Tissue Regenix
Group plc

ANNUAL REPORT
FOR THE YEAR ENDED 31 JANUARY 2013

Highlights

During the year, Tissue Regenix has:

- Completed a successful pre-clinical study for dCELL® meniscus
- Established its US subsidiary in order to target its growing regenerative medicine market
- Added patents related to 'Acellular Arteries' to global exclusive licence portfolio
- Produced positive interim clinical data for its dCELL® Dermis technology
- Demonstrated a strong safety profile and effectiveness of its vascular patch in results from two year clinical study
- Made a number of senior business development appointments across the company
- Received endorsement of its dCELL® implant technology from Professor Alan Dardik of Yale University
- Expanded the scope of development activities of its dCELL® technology with NHS Blood and Transplant (NHSBT)

Contents

Directors' Report and Financials

Chairman's Statement

Overview

The past year has seen Tissue Regenix continue to make good progress toward the commercialisation of our proprietary dCELL® regenerative medicine technology. The technology is patent protected and forms a platform for the development of a number of products in different therapy areas.

The successful fundraising achieved a year ago has given us the ability to develop different products in parallel and this year has seen us reach important milestones. Firstly, we have established a subsidiary in the USA which puts us on track to develop our international presence. It also complements our relationships with existing collaboration partners such as the Pontifical University of Parana in Brazil and with the NHS Blood and Transplant (NHSBT) in the U.K. Indeed it has been our relationship with the NHSBT that has enabled the successful development of our dCELL® Dermis product which will soon be undergoing trials in the USA.

Secondly, we have appointed a number of Business Development managers in our respective therapy areas. This adds significant sales and marketing experience to our already high levels of technical expertise.

Support for Life Sciences

We are well placed to capitalise on the UK Government's strategy to maintain a world-leading presence in life sciences by encouraging investment and research and innovation within the NHS and leading UK universities. In particular, we continue to have a strong relationship with Leeds University where the technology continues to be developed further. We translate that world leading research into commercial applications and by working with bodies such as the NHS we are capable of delivering global solutions to key and enormously costly medical problems.

The Board

In November we announced the appointment of Non-executive Director Dr Alison Fielding, Chief Operating Officer of IP Group. I am sure Alison's considerable experience and expertise in the healthcare sector will be of great benefit to the company as we continue to develop.

This year we have seen the departure of Alan Aubrey, Michael Bretherton and Alex Stevenson as Non-executive Directors. All three were founding first stage investors in the company and I would like to thank them for their contributions over the years. Their departure is part of our strategy of evolving the composition of the Board away from early stage investors and towards becoming more industry and market focused. We are actively seeking to complement the Board with two more non-executive directors.

Outlook

We continue to build a comprehensive body of data to support the validity of dCELL® technology's effectiveness in treating various conditions. Furthermore, we believe that regenerative medicine is capable of revolutionising healthcare and significantly improving patient outcomes.

In addition, there are significant cost pressures on healthcare budgets around the world and the delivery of dCELL® solutions will make a significant and beneficial impact. For example the dCELL® Dermis product is aimed at tackling chronic wounds which it is estimated cost the UK alone over £1 billion every year.

The need for products employing tissue engineering is very large and growing quickly. The chronic shortage of human donor tissue will result in even more demand for animal tissue-based solutions. Our pipeline of products remains strong and continues to progress through the various demanding regulatory requirements and is moving towards commercialisation of the leading products in the coming year.

We continue to pursue our objective to become a global leader in our chosen field and are confident we will thereby create significant shareholder value.

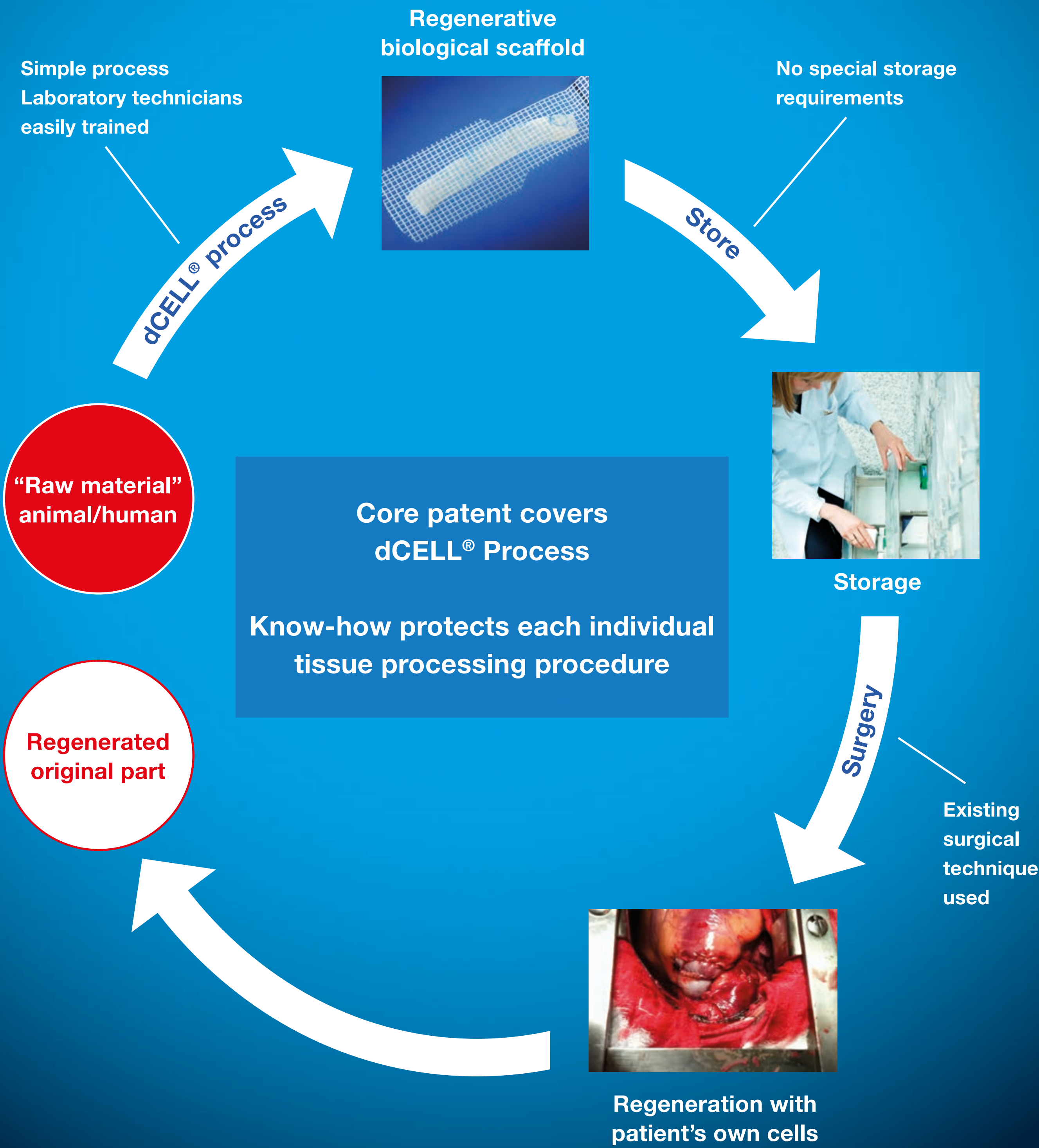
John Samuel
Executive Chairman

13 May 2013

The dCELL® process

Tissue Regenix is leading the development of regenerative medicine treatments.

At the heart of Tissue Regenix's technology is our patented dCELL® process which removes DNA and other cellular material from animal and human tissue, leaving an inert, acellular tissue scaffold which can be used to repair damaged organs and skin, while dramatically cutting the risk of rejection by the patient's body. Tissue Regenix's platform technology has been developed to maintain the integrity of the tissue structure, while providing a scaffold to attract stem cells and accelerate natural, regenerative healing.



The Board

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 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 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 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, restructuring the Group and then successfully planning and executing 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.

Dr. Alison Fielding, *Non-executive Director*

Dr. Alison Fielding is Chief Operating Officer at IP Group plc, a leading UK intellectual property commercialisation company. Alison co-founded Techtran Group Ltd and was the Chief Operating Officer of Techtran, which was acquired by IP Group plc in January 2005. Previously she spent five years at McKinsey & Co, where she consulted to the pharmaceutical and health care sectors. Alison has also worked as a development chemist for Zeneca, carrying out technical roles in the speciality chemicals and agrochemicals divisions.

Alan Miller, *Non-executive Director*

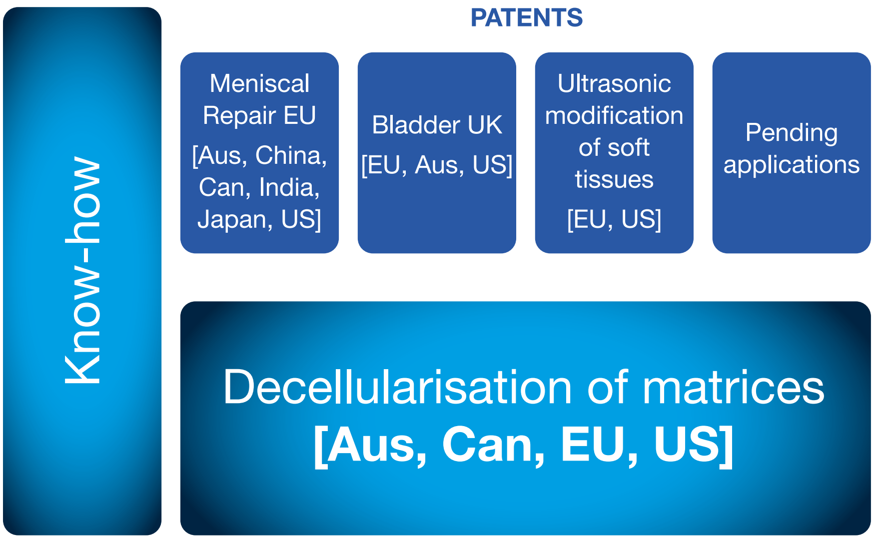
Alan Miller is a founding partner of SCM Private, the wealth management company, which was set up in 2009. He was formerly the Chief Investment Officer and founding shareholder of New Star Asset Management from 2001 until 2007. Prior to that, he was a Director at Jupiter Asset Management having spent 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.

Managing Director's Review

Overview

This year has been transformational for Tissue Regenix and we are continuing to develop a growing body of data confirming the quality and efficacy of our technology, while taking the necessary steps in target markets as we prepare for full commercialisation. We have also been able to further develop our pipeline of products and portfolio of patents following the fundraising that we achieved at the end of the last financial year.

Intellectual Property



Financial Review

Tissue Regenix maintains a strong cash position with a balance of £24.2m at the year end (2012: £28.0m). We expect to continue to use our cash resources to fund our development programmes, and would expect cash utilisation to increase over the coming years as the programmes progress through pre-clinical and clinical trials. Income for the year of £0.05m (2012: £0.1m) continues to reflect grant income received. Furthermore, during the year a number of changes to the research and development corporation tax credit system were confirmed. These changes included the removal of the cap on the level of refund payable at the level of PAYE and NIC paid in the year. This change, along with the additional development expenditure incurred this year, has resulted in an increase in the corporation tax refund for the year to £0.5m (2012: £0.2m). This refund is expected to be received in 2013. As anticipated, administrative expenditure increased to £4.5m (2012: £3.1m), due to planned increases in development expenditure and head count, as we advanced our multiple product programmes.

International Expansion

In November 2012, we announced the establishment of our North American subsidiary. In this key market Tissue Regenix will use its patented dCELL® technology to target a number of areas, focusing initially on applying the dCELL® in human donor tissues to treat a number of chronic conditions initially in wound care. Over time we believe this could be developed for other applications including vascular repair, heart valve replacement and knee repair. As a part of this expansion we were delighted to welcome Greg Bila as President of our US business. Greg joins us from Kinetic Concepts Inc, where he has amassed two decades of sales and marketing experience in the pharmaceutical and medical device field.

Managing Director's Review continued

Product Development Pipeline

Translation/Pilot	Pre-clinical	Clinical	Commercial
Porcine Pulmonary Valve	Porcine Meniscus	Human Aortic Valve	Porcine Vascular Patch (EU)
Porcine General Surgery Patch	Porcine Dermis		Human Pulmonary Valve
Porcine Tendon	Bovine AV Graft		Human Dermis • Chronic Wounds • Rotator Cuff • Hernia

The dCELL® process

Our proprietary platform technology, dCELL®, is protected by a library of patents. It is used to decellularise human or animal donor tissue to create biological scaffolds that are then implanted into patients to replace diseased or damaged parts of their body. These scaffolds are also capable of regeneration through natural healing mechanisms and, because they are inert when implanted, they are classified as medical devices. This means they are required to follow a regulatory pathway that is typically faster and less costly than, for example, a pharmaceutical product.

Looking Ahead

The past year has seen significant developments in a number of areas of the business, and we are confident of building on this further in the coming year. The development of the dCELL® platform using human tissues, (e.g. seven-year data in heart valves) provides early validation of the technology and revenue opportunities, with the animal-derived constructs following on behind them. We are also moving ahead with our expansion into the US, and are currently in discussions with prospective product manufacturers and distributors, as well as exploring the possibility of clinical trials with major academic institutions and key opinion leaders to support marketing efforts in the US in 2014.

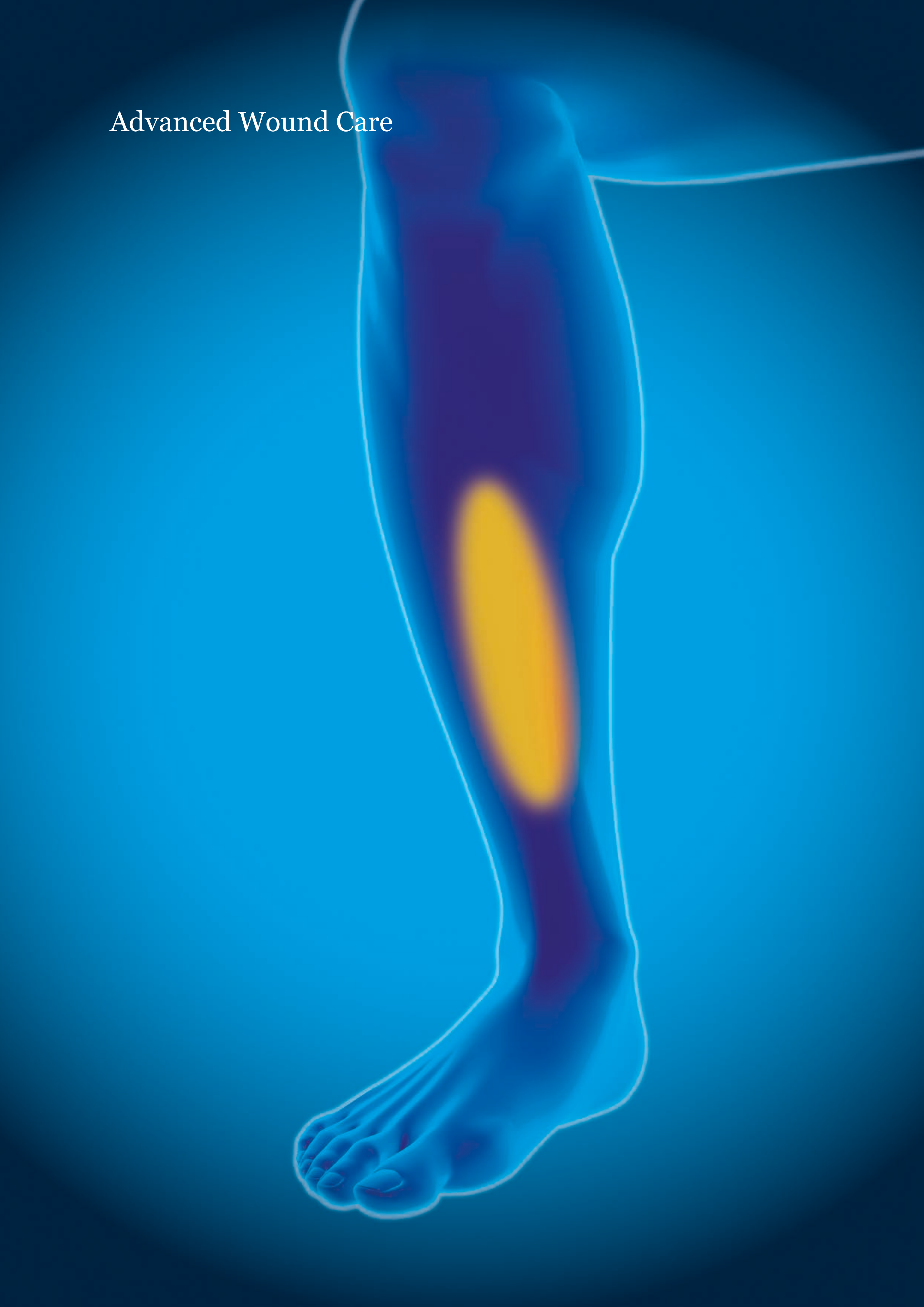
Tissue Regenix has a portfolio of dCELL® Scaffolds, enabling clinicians to get the right tissue for the application area rather than trying to make one tissue type perform a multiplicity of clinical roles that it was not designed to do. As we roll out this portfolio, this clear distinction from other approaches will become an important factor in our future success.

All of these activities, as well as evaluating the feasibility of applying our pioneering dCELL® technology for use in other applications, puts Tissue Regenix in a strong position to build upon the progress achieved this year.

Antony Odell
Managing Director

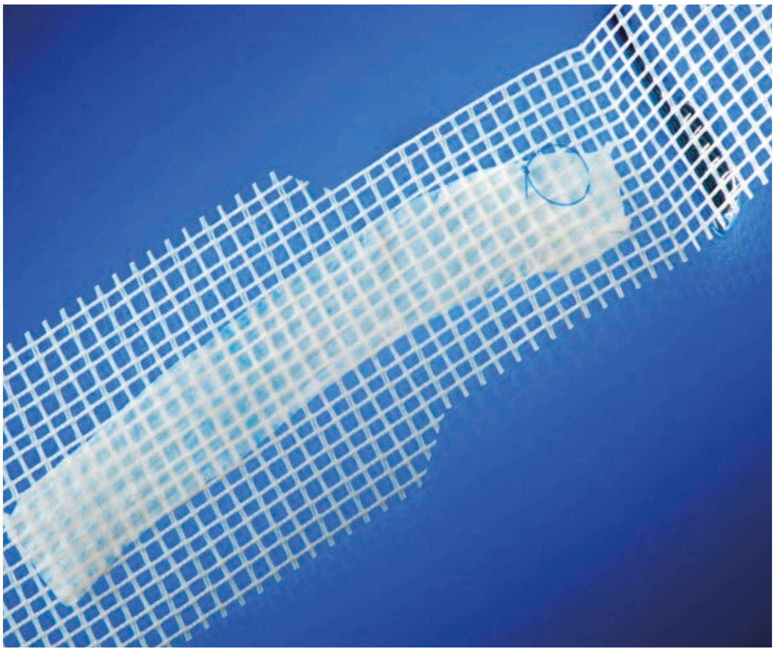
13 May 2013

Advanced Wound Care



Advanced Wound Care

Tissue Regenix announced in April 2013 that approval had been given for a clinical research trial of dCELL® dermis matrix in treating acute wounds.



This is an important milestone in our plans to target the global market for both chronic and acute wound care, which research firm Kalorama estimates could be worth around $21 billion by 2015.

Finding more effective ways to treat acute wounds, including surgical incisions and traumatic injuries, would save healthcare systems significant sums of money, improve patient recovery times and promote more successful healing.

The clinical study will be conducted by University Hospital of South Manchester NHS Foundation Trust and will involve a series of six-week trials on 50 healthy human patients to investigate the responsiveness of acute wounds to Tissue Regenix's dCELL® dermis matrix, and to clarify if dCELL® dermis improves the closure of acute wounds compared to "normal" wound healing and other options.

The human dermis clinical trial on chronic wounds also continues to produce positive results. The final results of the study are due for release shortly, but interim data suggested that treatment of chronic wounds with Tissue Regenix dCELL® Dermis has led to a significant reduction in the size of all wounds, with 45% of patients being completely healed. We have also begun discussions on initiating a clinical study in the USA. Early discussions with potential suppliers of the human dermis material are underway, and we also continue to develop the equivalent porcine product.

According to Kalorama, the global market for chronic and acute wound care is estimated to be worth around $21 billion by 2015 (from $16.8 billion in 2012).

Cardiac

Cardiac

Pilot pre-clinical activity is continuing as we move these products along the translation path.

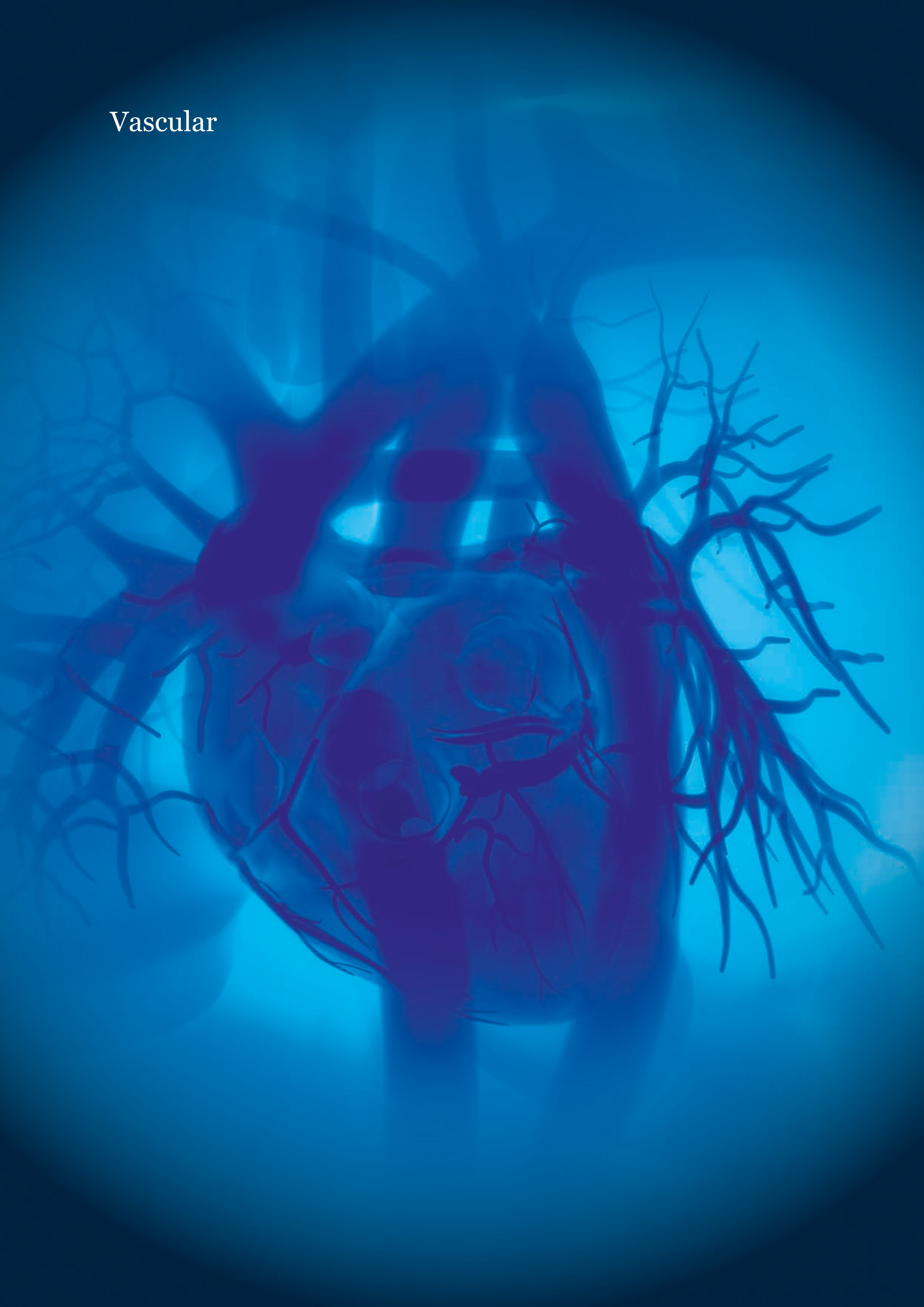
Several options with regard to application of the dCELL® technology to bioprosthetic heart valves are being explored. We are continuing discussions with tissue banks for the commercialisation of the dCELL® human heart valve in the EU against the background of positive clinical data for the implant. A porcine pulmonary valve is being translated from the work done at the University of Leeds, and pre-clinical work is planned for H1 2013.

We also welcomed Andrea Rausch to the cardiac team at Tissue Regenix during the year as Business Development Manager. Andrea brings with her considerable experience of the cardiac field of medicine through a number of senior sales and marketing roles.

Furthermore, Professor Francisco da Costa, the internationally renowned cardiac surgeon from Pontifical University of Parana, Brazil, and one of the company's long term clinical collaborators, continues to be at the forefront of the cardiac research field in trialling Tissue Regenix's dCELL® technology. The findings of his latest study has focused on decellularised human 'dCELL®' heart valve. The study's findings will be published in H1 2013, and will demonstrate the use of decellularised tissue engineered valves emerging as a better alternative to Right Ventricular Outflow Tract (RVOT) reconstruction, using the patented 'dCELL®' technology of Tissue Regenix.

The number of people aged 65 and over in the UK who require care for coronary heart disease is expected to rise by over 50% between 2010 and 2030.

Vascular



Vascular

During the year we added a patent application related to 'Acellular Arteries', the latest in Tissue Regenix's portfolio granted through its worldwide exclusive licence from the University of Leeds.

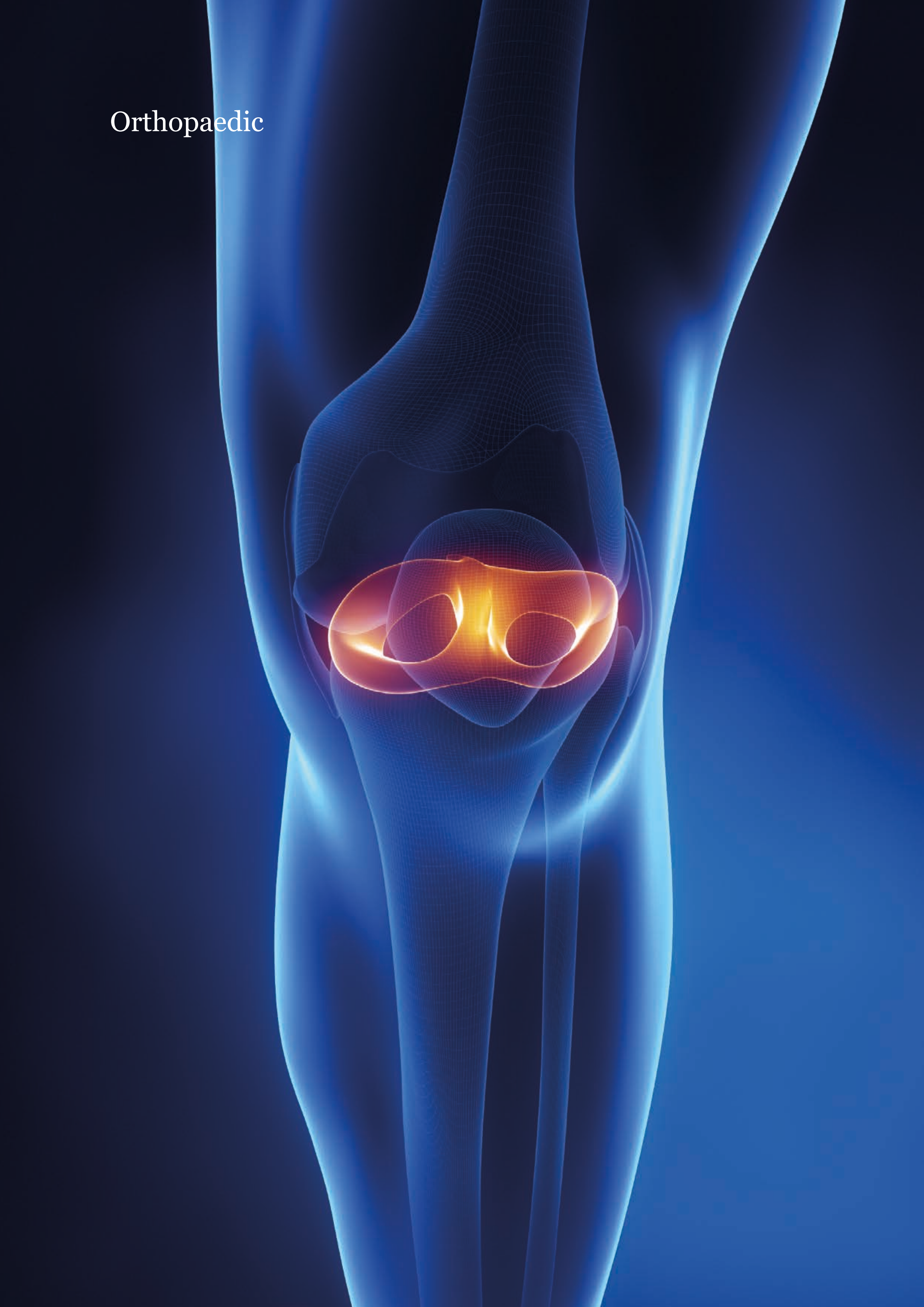
The patent relates to the development of products to address some major indications, such as Arteriovenous ('AV') dialysis grafts and coronary artery bypass grafts ('CABG').

Furthermore, a pilot study for the AV graft is now in progress, and we remain on course with our plans for a pre-clinical study in H2 2013. In 2012, two year data was released for the existing vascular patch, and we also met with the FDA during the year to progress US approval.

Furthermore, at our technology day in October 2012, the potential advantages of the Company's dCELL® technology over other types of decellularised tissue scaffolds was underpinned by Dr Alan Dardik, Associate Professor of Surgery at Yale University. Dr Dardik has conducted pre-clinical studies of the Tissue Regenix dCELL® vascular patch, and published the results in the scientific journal PLoS ONE.

There are estimated to be 820,000 end-stage renal disease patients in the EU and USA, 70% of whom receive dialysis annually.

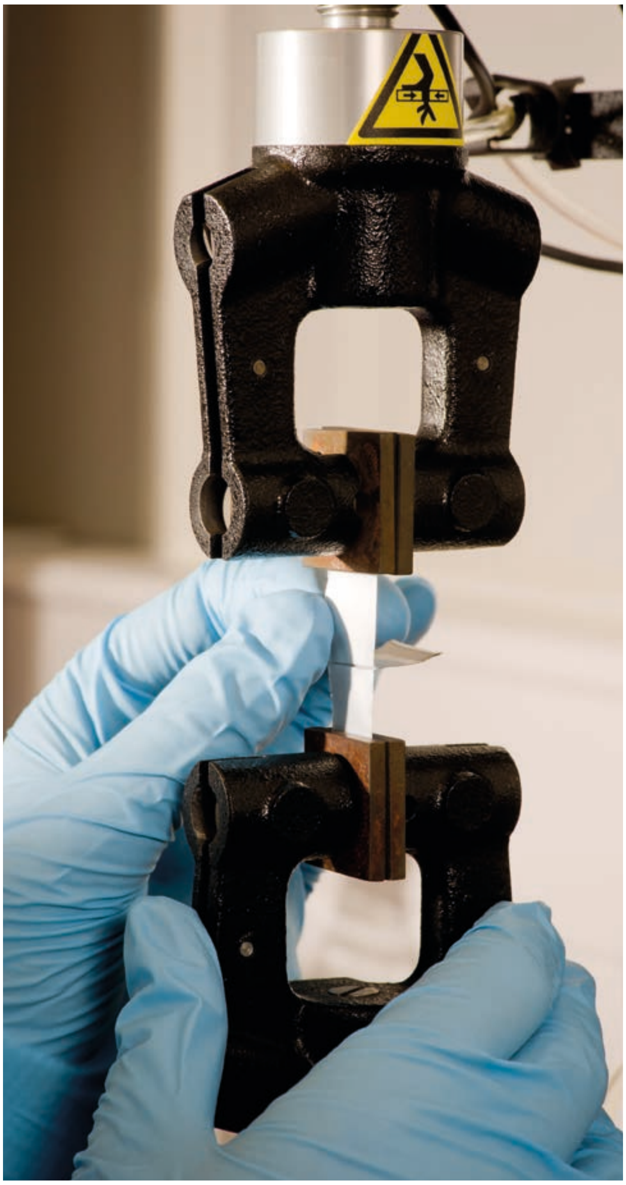
Orthopaedic



Orthopaedic

During the year we completed the pre-clinical study of the meniscus repair product, in which the results were encouraging.

We will be submitting regulatory application to start a clinical trial in Europe in H1 2014 when we have completed biomechanical testing and refined the suturing technique. The ligament repair product will be in pre-clinical studies by the end of H2 2013, and we have begun discussions with the FDA in respect of approval requirements for the US market. As we move nearer to clinical and pre-clinical trials we are developing health economic models to support later commercialisation.



Over 1.5 million meniscal procedures are expected in the US and Europe in 2013.

Directors' Report and Financials

Directors' Report

The Directors present their report and consolidated financial statements for the year ended 31 January 2013.

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 page 2.

Key performance indicators

Key Group performance indicators are set out below:

	31 January 2013 £000	31 January 2012 £000
Net assets	24,466	27,879
Total loss attributable to equity holders	(3,498)	(2,687)
Cash and cash equivalents	24,206	28,021

Results and dividends

The loss for the year attributable to equity holders was £3,498k (2012: £2,687k). The directors do not recommend the payment of a dividend (2012: 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	
Michael Bretherton	(resigned 8th Feb 2013)
Alan Aubrey	(resigned 30th November 2012)
Alan Miller	
Alexander Stevenson	(resigned 8th March 2013)
Alison Fielding	(appointed 1st December 2012)

Directors' interests in the shares of the Company, including family interests are included in the Remuneration Report on pages 18 to 20.

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.

Substantial shareholders

As at 31 March 2013, 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	192,257,019	29.45
Techtran Group Limited	89,884,942	13.77
ORA (Guernsey) Limited	89,542,488	13.72
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
John Samuel*	23,878,928	3.66
Alan Miller	21,486,988	3.29
Henderson Global Investors	20,935,015	3.21

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

Directors' Report continued

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 £24,206k as at 31 January 2013 (2012: £28,021k) 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 (2012: 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.

Auditor

In accordance with section 489 of the Companies Act 2006, a resolution to appoint KPMG Audit Plc will be put to the members at the Annual General Meeting.

On behalf of the Board

Antony Odell
Director

13 May 2013

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 John Samuel, who is chairman of the committee, Alison Fielding 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.

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 Report continued

Directors' remuneration

The remuneration of the main Board Directors' of Tissue Regenix Group plc who served in the year to 31 January 2013 was:

	Salary & fees £000	Bonus £000	Benefits £000	Total 2013 £000	Total 2012 £000
Antony Odell (note 1)	147	51	–	198	229
John Samuel (note 1)	100	–	–	100	100
Ian Jefferson (note 1)	124	30	–	154	95
Michael Bretherton (note 1 & 4)	11	–	–	11	12
Alan Aubrey (note 2)	13	–	–	13	15
Alison Fielding (note 3)	2	–	–	2	–
Alexander Stevenson	15	–	–	15	10
Alan Miller	15	–	–	15	15
Total	427	81	–	508	476

Note 1 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 £20,000 (2012: £59,000), Antony Odell £10,000 (2012: £30,000), Ian Jefferson £36,000 (2012: £28,000) and Michael Bretherton £1,000 (2012: £3,000).

Note 2 Alan Aubrey resigned on 30 November 2012.

Note 3 Alison Fielding was appointed on 1 December 2012.

Note 4 Mike Bretherton resigned on 8 Feb 2013.

Directors' shareholdings

Directors' interests in the shares of the Company, including family interests at 31 January 2013 were:

	Ordinary shares of 0.5p each			
	2013 Number	2013 %	2012 Number	2012 %
John Samuel (note 5)	23,878,928	3.66%	23,588,928	3.61%
Antony Odell (note 5)	5,572,800	0.85%	5,572,800	0.85%
Ian Jefferson (note 5)	1,009,404	0.03%	1,009,404	0.03%
Michael Bretherton (note 5)	1,200,000	0.18%	1,200,000	0.18%
Alan Aubrey (note 6 & 7)	2,389,259	0.37%	2,389,259	0.37%
Alan Miller	21,486,988	3.29%	21,486,988	3.29%
Alexander Stevenson (note 7)	–	–	–	–

Note 5 Includes shares held jointly by the director and EBT as set out below.

Note 6 Shares are held through IP2IPO Nominees Limited

Note 7 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 to 12.5% and 25% respectively of any shares (or proceeds thereof) distributed by the Northern Entrepreneurs Fund Co-investment LLP.

Directors' Remuneration Report continued

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 2013 were:

	At 1 February 2012	Granted during year	At 31 January 2013	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 allow 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 2013, the employment period and performance conditions had been met in relation to 791,466 EMI share options and 3,581,866 EBT shares held by Antony Odell and 1,600,000 EMI share options and 7,160,000 EBT shares held by John Samuel. These shares were therefore eligible to vest.

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 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 agreement's ("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 2013 was 13.5 pence per share, the highest and lowest prices during the year were 14.5 pence and 9.1 pence respectively.

Further details of all share options and jointly owned shares held by the Trustee are set out in note 16 to the financial statements.

On behalf of the Board

John Samuel
Chairman of the Remuneration Committee
13 May 2013

Corporate Governance Statement

Corporate governance

The Directors recognise the importance of sound corporate governance and have observed 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 two 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 and Alison Fielding.

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;

(iv) There is a clearly defined organisational structure; and

(v) There are well-established financial reporting and control systems.

Going Concern

At 31 January 2013, the Group had £24,206k 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 financial 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 financial statements of Tissue Regenix Group plc for the year ended 31 January 2013 set out on pages 24 to 45. 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 page 22, 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

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 2013 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.

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 (Senior Statutory Auditor)
for and on behalf of
KPMG Audit Plc, Statutory Auditor
Chartered Accountants
1 The Embankment
Neville Street
Leeds LS1 4DW

13 May 2013

Consolidated Statement of Comprehensive Income

For the year ended 31 January 2013

	Notes	2013 £000	2012 £000
Operating Income	4	49	109
Administrative expenses	4	(4,461)	(3,097)
Operating Loss		(4,412)	(2,988)
Finance income	6	440	62
Loss before taxation		(3,972)	(2,926)
Taxation	7	474	239
Loss after tax attributable to equity holders of the parent		(3,498)	(2,687)
Loss and total comprehensive expense for the year		(3,498)	(2,687)
Loss per share			
Basic and diluted on loss from continuing operations		(0.55)p	(0.57)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 2013

	Share Capital £000	Share Premium £000	Merger Reserve £000	Reverse Acquisition Reserve £000	Issued Equity Capital £000	Share Based Payment Reserve £000	Revenue Deficit Reserve £000	Total £000
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
Loss and total comprehensive expense for the year	–	–	–	–	–	–	(3,498)	(3,498)
Issue of shares	2	1	–	–	3	–	–	3
Share based payment expense	–	–	–	–	–	82	–	82
At 31 January 2013	3,264	31,966	10,884	(7,148)	38,966	536	(15,036)	24,466

Consolidated Statement of Financial Position

As at 31 January 2013

	Notes	2013 £000	2012 £000
Assets			
Non-current assets			
Property, plant and equipment	9	238	157
Total non-current assets		238	157
Current assets			
Trade and other receivables	10	707	350
Cash and cash equivalents	11	24,206	28,021
Total current assets		24,913	28,371
Total assets		25,151	28,528
Liabilities			
Current liabilities			
Trade and other payables	12	(685)	(649)
Total liabilities		(685)	(649)
Net assets		24,466	27,879
Equity			
Share capital	13	3,264	3,262
Share premium	13	31,966	31,965
Merger reserve	13	10,884	10,884
Reverse acquisition reserve	13	(7,148)	(7,148)
Issued equity capital		38,966	38,963
Share based payment reserve	16	536	454
Revenue reserve	14	(15,036)	(11,538)
Total equity		24,466	27,879

Approved by the Board of Directors and authorised for issue on 13 May 2013.

John Samuel
Executive Chairman

Ian Jefferson
Chief Financial Officer

Company number: 5969271

Consolidated Statement of Cash Flows

For the year ended 31 January 2013

	Notes	2013 £000	2012 £000
Operating activities			
Operating loss		(4,412)	(2,988)
Adjustment for non-cash items:			
Depreciation of property, plant and equipment	9	74	62
Share based payment	16	82	122
Tax refunded		239	280
Operating cash outflow		(4,017)	(2,524)
(Increase)/decrease in trade and other receivables		(122)	2
Increase in trade and other payables		36	396
Net cash outflow from operations		(4,103)	(2,126)
Investing activities			
Interest received		440	62
Purchases of property, plant and equipment	9	(155)	(30)
Net cash outflow from investing activities		285	32
Financing activities			
Proceeds from issue of share capital	13	3	25,009
Sale of joint interest in shares to employees	14	-	1
Expenses on issue of share capital	13	-	(784)
Net cash inflow from financing activities		3	24,226
Increase in cash and cash equivalents		(3,815)	22,132
Cash and cash equivalents at start of year		28,021	5,889
Cash and cash equivalents at end of year		24,206	28,021

Notes to the Financial Statements

1 Basis of preparation

The financial statements of Tissue Regenix Group plc are audited consolidated financial statements for the year to 31 January 2013. These include audited comparatives for the year to 31 January 2012.

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 2013, the Group had £24 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 35 to 36.

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.

The principal accounting policies applied are set out below.

Segmental reporting

At 31 January 2013, 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 losses 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.

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;

Notes to the Financial Statements

continued

- 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

Notes to the Financial Statements

continued

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 sharebased 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 behavioural 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.

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 opposite:

Notes to the Financial Statements
continued

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 £82,000 (31 January 2012: £122,000)

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):

International Financial Reporting Standards		Effective for accounting periods starting on or after
IAS 1*	Amendment to financial statement presentation	1 July 2012
IAS 19*	Amendment to employee benefits	1 January 2013
IFRS 10**	Consolidated financial statements	1 January 2013
IFRS 11**	Joint arrangements	1 January 2013
IFRS 12**	Disclosure of interests in other entities	1 January 2013
IFRS 10, 11 and 12	Amendments in transition guidance	1 January 2013
IFRS 13*	Fair value measurement	1 January 2013
IAS 27**	Separate financial statements (revised 2011)	1 January 2013
IAS 28**	Associates and joint ventures (revised 2011)	1 January 2013
IFRS 7*	Amendment to financial instruments: disclosures	1 January 2013
IFRS 1	Amendment to first time adoption	1 January 2013
IAS 32*	Amendment to financial instruments: presentation	1 January 2013

*Endorsed by the European Union.
**Endorsed by the European Union for periods starting on or after 1 January 2014.

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 2013, 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
continued

4 Loss from operations

	Year to 31 January 2013 £000	Year to 31 January 2012 £000
Loss from operations is stated after crediting:		
Grant income	45	107
Loss from operations is stated after charging to administrative expenses:		
Depreciation of plant and equipment (see note 9)	74	62
Operating lease rentals – land and buildings	189	129
Staff costs	1,846	1,330
Foreign exchange losses	4	3
Research and development (inclusive of research and development personnel)	2,122	1,089
Auditors remuneration:		
– fees payable to Company's auditor for the audit of the Company's accounts	10	10
– auditing the accounts of subsidiaries pursuant to legislation	5	5
Other services:		
– fees in relation to corporation tax	5	5
– fees in relation to other tax advice	23	–
Total auditor's remuneration	43	20

5 Staff costs

	Year to 31 January 2013 £000	Year to 31 January 2012 £000
The average monthly number of persons (including directors) employed by the Group during the year was:		
Directors	7	7
Laboratory and administration staff	29	19
	36	26

	Year to 31 January 2013 £000	Year to 31 January 2012 £000
The aggregate remuneration, including directors, comprised:		
Wages and salaries	1,568	1,094
Share based expense (see note 17)	82	122
Social security costs	196	114
	1,846	1,330
Directors' remuneration included comprised:		
Emoluments for qualifying services	590	598

Directors' emoluments disclosed above include £198,000 paid to the highest paid director (2012: £227,000) as well as share based payments benefit of £82,000 (2012: £122,000). There are no pension benefits for directors.

Notes to the Financial Statements

continued

6 Finance income

	Year to 31 January 2013 £000	Year to 31 January 2012 £000
Bank interest receivable	440	62

7 Taxation

Tax on loss on ordinary activities

	Year to 31 January 2013 £000	Year to 31 January 2012 £000
Current tax:		
UK corporation tax credit on losses of period	(474)	(239)
Tax credits received in respect of prior periods	–	–
	(474)	(239)
Deferred tax:		
Origination and reversal of temporary timing differences	–	–
Tax credit on loss on ordinary activities	(474)	(239)

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 2013 £000	Year to 31 January 2012 £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	(3,972)	(2,926)
Tax at the standard rate of corporation tax 20%	(794)	(585)
Effects of:		
Expenses not deductable for tax purposes	16	25
Research and development tax credits received	(474)	(239)
Surrender of research and development relief for repayable tax credit	846	382
Research and development enhancement	(463)	(186)
Unutilised tax losses	395	364
Tax credit for the year	(474)	(239)

Deferred Tax

	Year to 31 January 2013 £000	Year to 31 January 2012 £000
Tax losses		
Losses available to carry forward against future trading profits	6,850	4,624
Deferred tax asset – unrecognised*	1,370	925

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

Notes to the Financial Statements
continued

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 2013 £000	Year to 31 January 2012 £000
Total loss attributable to the equity holders of the parent	(3,498)	(2,687)
	No.	**No.**
Weighted average number of ordinary shares in issue during the year	635,276,123	469,184,667
Loss per share		
Basic and diluted on loss for the year	(0.55)p	(0.57)p

The Company has issued employee options over 18,100,725 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 2011	200	36	35	271
Additions	9	–	21	30
At 31 January 2012	209	36	56	301
Additions	123	–	32	155
At 31 January 2013	332	36	88	456
Depreciation				
At 31 January 2011	60	10	12	82
Charge for the year	41	8	13	62
At 31 January 2012	101	18	25	144
Charge for the year	51	6	17	74
At 31 January 2013	152	24	42	218
Net book value				
At 31 January 2013	180	12	46	238
At 31 January 2012	108	18	31	157
At 31 January 2011	140	26	23	189

Notes to the Financial Statements
continued

10 Trade and other receivables

	2013 £000	2012 £000
Trade debtors	2	–
Other receivables	654	299
Prepayments and accrued income	51	51
	707	350

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

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.

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 2013		
	Fixed rate £000	Floating rate £000	Total £000
Cash and cash equivalents	23,875	331	24,206

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

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 on page 36.

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

Notes to the Financial Statements

continued

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:

	2013 £000	2012 £000
Cash and cash equivalents		
AA	279	132
A	23,927	26,347
BBB	–	1,542
	24,206	28,021

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 notes 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 2013			
Trade and other receivables	654	–	654
Cash and cash equivalents	24,206	–	24,206
Trade and other payables	–	(259)	(259)
Total	24,860	(259)	24,601

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

The Company had no financial instruments measured at fair value.

Notes to the Financial Statements

continued

12 Trade and other payables

	2013 £000	2012 £000
Trade payables	205	287
Taxes and social security	54	37
Accruals	426	325
	685	649

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:

	2013 £000	2012 £000
Sterling	205	281
US Dollars	–	2
Euros	–	4
Trade payables	205	287

13 Share capital

	Number	Share capital £000	Share premium £000	Merger reserve £000	Reverse acquisition reserve £000	Total £000
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 Share Trust	827,586	4	–	–	–	4
Expenses on issue of shares	–	–	(784)	–	–	(784)
Total Ordinary shares of 0.5 p each as at 31 January 2012	652,380,047	3,262	31,965	10,884	(7,148)	38,963
Share options exercised	444,972	2	1	–	–	3
Total Ordinary shares of 0.5p each as at 31 January 2013	652,825,019	3,264	31,966	10,884	(7,148)	38,966

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.

Notes to the Financial Statements
continued

14 Movement in revenue reserve and own shares

	Retained Earnings Deficit £000	Own shares £000	Deficit Revenue Reserve £000
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)
Loss for the year	(3,498)	–	(3,498)
At 31 January 2013	(14,205)	(831)	(15,036)

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:

	2013 £000	2012 £000
Land and buildings:		
Amounts due within one year	38	11

16 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.

Notes to the Financial Statements

continued

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

	Number of share interests				Weighted average exercise price per share (£)
	EMI options	Unapproved options	EBT shares	Total	
At 31 January 2011	14,437,504	1,717,019	16,712,800	32,867,323	0.0330
Exercised in the year	(826,376)	(310,000)	–	(1,136,376)	(0.0073)
Issued in the year	1,018,181	–	827,586	1,845,767	0.1410
At 31 January 2012	14,629,309	1,407,019	17,504,386	33,576,714	0.0402
Exercised in the year	(444,972)	–	–	(444,972)	(0.0073)
Lapsed during year	–	(18,797)	–	(18,797)	(0.0073)
Issued in the year	1,479,984	1,048,182	–	2,528,166	0.1216
At 31 January 2013	15,664,321	2,436,404	17,504,386	35,641,111	0.0464

There were 13,358,644 share options outstanding at 31 January 2013 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 2013.

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 11,141,866 of the jointly held EBT shares which were eligible to vest as at 31 January 2013. 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 2013	Options Granted year to 31 January 2013	EBT shares Granted year to 31 January 2012	Options Granted year to 31 January 2012
Dividend yield	–	–	–	–
Expected volatility	–	47%	47%	47%
Risk free interest rate (%)	–	0.9	0.9	0.9
Expected vesting life of EBT shares and options (years)	–	4	4	4
Weighted average share price (£)	–	0.1216	0.1425	0.1375

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.

Notes to the Financial Statements
continued

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

	Granted year to 31 January 2013 £000	Granted year to 31 January 2012 £000
Share options	38	33
Jointly owned shares	44	89
Total share based payments	82	122

17 Related party transactions

Trading transactions with	Year ended 31 January 2013 £000	Year ended 31 January 2012 £000
Transactions with significant shareholders:		
Patent support costs	90	20

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 2013 £000	Year ended 31 January 2012 £000
Short-term employment benefits*	508	476

*In addition, certain directors hold share options and jointly owned shares in the Company for which a fair value share based charge of £82,000 has been recognised in the consolidated statement of comprehensive income (2012: £122,000).

During the year ended 31 January 2013, the Company entered into numerous transactions with its subsidiary company which net off on consolidation – these have not been shown above.

18 Ultimate controlling party

The directors believe that there is no ultimate controlling party.

Company Statement of Changes in Equity

For the year ended 31 January 2013

	Share Capital £000	Share Premium £000	Merger Reserve £000	Share Based Payment Reserve £000	Revenue Deficit Reserve £000	Total £000
	Attributable to the equity holders of the Company					
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
Total expense and other comprehensive loss for the year	–	–	–	–	(473)	(473)
Share options exercised	2	1	–	–	–	3
Share based payment expense	–	–	–	82	–	82
At 31 January 2013	3,264	31,966	10,884	463	(4,542)	42,035

Company Statement of Financial Position

For the year ended 31 January 2013

	Notes	2013 £000	2012 £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	157	59
Intercompany loan balance	C5	5,209	1,812
Cash and cash equivalents		23,931	27,877
		29,297	29,748
Total assets		42,219	42,670
Liabilities			
Current liabilities			
Trade and other payables	C6	(184)	(247)
Total liabilities		(184)	(247)
Net assets		42,035	42,423
Equity			
Share capital	13	3,264	3,262
Share premium	13	31,966	31,965
Merger reserve	13	10,884	10,884
Issue equity capital		46,114	46,111
Share based payment reserve	16	463	381
Revenue reserve		(4,542)	(4,069)
Total equity		42,035	42,423

Approved by the Board of Directors and authorised for issue on 13 May 2013.

John Samuel
Executive Chairman

Ian Jefferson
Finance Director

Company number: 5969271

Company Statement of Cash Flows

For the year ended 31 January 2013

	Notes	2013 £000	2012 £000
Operating activities			
Loss before interest and tax		(913)	(900)
Adjustment for non-cash items:			
Share based payments	16	82	122
Operating cash outflow		(831)	(778)
(Increase)/decrease in trade and other receivables		(98)	13
(Decrease)/increase in trade and other payables		(63)	163
Net cash generated from operations		(992)	(602)
Investing activities			
Interest received		440	62
Loan to subsidiary undertaking	C6	(3,397)	(1,268)
Net cash generated from investing activities		(2,957)	(1,206)
Financing activities			
Proceeds from issue of share capital	13	3	25,009
Sale of joint interest in shares to employees		–	1
Expenses on issue of share capital	13	–	(784)
Net cash used in financing activities		3	24,226
Increase in cash and cash equivalents		(3,946)	22,418
Cash and cash equivalents at start of year		27,877	5,459
Cash and cash equivalents at end of year		23,931	27,877

Notes to the Company Information

For the year ended 31 January 2013

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 2013 was a loss of £473k.

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 2013, the Company held the following investments in subsidiaries;

		Share of issued capital and voting rights	
Undertaking	**Sector**	**2013**	**2012**
Tissue Regenix Limited	Regenerative medicine	100%	100%
TRx Wound Care Limited	Regenerative medicine	100%	–
TRx Orthopaedics Limited	Regenerative medicine	100%	–
TRx Cardiac Limited	Regenerative medicine	100%	–
TRx Vascular Limited	Regenerative medicine	100%	–
Tissue Regenix Wound Care Inc*	Regenerative medicine	100%	–
Oxray Limited	Dormant	85%	85%

*Held through TRx Wound Care Limited

Cost	**2013 £000**	**2012 £000**
At 1 February	14,707	14,707
Additions	–	–
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

	2013 £000	**2012 £000**
Prepayments & accrued income	27	37
Other debtors	130	22
	157	59

Notes to the Company Information

continued

C5 Current assets

	2013 £000	2012 £000
Intercompany loan	5,209	1,812

A loan of £5,209k was advanced to Tissue Regenix Limited in the year. No interest was payable on the loan.

C6 Trade payables

	2013 £000	2012 £000
Trade Creditors	25	127
Social Security and other taxes	17	17
Accruals	142	103
	184	247

Notice of Annual General Meeting

Notice is given that the 2013 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 14 June 2013 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 2013.

2. To reappoint Antony Odell, who retires by rotation, as a director of the Company.

3. To reappoint John Samuel, who retires by rotation, as a director of the Company.

4. To reappoint Alison Fielding, who has been appointed since the last annual general meeting, as a director of the Company.

5. To reappoint KPMG Audit Plc as auditors of the Company.

6. To authorise the directors to determine the remuneration of the auditors.

7. 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:

7.1 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 7.2 of this resolution) in connection with a rights issue:

7.1.1 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

7.1.2 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

7.2 otherwise than pursuant to paragraph 7.1 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 7.1 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 14 September 2014 (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:

8. That, subject to the passing of resolution 7 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

Notice of Annual General Meeting
continued

Act) for cash pursuant to the authorities granted by resolution 7 as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

8.1 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 7.1 of resolution 7, such power shall be limited to the allotment of equity securities 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 the allotment of equity securities pursuant to the authority granted by paragraph 7.2 of resolution 7 (otherwise than pursuant to paragraph 8.1 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 14 September 2014 (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).

9. That, pursuant to section 701 of the 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:

9.1 the maximum aggregate number of Shares which may be purchased is 65,282,501;

9.2 the minimum price (excluding expenses) which may be paid for a Share is 0.5p;

9.3 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 14 September 2014 (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

13 May 2013

Registered office

The Biocentre
Innovation Way
Heslington
York YO10 5NY

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 12 June 2013 (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 12 June 2013 (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 12 June 2013 (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 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 4 of the enclosed annual report and accounts.

General Shareholder Information

Directors

John Samuel	(Executive Chairman)
Antony Odell	(Managing Director)
Ian Jefferson	(Chief Financial Officer)
Alan Miller	(Non-executive Director)
Alison Fielding	(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

Auditor

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

Nominated Adviser and Broker

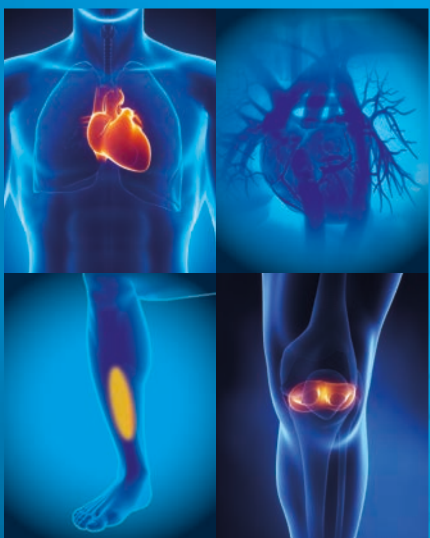
Jefferies International Ltd
Vintners Place
68 Upper Thames Street
London EC4V 3BJ

Registrar

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

Legal Adviser

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



Tissue Regenix Group plc

The Biocentre
Innovation Way
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York YO10 5NY
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www.tissueregenix.com