporate Governance Code, to the extent that they consider them appropriate for the Group's size, throughout the accounting year

The Board

The Board currently comprises three Executive Directors and four Non-Executive Directors

Audit Committee

The Audit Committee's primary responsibilities are to monitor the integrity of the financial affairs and statements of the Company, to ensure that the financial performance of the Company and any subsidiary of the Company is properly measured and reported on, to review reports from the Companies auditors relating to the accounting and internal controls and to make recommendations relating to the appointment of the external auditors

The Audit Committee comprises Alan Miller, who acts as chairman of the committee, Alan Aubrey and Alex Stevenson

Internal Control

The Board is responsible for maintaining a sound system of internal control The Board's measures are designed to manage, not eliminate risk, and such a system provides reasonable but not absolute assurance against material misstatement or loss The board confirms that it has established the procedures necessary to implement the guidance "Internal Control Guidance for Directors on the Combined Code" (The Turnbull Report)

Some key features of the internal control system are

(i) Management accounts information, budgets, forecasts and business risk issues are regularly reviewed by the Board who meet at least ten times per year,

(ii) The Company has operational, accounting and employment policies in place,

(iii) The Board actively identifies and evaluates the risks inherent in the business and ensures that appropriate controls and procedures are in place to manage these risks, and

(iv) There is a clearly defined organisational structure and there are well-established financial reporting and control systems

Going Concern

At 31 January 2012, the Group had £28,021k of cash and cash equivalents available to it The Directors have considered their obligation, in relation to the assessment of the going concern of the Group and each statutory entity within it and have reviewed the current budget cash forecasts and assumptions as well as the main risk factors facing the Group

After due enquiry, the Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the financial statements

Statement of Directors' Responsibilities

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare Group and Company financial statements for each financial year The Directors are required by the AIM rules of the London Stock Exchange to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under company law to prepare the Company financial statements in accordance with IFRS as adopted by the EU

The financial statements are required by law and IFRS as adopted by the EU to present fairly the financial position of the Group and Company and the financial performance of the Group The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period

In preparing each of the Group and Company financial statements, the Directors are required to

a select suitable accounting policies and then apply them consistently,

b make judgements and estimates that are reasonable and prudent,

c state whether they have been prepared in accordance with IFRS as adopted by the EU,

d prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and to enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The Directors are responsible for the maintenance and integrity of the corporate and inancial information included on the Tissue Regenix Group website, www tissueregenix com

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Report of the Independent Auditor to the Members of Tissue Regenix Group Plc

We have audited the group and parent company financial statements ("the financial statements") which comprise, the Consolidated and Parent Company Statements of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Cash Flows, the Consolidated and Parent Company Statements of Changes in Equity and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor
As more fully explained in the Directors' Responsibilities Statement set out on 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

Opinion on financial statements
In our opinion

- the financial statements give a true and fair view of the state of the group's and the parent's affairs as at 31 January 2012 and of the group's loss for the year then ended,
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the parent financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Report of the Independent Auditor to the Members of Tissue Regenix Group Plc

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Jeremy Gledhill

Jeremy Gledhill
KPMG Audit Plc, Statutory Auditor
Chartered Accountants
1 The Embankment
Neville Street
Leeds
LS1 4DW

9 May 2012

Consolidated Statement of Comprehensive Income

For the year ended 31 January 2012

	Notes	2012 £'000	2011 £'000
OPERATING INCOME	4	109	173
Administrative expenses	4	(3,097)	(2,117)
Deemed cost on reverse acquisition	16	-	(3,749)
Operating loss		(2,988)	(5,693)
Finance income	6	62	28
Loss before taxation		(2,926)	(5,665)
Taxation	7	239	238
Loss after tax attributable to equity holders of the parent		(2,687)	(5,427)
Loss and total comprehensive expense for the year		(2,687)	(5,427)
Loss per share			
Basic and diluted on loss from continuing operations		(0 57)p	(1 48)p

There are no items of other comprehensive income The loss for the year arises from the Group's continuing operations

Consolidated Statement of Changes in Equity

For the year ended 31 January 2012

	Share Capital £'000	Share Premium £'000	Merger Reserve £'000	Share Reverse Acquisition Reserve £'000	Issued Equity Capital £'000	Based Payment Reserve £'000	Revenue Deficit Reserve £'000	Total £'000
At 31 January 2010	600	4,333	–	(1,054)	3,879	1	(2,593)	1,287
Loss and total comprehensive expense for the year	–	–	–	–	–	–	(5,427)	(5,427)
Reverse acquisition	1,210	–	10,884	(6,094)	6,000	–	–	6,000
Issue of shares	533	4,803	–	–	5,336	–	(836)	4,500
Expenses on issue of shares	–	(481)	–	–	(481)	–	–	(481)
Employee interest in jointly owned shares	–	–	–	–	–	–	8	8
Share based payment expense	–	–	–	–	–	331	–	331
At 31 January 2011	2,343	8,655	10,884	(7,148)	14,734	332	(8,848)	6,218
Loss and total comprehensive expense for the year	–	–	–	–	–	–	(2,687)	(2,687)
Issue of shares	919	24,094	–	–	25,013	–	(4)	25,009
Expenses on issue of shares	–	(784)	–	–	(784)	–	–	(784)
Employee interest in jointly owned shares	–	–	–	–	–	–	1	1
Share based payment expense	–	–	–	–	–	122	–	122
At 31 January 2012	3,262	31,965	10,884	(7,148)	38,963	454	(11,538)	27,879

Consolidated Statement of Financial Position

As at 31 January 2012

	Notes	2012 £'000	2011 £'000
Assets			
Non-current assets			
Property, plant and equipment	9	157	189
Total non-current assets		157	189
Current assets			
Trade and other receivables	10	350	393
Cash and cash equivalents	11	28,021	5,889
Total current assets		28,371	6,282
Total assets		28,528	6,471
Liabilities			
Current liabilities			
Trade and other payables	12	(649)	(253)
Total liabilities		(649)	(253)
Net assets		27,879	6,218
Equity			
Share capital	13	3,262	2,343
Share premium	13	31,965	8,655
Merger reserve	13	10,884	10,884
Reverse acquisition reserve	13	(7,148)	(7,148)
Issue equity capital		38,963	14,734
Share based payment reserve		454	332
Revenue reserve	14	(11,538)	(8,848)
Total equity		27,879	6,218

Approved by the Board of Directors and authorised for issue on 9 May 2012

John Samuel
Executive Chairman

Ian Jefferson
Chief Financial Officer

Company number 5969271

Consolidated Statement of Cash Flows

For the year ended 31 January 2012

	Notes	2012 £'000	2011 £'000
Operating activities			
Operating loss		(2,988)	(5,693)
Adjustment for non-cash items			
Depreciation of property, plant and equipment	9	62	46
Share based payment	17	122	331
Deemed cost of reverse acquisition	16	–	3,749
Tax refunded		280	183
Operating cash outflow		(2,524)	(1,384)
Decrease/(increase) in trade and other receivables		2	(68)
Increase/(decrease) in trade and other payables		396	(24)
Net cash outflow from operations		(2,126)	(1,476)
Investing activities			
Interest received		62	28
Purchases of property, plant and equipment	9	(30)	(100)
Net cash outflow from investing activities		32	(72)
Financing activities			
Cash acquired on reverse acquisition	16	–	2,327
Proceeds from issue of share capital	13	25,009	4,500
Sale of joint interest in shares to employees	14	1	8
Expenses on issue of share capital	13	(784)	(481)
Net cash inflow from financing activities		24,226	6,354
Increase in cash and cash equivalents		22,132	4,806
Cash and cash equivalents at start of year		5,889	1,083
Cash and cash equivalents at end of year		28,021	5,889

Notes to the Financial Statements

For the year ended 31 January 2012

1. BASIS OF PREPARATION

The financial statements of Tissue Regenix Group plc are audited consolidated financial statements for the year to 31 January 2012 These include audited comparatives for the year to 31 January 2011

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

Going Concern
As at 31 January 2012, the Group had £28 million of cash and cash equivalents available to it The Directors have considered their obligation, in relation to the assessment of the going concern of the Group and each statutory entity within it and have reviewed the current budget cash forecasts and assumptions as well as the main risk factors facing the Group as set out on pages 29 to 30

After due enquiry, the Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the financial statements

2. SIGNIFICANT ACCOUNTING POLICIES

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

Historical Cost Convention
The financial information has been prepared on the historic cost basis The principal accounting policies applied are set out below

SEGMENTAL REPORTING

At 31 January 2012, 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

All of the Group's assets are held in the UK and all of its capital expenditure arises in the UK

REVENUE

Revenue is measured as the fair value of the consideration received or receivable in the normal course of business, net of discounts, VAT and other sales related taxes and is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow in to the Company

Grant income is recognised as earned based on contractual conditions, generally as expenses are incurred

FOREIGN CURRENCIES

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date Gains and losses arising on retranslation are charged to profit or loss as they are incurred The functional and presentational currency of the Group is British pounds

RESEARCH AND DEVELOPMENT

Research costs are charged to profit or loss as they are incurred An intangible asset arising from development expenditure on an individual project is recognised only when all of the following criteria can be demonstrated

Notes to the Financial Statements

The criteria for recognising expenditure as an asset are

- it is technically feasible to complete the product and the Company is satisfied that appropriate regulatory hurdles have been, or will be achieved,
- management intends to complete the product and use or sell it,
- there is an ability to use or sell the product,
- it can be demonstrated how the product will generate probable future economic benefits,
- adequate technical, financial and other resources are available to complete the development, use or sell the product, and
- expenditure attributable to the product can be reliably measured

Such intangible assets are amortised on a straight-line basis from the point at which the assets are ready for use over the period of the expected benefit, and are reviewed for an indication of impairment at each reporting date Other development costs are charged against profit or loss as incurred since the criteria for their recognition as an asset are not met

The costs of an internally generated intangible asset comprise all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management Directly attributable costs include employee costs incurred on technical development, testing and certification, materials consumed and any relevant third party cost The costs of internally generated developments are recognised as intangible assets and are subsequently measured in the same way as externally acquired intangible assets However, until completion of the development project, the assets are subject to impairment testing only

No development costs to date have been capitalised as intangible assets

LEASES

Rentals payable under operating leases, which are leases where the lessor retains a significant proportion of the risks and benefits of the asset are charged in the statement of comprehensive income on a straight line basis over the expected lease term

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment assets are stated at historical cost

Depreciation is provided on all property, plant and equipment assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows

Laboratory equipment	over 5 years
Computer equipment	over 3 years
Office furniture and equipment	over 5 years

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any)

Discounted cash flow valuation techniques are generally applied for assessing recoverable amounts using 3 year forward looking cash flow projections and terminal value estimates, together with discount rates appropriate to the risk of the related cash generating units

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount An impairment loss is recognised as an expense immediately

SHARE BASED PAYMENTS

Share options
Equity settled share-based payment transactions are measured with reference to the fair value at the date of grant, recognised on a straight line basis over the vesting period, based on the company's estimate of shares that will eventually vest Fair value is measured using the Black-Scholes model unless the options are subject to market conditions when the binomial model is used

At each reporting date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and the number of equity instruments that will ultimately vest The movement in cumulative expense since the previous reporting date is recognised in the statement of comprehensive income, with a corresponding entry in equity

Jointly held shares
Where an employee acquires an interest in shares in the Company jointly with the Tissue Regenix Employee Share Trust, the fair value benefit at the purchase date is recognised as an expense, with a corresponding increase to equity share based payment reserve on a straight-line basis, over the vesting period

The fair value benefit is measured using a Binomial valuation model, taking into account the terms and conditions upon which the jointly owned shares were purchased

The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, sale restrictions, and behavioral considerations

FINANCIAL ASSETS AND LIABILITIES

Trade and other receivables
Trade and other receivables do not carry any interest and are initially recognised at fair value They are subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment

Impairment provisions are recognised when there is objective evidence that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable

Trade and other payables
Trade and other payables are not interest bearing and are initially recognised at fair value They are subsequently measured at amortised cost using the effective interest method

Cash and cash equivalents
Cash and cash equivalents comprise cash at hand and deposits on a term of not greater than 12 months

Share capital
Ordinary shares are classified as equity Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from proceeds

Notes to the Financial Statements

TAXATION

The tax expense represents the sum of the tax currently payable and deferred tax

The tax currently payable is based on taxable profit for the period The Group's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the reporting date

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled using tax rates that have been enacted or substantively enacted by the reporting date Deferred tax is charged or credited to profit or loss, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity

CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances Actual results may differ from these estimates The estimates and assumptions that have the most significant effects on the carrying amounts of the assets and liabilities in the financial information are discussed below

Equity settled share-based payments

The estimation of share-based payment costs requires the selection of an appropriate valuation method, consideration as to the inputs necessary for the valuation model chosen and the estimation of the number of awards that will ultimately vest Inputs subject to judgement relate to the future volatility of the share price of comparable companies, the Group's expected dividend yields, risk free interest rates and expected lives of the options The Directors draw on a variety of sources to aid in the determination of the appropriate data to use in such calculations The share based payment charge for the year was £122,000 (31 January 2011 £331,000)

Research and development costs

Careful judgement by the Directors is applied when deciding whether the recognition requirements for capitalising development costs have been met This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems Judgements are based on the information available at each reporting date which includes the progress with testing and certification and progress on, for example, establishment of commercial arrangements with third parties In addition, all internal activities related to research and development of new products are continuously monitored by the Directors To date, no development costs have been capitalised

ACCOUNTING STANDARDS AND INTERPRETATIONS NOT APPLIED

At the date of authorisation of these financial statements, the following standards and interpretations relevant to the Group that have not been applied in these financial statements were in issue but not yet effective or endorsed (unless otherwise stated)

		Effective Date
IIAS 12	Income Taxes (amendments)	1 January 2012
IFRS	Financial Instruments	1 January 2013
IAS 1	Presentation of Items of Other Comprehensive Income (amendments)	1 July 2012
IFRS 1	Government loans (amendments)	1 January 2013
IFRS 10	Consolidated Financial Statements	1 January 2013
IAS 27	Separate Financial Statements	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IAS 28	Amendments to IAS 28	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013
IAS 27	Separate Financial Statements	1 January 2013
IAS 28	Investments in Associates and Joint Ventures	1 January 2013
IAS 19	Defined Benefit Plans (amendments)	1 January 2013
IFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
IAS 32	Offsetting Financial Assets and Financial Liabilities (amendments)	1 January 2014
IFRS 9	Financial Instruments	1 January 2015

The Directors anticipate that the adoption of these Standards and Interpretations in future years will have no material impact on the financial statements of the Group

No Standards or Interpretations adopted in the year had any material impact on the financial statements of the Group

3. SEGMENTAL REPORTING

At 31 January 2012, 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

All of the Group's assets are held in the UK and all of its capital expenditure arises in the UK

Notes to the Financial Statements

4. LOSS FROM OPERATIONS

	Year to 31 January 2012 £'000	Year to 31 January 2011 £'000
Loss from operations is stated after crediting		
Grant income	107	173
Loss from operations is stated after charging to administrative expenses		
Depreciation of plant and equipment (see note 9)	62	46
Operating lease rentals – land and buildings	129	95
Staff costs	1,330	1,108
Foreign exchange losses	3	2
Research and development (inclusive of research and development personnel)	1,089	653
Auditors remuneration		
– fees payable to Company's auditor for the audit of the Company's accounts	10	12
– auditing the accounts of subsidiaries pursuant to legislation	5	10
Other services		
– fees in relation to acquisition and AIM listing	–	50
– fees in relation to establishing the Tissue Regenix Employee Share Trust	–	30
– fees in relation to taxation	5	–
Total auditor's remuneration	20	102

5. STAFF COSTS

	Year to 31 January 2012 Number	Year to 31 January 2011 Number
The average monthly number of persons (including directors) employed by the Group during the year was		
Directors	7	6
Laboratory and administration staff	19	13
	26	19

	Year to 31 January 2012 £'000	Year to 31 January 2011 £'000
The aggregate remuneration, including directors, comprised		
Wages and salaries	1,094	704
Share based expense (see note 17)	122	331
Social security costs	114	73
	1,330	1,108
Directors' remuneration included comprised		
Emoluments for qualifying services	598	505

Directors' emoluments disclosed above include £227,000 paid to the highest paid director (2011 £136,000) as well as share based payments benefit of £122,000 (2011 £258,000) There are no pension benefits for directors

6. FINANCE INCOME

	Year to 31 January 2012 £'000	Year to 31 January 2011 £'000
Bank interest receivable	62	28

7. TAXATION

Tax on loss on ordinary activities

	Year to 31 January 2012 £'000	Year to 31 January 2011 £'000
Current tax:		
UK corporation tax credit on losses of period	(239)	(167)
Tax credits received in respect of prior periods	–	(71)
	(239)	(238)
Deferred tax:		
Origination and reversal of temporary timing differences	–	–
Tax credit on loss on ordinary activities	(239)	(238)

The charge for the year can be reconciled to the loss before tax per the Statement of Comprehensive Income as follows

Factors affecting the current tax charges
The tax assessed for the year varies from the small company rate of corporation tax as explained below

	Year to 31 January 2012 £'000	Year to 31 January 2011 £'000
The tax assessed for the period varies from the small company rate of corporation tax as explained below		
Loss on ordinary activities before tax	(2,926)	(1,959)
Tax at the standard rate of corporation tax 20% (2011 21%)	(585)	(411)
Effects of		
Expenses not deductable for tax purposes	25	69
Capital allowances in excess of depreciation	–	(14)
Research and development tax credits received	(239)	(167)
Surrender of research and development relief for repayable tax credit	382	250
Research and development enhancement	(186)	(118)
Adjustment to prior year research and development relief	–	(71)
Unutilised tax losses	364	224
Tax credit for the year	(239)	(238)

Notes to the Financial Statements

Deferred Tax

	Year to 31 January 2012 £'000	Year to 31 January 2011 £'000
Tax losses		
Losses available to carry forward against future trading profits	4,624	2,806
Deferred tax asset – unrecognised*	925	589

* The Company has not recognised a deferred tax asset relating to these losses as their recoverability is uncertain

8. 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 year 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 year to assume conversion of all dilutive potential ordinary shares

	Year to 31 January 2012 £'000	Year to 31 January 2011 £'000
Loss attributable to the equity holders of the parent		
Pre deemed cost on reverse acquisition	(2,687)	(1,678)
Deemed cost on reverse acquisition	–	(3,749)
Total loss attributable to the equity holders of the parent	(2,687)	(5,427)
	No	**No**
Weighted average number of ordinary shares in issue during the year	469,184,667	366,159,076
Loss per share		
Basic and diluted on loss for the year		
Pre deemed cost on reverse acquisition	(0 57)p	(0 46)p
Post deemed cost on reverse acquisition	(0 57)p	(1 48)p

The Company has issued employee options over 16,036,328 ordinary shares and there are 17,540,386 jointly owned shares which are potentially dilutive There is however, no dilutive effect of these issued options as there is a loss for each of the years concerned

9. PROPERTY, PLANT AND EQUIPMENT

	Laboratory Equipment £'000	Fixtures & Fittings £'000	Computer Equipment £'000	Total £'000
Cost				
At 31 January 2010	124	32	15	171
Additions	76	4	20	100
At 31 January 2011	200	36	35	271
Additions	9	–	21	30
At 31 January 2012	209	36	56	301
Depreciation				
At 31 January 2010	27	3	6	36
Charge for the year	33	7	6	46
At 31 January 2011	60	10	12	82
Charge for the year	41	8	13	62
At 31 January 2012	101	18	25	144
Net book value				
At 31 January 2012	108	18	31	157
At 31 January 2011	140	26	23	189
At 31 January 2010	97	29	9	135

10. TRADE AND OTHER RECEIVABLES

	2012 £'000	2011 £'000
Other receivables	299	351
Prepayments and accrued income	51	42
	350	393

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value

No provisions are held against receivables and no amounts past due have been impaired

11. RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES

The Company's activities expose it to a variety of financial risks market risk, specifically interest rate risk, credit risk and liquidity risk The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance

The management of these risks is vested in the Board of Directors The policies for managing each of these risks are summarised below

Management of market risk

(i) Interest rate risk

As the Company has no significant borrowings the risk is limited to the potential reduction in interest received on cash surpluses held Interest rate risk is managed in accordance with the liquidity requirement of the Group, with a minimal amount of its cash surpluses held within an instant access account, which has a variable interest rate attributable to it, to ensure that sufficient funds are available to cover the working capital requirements of the Company

Notes to the Financial Statements

Interest rate sensitivity
The principal impact to the Company is the result of interest-bearing cash and cash equivalent balances held as set out below

	31 January 2012		
	Fixed rate £'000	Floating rate £'000	Total £'000
Cash and cash equivalents	26,576	1,445	28,021

	31 January 2011		
	Fixed rate £'000	Floating rate £'000	Total £'000
Cash and cash equivalents	5,850	39	5,889

Due to the high proportion of funds held on a fixed deposit, the impact of a 5 per cent increase/decrease in interest rates would have an immaterial impact on the loss in each year

Management of credit risk
The Company is exposed to credit risk from its operating activities, it principally arises from short term bank deposits The Company seeks to minimise this risk by only depositing funds with banks with a high credit rating

The maximum exposure to credit risk on the Company's financial assets is represented by their carrying amounts as outlined in the categorisation of financial instruments table below

The Company does not consider that any changes in fair value of financial assets or liabilities in the year are attributable to credit risk

Management of liquidity risk
The Company seeks to manage liquidity risk to ensure that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably

No maturity analysis for financial liabilities is presented, as the Directors consider that liquidity risk is not material

The Company had cash and cash equivalents at each reporting date is set out below

	2012 £'000	2011 £'000
Cash and cash equivalents		
AA	132	3,353
A	26,347	1,022
BBB	1,542	1514
	28,021	5,889

The above has been split by the Fitch rating system and gives an analysis of the credit rating of the financial institutions where cash balances are held

Capital risk management
The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders The Company's overall strategy is to minimise costs and liquidity risk

The capital structure of the Company consists of equity attributable to the owners of the Company, comprising issued capital, reserves and retained earnings as disclosed in note 13 and 14 and in the Statement of Changes in Equity

Categorisation of financial instrument

Financial assets/(liabilities)	Loans and receivables £'000	Financial liabilities at amortised cost £'000	Total £'000
At 31 January 2012			
Trade and other receivables	299	–	299
Cash and cash equivalents	28,021	–	28,021
Trade and other payables	–	(324)	(324)
TOTAL	28,320	(324)	27,996

Financial assets/(liabilities)	Loans and receivables £'000	Financial liabilities at amortised cost £'000	Total £'000
At 31 January 2011			
Trade and other receivables	351	–	351
Cash and cash equivalents	5,889	–	5,889
Trade and other payables	–	(199)	(199)
TOTAL	6,240	(199)	6,041

The Company had no financial instruments measured at fair value

12. TRADE AND OTHER PAYABLES

	2012 £'000	2011 £'000
Trade payables	287	168
Taxes and social security	37	32
Accruals	325	53
	649	253

The Directors consider that the carrying amount of trade and other payables approximates to their fair value

Trade payables, split by the currency they will be settled are shown below

	2012 £'000	2011 £'000
Sterling	281	144
US Dollars	2	3
Euros	4	21
Trade payables	287	168

Notes to the Financial Statements

13. SHARE CAPITAL

	Number	Share capital £'000	Share premium £'000	Merger reserve £'000	Reverse acquisition reserve £'000	Total £'000
Allotted, issued and fully paid shares						
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 Limited	241,885,103	1,210	-	10,884	-	12,094
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 on issue of shares	-	-	(481)	-	-	(481)
Total Ordinary shares of 0.5 p each as at 31 January 2011	468,597,903	2,343	8,655	10,884	(7,148)	14,734
Issued for cash	181,818,182	909	24,091	-	-	25,000
Share options exercised	1,136,376	6	3	-	-	9
Issued to Tissue Regenix Employee hare Trust	827,586	4	-	-	-	4
Expenses on issue of shares	-	-	(784)	-	-	(784)
Total Ordinary shares of 0.5p each as at 31 January 2012	652,380,047	3,262	31,965	10,884	(7,148)	38,963

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

On 29 December 2011 the Company issued 181,818,182 ordinary shares of 0 5 pence each for a cash price of 13 75 pence per share raising a gross amount of £25,000,000

14. MOVEMENT IN REVENUE RESERVE AND OWN SHARES

	Retained Earnings Deficit £'000	Own shares £'000	Deficit Revenue Reserve £'000
At 31 January 2010	(2,593)	–	(2,593)
Purchase of own shares	–	(836)	(836)
Employee interest in jointly owned shares	–	8	8
Loss for the year	(5,427)	–	(5,427)
At 31 January 2011	(8,020)	(828)	(8,848)
Purchase of own shares	–	(4)	(4)
Employee interest in jointly owned shares	–	1	1
Loss for the year	(2,687)	–	(2,687)
At 31 January 2012	(10,707)	(831)	(11,538)

15. COMMITMENTS

Operating lease commitments

The Group leases premises under non-cancellable operating lease agreements The future aggregate minimum lease and service charge payments under non-cancellable operating leases are as follows

	2012 £'000	2011 £'000
Land and buildings		
Amounts due within one year	11	51
Amounts due in one to five years	–	–
	11	51

16. ACQUISITION OF SUBSIDIARY UNDERTAKING

On 29 June 2010 the Company acquired 100 percent 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

The transaction was 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 percent 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

Notes to the Financial Statements

The fair value of the shares issued was 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, gave 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

	£'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 consideration and the fair value of the net assets deemed acquired was recorded as a deemed cost on reverse acquisition in the statement of comprehensive income

The fair value of the assets deemed to have been acquired was 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

17. SHARE BASED PAYMENTS

Share options and shares held in employee benefit trust ("EBT")
The Company operates a share option plan, under which certain employees have been granted options to subscribe for ordinary shares All options are equity settled The options have an exercise price of between 0 5p to 14 25p and a vesting period between 1 and 3 years If the options remain unexercised after a period of 10 years from the date of grant, the options expire The Group has no legal or constructive obligation to repurchase or settle the options in cash

The Group also operates a jointly owned EBT share scheme for senior management under which the trustee of the Group sponsored EBT has acquired shares in the Group jointly with a number of employees The shares were acquired pursuant to certain conditions, set out in Jointly Owned Equity agreements ("JOE's") Subject to meeting the performance criteria conditions set out in the JOE's, the employees are able to benefit from most of any future increase in the value of the jointly owned EBT shares The fair value benefit is measured using the Binomial model, taking into account the terms and conditions upon which the jointly owned shares were purchased

The number and weighted average exercise prices of share options and EBT shares are as follows

	Number of share interests EMI options	Unapproved options	EBT shares	Total	Weighted average exercise price per share (£)
At 31 January 2010	524	129	–	653	125 000
Exercised in the year	(29)	(57)	–	(86)	0 010
Adjustment on reverse acquisition	10,849,809	1,716,947	–	12,566,756	(124 430)
Issued in the year	3,587,200	–	16,712,800	20,300,000	0 050
At 31 January 2011	14,437,504	1,717,019	16,712,800	32,867,323	0 033
Exercised in the year	(826,376)	(310,000)	–	(1,136,376)	(0 073)
Issued in the year	1,018,181	–	827,586	1,845,767	0 141
At 31 January 2012	14,629,309	1,407,019	17,540,386	33,576,714	0 040

On 29 June 2010 the Company acquired 100 percent of the share capital of Tissue Regenix Limited for a consideration satisfied by the issue of 241,885,103 ordinary sharesof 0 5p each in a ratio of 21,919 81 for 1 Consequently the share options issued by Tissue Regenix Limited were replaced with share options in Tissue Regenix Group plc No changes were made to the options other than an adjustment to the number of options, which were increased by a factor of 21,919 81 and the adjustment to the exercise price which was decreased by a factor of 21,919 81 See note 13 for further details

There were 12,626,680 share options outstanding at 31 January 2012 which were eligible to be exercised The remaining options were not eligible to be exercised as these are subject to employment period and market based vesting conditions, some of which had not been met at 31 January 2012

The performance conditions in relation to these options allows for vesting in three equal proportions on or after the three consecutive annual anniversaries from the date of grant subject to the Company's share price reaching certain hurdle values by the respective vesting dates

There were 5,570,933 of the jointly held EBT shares which were eligible to vest as at 31 January 2012 The remaining shares were not eligible to vest because the related employment period conditions and some of the performance conditions under the JOE's had not been met

The fair value benefit received on share options granted is measured using either the Black Scholes model or the Binomial model as appropriate taking in to account the effects of the vesting and performance conditions, expected exercise price and the payment of the dividends by the Company The fair value benefit received on EBT shares is measured using the Binomial model, taking into accounts the terms and conditions upon which the jointly owned shares were purchased The following table lists the inputs to the models used

	EBT shares Granted year to 31 January 2012	Options Granted year to 31 January 2012	EBT shares Granted year to 31 January 2011	Options Granted year to 31 January 2011
Dividend yield	–	–	–	–
Expected volatility	47%	47%	50%	50%
Risk free interest rate (%)	0 9	0.9	0 9	0 5
Expected vesting life of EBT shares and options (years)	4	4	3	1
Weighted average share price (£)	0 1425	0 1375	0 05	0 05

Notes to the Financial Statements

Any share options and employee interests in jointly owned EBT shares which are not exercised within 10 years from the date of grant will expire

A charge has been recognised in the statement of comprehensive income for each year as follows

	Granted year to 31 January 2012 £'000	Granted period to 31 January 2011 £'000
Share options	33	264
Jointly owned shares	89	67
Total share based payments	122	331

18. RELATED PARTY TRANSACTIONS

Trading transactions with

	Year ended 31 January 2012 £'000	Year ended 31 January 2011 £'000
Transactions with significant shareholders		
Staff secondment and sundry office running costs	–	7
Patent support costs	20	30
Laboratory facility costs	–	3
Reverse acquisition fees	–	19
Management fees	–	5
Amounts due to related parties at the year end	–	7

Transactions with Key Management Personnel

The Company's key management personnel comprise only the Directors of the Company

During the year the Company entered into the following transactions in which the Directors had an interest

Directors' remuneration

Remuneration received by the Directors from the Company is set out below

	Year ended 31 January 2012 £'000	Year ended 31 January 2011 £'000
Short-term employment benefits*	476	272

* In addition, certain directors hold share options and jointly owned shares in the Company for which a fair value share based charge of £122,000 has been recognised in the consolidated statement of comprehensive income (2011 £258,000)

During the year ended 31 January 2012, the Company entered into numerous transactions with its subsidiary company which net off on consolidation – these have not been shown above

19. ULTIMATE CONTROLLING PARTY

The directors believe that there is no ultimate controlling party

Company Statement of Changes in Equity

	Attributable to the equity holders of the Company					
	Share Capital £'000	Share Premium £'000	Merger reserve £'000	Share Based Payment Reserve £'000	Revenue Deficit Reserve £'000	Total £'000
At 31 January 2010	600	4,333	–	–	(2,638)	2,295
Total expense and other comprehensive loss for the year	–	–	–	–	(582)	(582)
Shares issued to acquire Tissue Regenix Limited	1,210	-	10,884	–	–	12,094
Shares issued for cash	450	4,050	–	–	–	4,500
Shares issued to the Tissue Regenix Employee Share Trust	83	753	–	–	–	836
Expenses on issue of shares	–	(481)	–	–	–	(481)
Share based payment expense	–	-	–	259	–	259
At 31 January 2011	2,343	8,655	10,884	259	(3,228)	18,913
Total expense and other comprehensive loss for the year	–	–	–	–	(841)	(841)
Shares issued for cash	909	24,091	–	–	–	25,000
Share options exercised	6	3	–	–	–	9
Shares issued to the Tissue Regenix Employee Share Trust	4	–	–	–	–	4
Expenses on issue of shares	–	(784)	–	–	–	(784)
Share based payment expense	–	–	–	122	–	122
At 31 January 2012	3,262	31,965	10,884	381	(4,069)	42,423

Company Statement of Financial Position

	Notes	2012 £'000	2011 £'000
Assets			
Non-current assets			
Investments	C3	12,922	12,922
Total non-current assets		12,922	12,922
Current assets			
Trade and other receivables	C4	59	72
Intercompany loan balance	C5	1,812	544
Cash and cash equivalents		27,877	5,459
		29,748	6,075
Total Assets		42,670	18,997
Liabilities			
Current liabilities			
Trade and other payables	C6	(247)	(84)
Total Liabilities		(247)	(84)
Net Assets		42,423	18,913
Equity			
Share capital	13	3,262	2,343
Share premium	13	31,965	8,655
Merger reserve	13	10,884	10,884
Issue equity capital		46,111	21,882
Share based payment reserve		381	259
Revenue reserve		(4,069)	(3,228)
Total Equity		42,423	18,913

Approved by the Board of Directors and authorised for issue on 9 May 2012

John Samuel
Executive Chairman

Ian Jefferson
Finance Director

Company number 5969271

Company Statement of Cash Flows

	Notes	2012 £'000	2011 £'000
Operating activities			
Loss before interest and tax		(900)	(602)
Adjustment for non-cash items			
Share based payments		122	259
Tax received		–	–
Impairment of loan to subsidiary undertaking		–	–
Operating cash outflow		(778)	(343)
Decrease/(increase) in trade and other receivables		13	(61)
Increase in trade and other payables		163	52
Net cash generated from operations		(602)	(352)
Investing Activities			
Interest received		62	20
Loan to subsidiary undertaking	C6	(1,268)	(544)
Net cash generated from investing activities		(1,206)	(524)
Financing Activities			
Proceeds from issue of share capital	13	25,009	4,500
Sale of joint interest in shares to employees		1	–
Expenses on issue of share capital	13	(784)	(481)
Net cash used in financing activities		24,226	4,019
Increase in cash and cash equivalents		22,418	3,143
Cash and cash equivalents at start of year		5,459	2,316
Cash and cash equivalents at end of year		27,877	5,459

Notes to the Company Information

C1. PRINCIPAL ACCOUNTING POLICIES

The separate financial statements of the Company are presented as required by the Companies Act 2006 and in accordance with IFRS

The principal accounting policies adopted are the same as for those set out in the Group's financial statements

C2. COMPANY RESULTS

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent company's statement of comprehensive income The parent company's result for the year ended 31 January 2012 was a loss of £841k.

The audit fee for the company is set out in note 4 of the Group's financial statements

C3. INVESTMENT IN SUBSIDIARY COMPANIES

At 31 January 2012, the Company held the following investments in subsidiaries,

		Share of issued capital and voting rights	
Undertaking	**Sector**	**2012**	**2011**
Tissue Regenix Limited	Regenerative medicine	100%	100%
Oxray Limited	Dormant	85%	85%

	2012 £'000	2011 £'000
Cost		
At 1 February	14,707	1,785
Additions	–	12,922
At 31 January	14,707	14,707
Impairment		
At 1 February	(1,785)	(1,785)
At 31 January	(1,785)	(1,785)
Carrying value at 31 January	12,922	12,922

The company's investment in Oxray Limited has been written down to nil and the Company is dormant

C4. TRADE RECEIVABLES

	2012 £'000	2011 £'000
Prepayments & accrued income	37	33
Social Security and other taxes	22	39
	59	72

C5. CURRENT ASSETS

	2012 £'000	2011 £'000
Intercompany loan	1,812	544

A loan of £1,812k was advanced to Tissue Regenix Limited in the year No interest was payable on the loan

C6. TRADE PAYABLES

	2012 £'000	2011 £'000
Trade Creditors	127	48
Social Security and other taxes	17	11
Accruals	103	25
	247	84

Notice of Annual General Meeting

Notice is given that the 2012 annual general meeting of Tissue Regenix Group plc ("**Company**") will be held at DLA Piper UK LLP, Princes Exchange, Princes Square, Leeds, LS1 4BY, on 11 June 2012 at 10 am for the following purposes

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions

1 To receive the Company's annual accounts and directors' and auditors' reports for the year ended 31 January 2012

2 To reappoint Michael Bretherton, who retires by rotation, as a director of the Company

3 To reappoint Alan Miller, who retires by rotation, as a director of the Company

4 To reappoint Alexander Stevenson, who retires by rotation, as a director of the Company

5 To reappoint Ian Jefferson, who has been appointed by the board since the last annual general meeting, as a director of the Company

6 To reappoint KPMG Audit plc as auditors of the Company

7 To authorise the directors to determine the remuneration of the auditors

8 That, pursuant to section 551 of the Companies Act 2006 ("Act"), the directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot Relevant Securities

8 1 comprising equity securities (as defined in section 560(1) of the Act) up to an aggregate nominal amount of £2,176,083 (such amount to be reduced by the aggregate nominal amount of Relevant Securities allotted pursuant to paragraph 8 2 of this resolution) in connection with a rights issue

8 1 1 to holders of ordinary shares in the capital of the Company in proportion (as nearly as practicable) to the respective numbers of ordinary shares held by them, and

8 1 2 to holders of other equity securities in the capital of the Company, as required by the rights of those securities or, subject to such rights, as the directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or any legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange, and

8 2 otherwise than pursuant to paragraph 8 1 of this resolution, up to an aggregate nominal amount of £1,088,041 (such amount to be reduced by the aggregate nominal amount of Relevant Securities allotted pursuant to paragraph 8 1 of this resolution in excess of £1,088,042), provided that (unless previously revoked, varied or renewed) these authorities shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on 11 September 2013 (whichever is the earlier), save that, in each case, the Company may make an offer or agreement before the authority expires which would or might require Relevant Securities to be allotted after the authority expires and the directors may allot Relevant Securities pursuant to any such offer or agreement as if the authority had not expired

In this resolution, "**Relevant Securities**" means shares in the Company or rights to subscribe for or to convert any security into shares in the Company, a reference to the allotment of Relevant Securities includes the grant of such a right, and a reference to the nominal amount of a Relevant Security which is a right to subscribe for or to convert any security into shares in the Company is to the nominal amount of the shares which may be allotted pursuant to that right

These authorities are in substitution for all existing authorities under section 551 of the Act (which, to the extent unused at the date of this resolution, are revoked with immediate effect)

To consider and, if thought fit, to pass the following resolutions as special resolutions

9 That, subject to the passing of resolution 8 and pursuant to section 570 of the Act, the directors be and are generally empowered to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authorities granted by resolution 8 as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to

9 1 the allotment of equity securities in connection with an offer of equity securities (whether by way of a rights issue, open offer or otherwise, but, in the case of an allotment pursuant to the authority granted by paragraph 8 1 of resolution 8, such power shall be limited to the allotment of equity securities in connection with a rights issue)

9 1 1 to holders of ordinary shares in the capital of the Company in proportion (as nearly as practicable) to the respective numbers of ordinary shares held by them, and

9 1 2 to holders of other equity securities in the capital of the Company, as required by the rights of those securities or, subject to such rights, as the directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or any legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange, and

9 2 the allotment of equity securities pursuant to the authority granted by paragraph 8 2 of resolution 8 (otherwise than pursuant to paragraph 9 1 of this resolution) up to an aggregate nominal amount of £326,412, and (unless previously revoked, varied or renewed) this power shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on 11 September 2013 (whichever is the earlier), save that the Company may make an offer or agreement before this power expires which would or might require equity securities to be allotted for cash after this power expires and the directors may allot equity securities for cash pursuant to any such offer or agreement as if this power had not expired

This power is in substitution for all existing powers under section 570 of the Act (which, to the extent unused at the date of this resolution, are revoked with immediate effect)

10 That, pursuant to section 701 of the Companies Act 2006 ("Act"), the Company be and is generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 0 5p each in the capital of the Company ("Shares"), provided that

10 1 the maximum aggregate number of Shares which may be purchased is 65,282,501,

10 2 the minimum price (excluding expenses) which may be paid for a Share is 0 5p,

Notice of Annual General Meeting

10 3 the maximum price (excluding expenses) which may be paid for a Share is an amount equal to 105 per cent of the average of the middle market quotations for a Share as derived from the Daily Official List of the London Stock Exchange plc for the five business days immediately preceding the day on which the purchase is made, and (unless previously revoked, varied or renewed) this authority shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on 11 September 2013 (whichever is the earlier), save that the Company may enter into a contract to purchase Shares before this authority expires under which such purchase will or may be completed or executed wholly or partly after this authority expires and may make a purchase of Shares pursuant to any such contract as if this authority had not expired

By order of the board

Ian Jefferson
Secretary

Registered office

The Biocentre
Innovation Way
Heslington
York
YO10 5NY

9 May 2012

Registered in England and Wales No 05969271

Notes

Entitlement to attend and vote

1 The right to vote at the meeting is determined by reference to the register of members Only those shareholders registered in the register of members of the Company as at 6 00pm on 7 June 2012 (or, if the meeting is adjourned, 6 00pm on the date which is two working days before the date of the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time Changes to entries in the register of members after that time shall be disregarded in determining the rights of any person to attend or vote (and the number of votes they may cast) at the meeting

Proxies

2 A shareholder is entitled to appoint another person as his or her proxy to exercise all or any of his or her rights to attend and to speak and vote at the meeting A proxy need not be a shareholder of the Company

A shareholder may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder Failure to specify the number of shares each proxy appointment relates to or specifying a number which when taken together with the numbers of shares set out in the other proxy appointments is in excess of the number of shares held by the shareholder may result in the proxy appointment being invalid

A proxy may only be appointed in accordance with the procedures set out in notes 3 to 4 below and the notes to the proxy form

The appointment of a proxy will not preclude a shareholder from attending and voting in person at the meeting

3 A form of proxy is enclosed When appointing more than one proxy, complete a separate proxy form in relation to each appointment Additional proxy forms may be obtained by contacting the Company's registrar on 0871 664 0300 (calls cost 10p per minute plus network extras) or the proxy form may be photocopied State clearly on each proxy form the number of shares in relation to which the proxy is appointed

To be valid, a proxy form must be received by post or (during normal business hours only) by hand at the offices of the Company's registrar, Capita Registrars PXS, 34 Beckenham Road, Beckenham BR3 4TU, no later than 10 am on 9 June 2012 (or, if the meeting is adjourned, no later than 48 hours before the time of any adjourned meeting)

4 CREST members who wish to appoint a proxy or proxies for the meeting (or any adjournment of it) through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Capita Registrars (ID RA10) no later than 10 am on 9 June 2012 (or, if the meeting is adjourned, no later than 48 hours before the time of any adjourned meeting) For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita Registrars is able to retrieve the message by enquiry to CREST in the manner prescribed

Notice of Annual General Meeting

by CREST After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings

The Company may treat a CREST Proxy Instruction as invalid in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001

Corporate representatives

5 A shareholder which is a corporation may authorise one or more persons to act as its representative(s) at the meeting Each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder, provided that (where there is more than one representative and the vote is otherwise than on a show of hands) they do not do so in relation to the same shares

Documents available for inspection

6 The following documents will be available for inspection during normal business hours at the registered office of the Company from the date of this notice until the time of the meeting They will also be available for inspection at the place of the meeting from at least 15 minutes before the meeting until it ends

6 1 Copies of the service contracts of the executive directors

6 2 Copies of the letters of appointment of the non executive directors

Biographical details of directors

7 Biographical details of all those directors who are offering themselves for reappointment at the meeting are set out on page 5 of the enclosed annual report and accounts

Tissue Regenix Group plc
The Biocentre
Innovation Way
Heslington
York, YO10 5NY
United Kingdom

www.tissueregenix.com