ReNeuron

pioneering stem cell therapeutics

PRESS RELEASE

Guildford, UK: 27 June 2007

ReNeuron Group plc
Preliminary Results for the Year Ended 31 March 2007

Operational Highlights

- Application filed in November 2006 to commence initial clinical trial in the US with lead ReN001 stem cell therapy for stroke
  - Further FDA guidance recently received, clarifying additional data requirements in support of application
  - Submission of further data in support of application on track for Q4 2007
- Prestigious grant awarded by the Michael J Fox Foundation for ReN004 Parkinson's disease programme
- Research collaboration initiated with Schepens Eye Research Institute (Harvard Medical School) for ReN003 retinal disease programme
- Insulin-producing islet cells generated in ReN002 diabetes programme
- Worldwide market launch of *ReNcell®* neural stem cell lines for non-therapeutic applications and collaboration signed to develop *ReNcell®* liver cell products
- Key European patent granted covering neural stem cell lines

Financial Highlights

- Equity fundings raise £8.1 million before expenses
- Cash and short term investments at 31 March 2007 of £7.7 million (2006: £5.1 million)
- Loss for the year of £5.2 million (2006 restated: £6.4 million, after exceptional items of £1.2 million)
- Net cash outflow before management of liquid resources and financing items £5.4 million (2006: £4.6 million)

Commenting on the results, Professor Trevor Jones, Chairman, said:

"The period under review has been a significant one for ReNeuron, with our ReN001 stroke therapy having progressed to the point of an initial regulatory filing with the FDA in the US. We are currently supplementing this filing with further data and we remain highly confident of achieving our primary near-term objective of commencing a Phase I clinical trial with ReN001, following regulatory approval. Beyond ReN001, we have made steady progress with our other therapeutic programmes and other activities in the period, as well as further strengthening our patent estate and financial resources. We look forward to reporting further progress across all aspects of our business over the course of the current financial year."

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Chairman's and Chief Executive Officer's Joint Statement

Review of Operations

ReN001 stem cell therapy for stroke

ReNeuron's most advanced therapeutic programme is its ReN001 stem cell therapy for stroke. This treatment is targeted at patients who have suffered a stroke and have been left disabled by it. During the period, we filed our first Investigational New Drug (IND) application with the US Food and Drug Administration (FDA) to commence initial clinical trials with ReN001 in the US. This filing represents the world's first such application concerning a neural stem cell treatment for a major neurological disorder.

Subsequent to the IND filing, and in accordance with established procedure, the FDA placed the application on clinical hold and confirmed its questions and requests for further information regarding the application. We are currently working to conclude a number of additional pre-clinical studies in support of the data package required to address the FDA's requests.

The most important of these is a study examining the long-term safety profile of ReN001 in a specialised rodent stroke model. We had anticipated the possible need for such a study and therefore initiated it last year with an experienced contract research organisation in the US. This study is currently approaching its end-point, with no significant or unusual adverse safety effects having been identified thus far in either control or treatment groups. We have been greatly encouraged by the results from this study to date, given its importance to the regulatory submission and to our overall knowledge base concerning the long-term safety characteristics of ReN001.

We have received recent guidance from the FDA providing further clarification of the data requirements in support of the IND application, and we intend to maintain our constructive dialogue with the reviewers as we finalise the data package. Based on this guidance, and on our internal timetables, we remain on track to submit the data package to the FDA in Q4 2007.

Based on the above progress, and following regulatory approval, we remain highly confident of achieving the key near-term objective of taking our first stem cell therapy into man in an area of significant unmet medical need.

As well as demonstrating the safety and efficacy of a potential stem cell therapy, it is also critical, in order to establish a commercially viable treatment, to be able to show scalability of the cell product and consistency of quality throughout the scale-up process. Using ReNeuron's unique and highly efficient *c-mycER* stem cell expansion technology, we have now successfully scaled up our ReN001 product into a series of clinical and commercial grade banks of cells, manufactured and tested to full Good Manufacturing Practice (cGMP) standards. It is from these pre-existing cell banks that all future ReN001 clinical and market product can be derived.

We believe that the ability to scale our ReN001 therapy readily to the volumes necessary to serve the large numbers of eligible stroke patients will greatly enhance ReN001's attractiveness to future commercial development partners.

Other therapeutic and non-therapeutic programmes

Our other therapeutic programmes continued to progress well during the period. A key milestone in the ongoing successful development of these programmes will be to show, initially in pre-clinical testing, that our *c-mycER* platform technology can generate a safe, effective and scalable stem cell product across each of the cell types we are using to address the diseases targeted. We are currently working to generate the requisite pre-clinical data for each of these programmes, in conjunction with our academic and commercial technology collaborators.

With our ReN005 therapy for Huntington's disease, we have now successfully produced a master cell bank to cGMP standard for ReN005, from which all future clinical and commercial product will be derived. During the period, we initiated a collaboration with the Schepens Eye Research Institute at Harvard Medical School in the US to progress our ReN003 programme for disorders of the retina. Also in the period, we were awarded a prestigious grant by the US-based Michael J. Fox Foundation for Parkinson's Research to develop our ReN004 therapy for Parkinson's disease. We were delighted to be awarded this grant which we regard as an important independent validation of the therapeutic approach we are adopting with our ReN004 programme. More recently, we announced significant progress with our ReN002 programme for Type 1 (juvenile) diabetes patients, having used our *c-mycER* platform to develop functional insulin-producing islet cells for subsequent pre-clinical testing.

We have made good progress during the period with our *ReNcell®* products for non-therapeutic applications in research and in the pharmaceutical industry. Our first generation *ReNcell® CX* and *ReNcell® VM* neural cell lines were officially launched onto the market through US-based Millipore Corporation. A paper describing the characteristics of these cell lines was recently published in the on-line journal, *BMC Neuroscience*. We have also progressed development of our second generation *ReNcell® HEP* hepatocyte (liver) cell line for use as a drug toxicology testing and screening tool. This cell line is currently under evaluation by a number of commercial parties. In the period, we initiated a collaboration with Japan-based CellSeed Inc. to develop novel, liver cell culture systems using the *ReNcell® HEP* cell line in conjunction with CellSeed's temperature-sensitive polymer technology.

Other activities

During the period, we became a participant in a research project to develop regenerative, cell-based therapeutic "units" for implantation into stroke patients. The project involves academic groups in the UK and US and is funded under the US National Institutes of Health Quantum Grant Programme. We also initiated a research collaboration with King's College London during the period, to further develop our *c-mycER* stem cell expansion technology. This project is part-funded by the UK government under its Knowledge Transfer Partnership scheme.

In February 2007, we entered into a revenue-sharing agreement with the Ludwig Institute of Cancer Research (LICR) and the US-based Dana-Farber Cancer Institute, concerning research conducted by these institutions on certain gene-based cell expansion technology. This technology has been licensed to a commercial partner and ReNeuron's entitlement to revenues generated from the licence stems from an earlier agreement between ReNeuron and the LICR.

We have continued to strengthen our intellectual property position during the period and thereafter. Significantly, in April 2007, we received notification of grant from the European Patent Office concerning a patent application that covers the composition, manufacture and use of three of our key human neural stem cell lines, including those lines that constitute our ReN001 and ReN005 therapies for stroke and Huntington's disease, respectively. A key advantage of our *c-mycER* stem cell expansion technology is its ability to generate individual cell lines which we can then seek to patent in their own right. These cell lines represent the prototypes of distinct, patent-protected cell-based therapies or products that can therefore be more readily licensed to commercial partners in due course.

In the wider context, we were greatly encouraged by the European Parliament vote, in April 2007, to provide an integrated regulatory framework for the authorisation and post-marketing vigilance of advanced therapy products, such as the stem cell therapies ReNeuron is developing. The Regulation has subsequently been agreed to by the EU Council of Health Ministers, and should be formally adopted later this year. This development provides regulatory clarity for businesses like ours, creating a workable regulatory system which will assess the efficacy and safety of advanced therapies in a consistent manner across Europe.

During the period, we also secured our near-term financial position by raising further equity funding totalling £8.1 million, before expenses. This was achieved through a combination of the placing of new shares and the exercise of outstanding warrants over the Company's shares.

Summary of results

In the year ended 31 March 2007, turnover was £49,000 (2006: £9,000), representing initial income from the Group's non-therapeutic licensing activities.

Net operating expenses before exceptional items increased in the period to £6.2 million (2006 restated: £5.9 million). Of this increase, £0.2 million relates to non-cash charges arising from the Group's adoption of Financial Reporting Standard 20, "Share based payments". The balance of the net increase in costs relates to a provision of £0.1 million against intangible assets acquired, the comparative charge of £0.9 million being treated as an exceptional item in the prior period. The balance of the overall operational cost base stayed broadly equivalent across the two periods.

Net operating expenses including exceptional items decreased in the period to £6.2 million (2006 restated: £7.1 million). There were no exceptional charges in the period (2006: £1.2 million), and no interest payable (2006: £0.25 million). Other operating income and interest received in total were broadly equivalent in both periods at £0.5 million. Tax credits booked against research and development expenditure were also broadly constant in both periods at £0.5 million. The resulting net loss for the period decreased to £5.2 million (2006 restated: £6.4 million), largely as a result of there being no exceptional charges in the period.

Net cash outflow before use of liquid resources and financing increased in the period to £5.4 million (2006: £4.6 million). This was due largely to debtor and creditor balances decreasing in the period by £43,000 and £0.5 million respectively, compared to respective prior period increases of £0.2 million and £0.7 million. During the period, short term creditors and accruals decreased from £1.3 million to £0.8 million, due primarily to payments made in the period to pre-clinical contract research organisations for work undertaken that was accrued for in the prior period.

At the Annual General Meeting in September 2006, a resolution was passed to subdivide each 10p ordinary share in the Company into one new ordinary share of 1p nominal value and one deferred share of 9p nominal value. In order to leave the total number of issued ordinary shares in circulation unchanged after the subdivision, the deferred shares so created were repurchased by the Company for 1p in aggregate consideration, and cancelled. A capital redemption reserve of £9.0 million was consequently created, representing the aggregate nominal value of the cancelled deferred shares.

As at 31 March 2007, the Group had cash balances totalling £7.7 million (2006: £5.1 million). During the period, the Group raised £0.7 million and £5.5 million, before expenses, in two share placings, and outstanding warrants over the Company's shares were also exercised in the period to raise a further £1.9 million. The directors estimate that the Group's current cash resources are sufficient to meet expenditure requirements for at least the next twelve months. Consequently, the going concern basis has been adopted in the preparation of these financial statements.

Summary and outlook

The period under review has been a significant one for ReNeuron, with our ReN001 stroke therapy having progressed to the point of an initial regulatory filing with the FDA in the US. We are currently supplementing this filing with further data and we remain highly confident of achieving our primary near-term objective of commencing a Phase I clinical trial with ReN001, following regulatory approval. Beyond ReN001, we have made steady progress with our other therapeutic programmes and other activities in the period, as well as further strengthening our patent estate and financial resources. We look forward to reporting further progress across all aspects of our business over the course of the current financial year.

Professor Trevor Jones
Chairman

Michael Hunt
Chief Executive Officer

27 June 2007

ReNeuron Group plc consolidated profit and loss account for the year ended 31 March 2007

	Note	**Year ended 31 March 2007 Unaudited**	Year ended 31 March 2006 Unaudited Restated
		£'000	£'000
Turnover		**49**	9
Cost of sales		**-**	-
Gross profit		**49**	9
Net operating expenses excluding exceptional items	2	**(6,223)**	(5,941)
Exceptional operating costs	3	**-**	(1,167)
Net operating expenses including exceptional items		**(6,223)**	(7,108)
Other operating income		**263**	270
Operating loss		**(5,911)**	(6,829)
Interest receivable and similar income		**192**	197
Interest payable and similar charges		**-**	(250)
Loss on ordinary activities before taxation		**(5,719)**	(6,882)
Tax credit on loss on ordinary activities		**523**	513
Loss for the financial year	6	**(5,196)**	(6,369)
Loss per 1p ordinary share			
Basic and diluted	4	**(4.9p)**	(8.8p)

All results arise from continuing operations.

Statement of total recognised gains and losses for the year ended 31 March 2007

	Note	**Year ended 31 March 2007 Unaudited**	Year ended 31 March 2006 Unaudited Restated
		£'000	£'000
Loss for the period		**(5,196)**	(6,369)
Total recognised losses for the period		**(5,196)**	(6,369)
Prior year adjustment – Share based payment	1	**(56)**	
Total recognised losses since last annual report		**(5,252)**	

Reneuron Group plc consolidated balance sheet as at 31 March 2007

	Note	**As at 31 March 2007 Unaudited £'000**	As at 31 March 2006 Unaudited Restated £'000
Fixed assets			
Negative goodwill	5	**(1,233)**	(1,421)
Tangible fixed assets		**1,042**	1,208
		(191)	(213)
Current assets			
Debtors - due after one year		**125**	81
Debtors - due within one year		**879**	946
Cash at bank and in hand		**7,676**	5,134
		8,680	6,161
Creditors: amounts falling due within one year		**(782)**	(1,320)
Net current assets		**7,898**	4,841
Total assets less current liabilities		**7,707**	4,628
Net assets		**7,707**	4,628
Capital and reserves			
Called up share capital	6	**1,377**	9,355
Share premium account	6	**12,974**	5,472
Capital redemption reserve	6	**8,964**	-
Warrant reserve	6	**113**	436
Other reserves	6	**365**	365
Profit and loss reserve	6	**(16,086)**	(11,000)
Total shareholders' funds	6	**7,707**	4,628

ReNeuron Group plc consolidated cash flow statement for the year ended 31 March 2007

	Note	**Year ended 31 March 2007 Unaudited** **£'000**	Year ended 31 March 2006 Unaudited Restated £'000
Net cash outflow from operating activities	7	**(6,034)**	(4,995)
Returns on investments and servicing of finance			
Interest received		**192**	179
Net cash inflow from returns on investments and servicing of finance		**192**	179
Taxation			
UK corporation tax — research and development tax credits received		**503**	329
Capital expenditure			
Purchase of tangible fixed assets		**(32)**	(92)
Net cash outflow from capital expenditure		**(32)**	(92)
Net cash outflow before use of liquid resources and financing		**(5,371)**	(4,579)
Management of liquid resources			
Decrease in short term investments		**-**	361
Financing			
Increase in loans		**-**	1,000
Issue of ordinary share capital		**8,106**	9,500
Share issue costs		**(193)**	(1,218)
Increase in cash in the period		**2,542**	5,064

Notes to the preliminary results for the year ended 31 March 2007

1. Basis of preparation

These preliminary results do not constitute financial statements within the meaning of Section 240 of the Companies Act 1985. Results for the year ended 31 March 2007 have not been audited. Results for the year ended 31 March 2006 have been extracted and restated, as noted below, from the statutory financial statements of the Group that have been filed with the Registrar of Companies and upon which the auditors reported without qualification. The restated results for the year ended 31 March 2006 have therefore also been marked as unaudited in these preliminary results. The statutory accounts and audit report for the year ended 31 March 2007 have not yet been approved by the directors or the auditors respectively.

These preliminary results for the year ended 31 March 2007 have been prepared in accordance with the accounting policies set out in the consolidated statutory accounts for ReNeuron Group plc for the year ended 31 March 2006, except as noted below:

Change in accounting policy

During the year, the Group adopted Financial Reporting Standard 20, 'Share based payments' (FRS 20) and the related Urgent Issues Task Force ('UITF') No.44, 'Group and Treasury Share Transactions'. The comparative numbers have been restated to reflect the change in accounting policy.

FRS 20 requires the fair value of employee share options to be charged to the profit and loss account over the period the employee becomes entitled to the award. The Group has taken advantage of the transitional arrangements in FRS 20 and only applied the requirements to options granted after 1 April 2006, the effective date for the Group.

The impact of adopting FRS 20 is a charge of £110,000 to the profit and loss account in the current year in respect of share options granted. A charge of £56,000 has been reflected in the restated profit and loss account for the prior year.

The adoption of FRS 20 has also resulted in a charge of £113,000 to the profit and loss account in the current year in respect of warrants issued during the year. There has been no impact in respect of warrants on the comparative period.

Going concern

The financial statements have been prepared on the going concern basis. The directors estimate that cash held by the Group at the date of approval of the preliminary announcement will be sufficient to continue funding the trading activities of the Company and the Group for at least a further twelve months from the date of approval of the preliminary announcement.

Share based payments

The Company issues equity settled share based payments to certain employees. Equity settled share based payments are measured at fair value at grant date. Fair value is measured using the Black-Scholes model, taking into account the terms and conditions upon which the instruments were granted, including the impact of any non-market based vesting conditions.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the equity instruments granted and the number of equity instruments which eventually vest. A corresponding credit is made to equity.

At each balance sheet date, the Company revises its estimate of the number of equity instruments that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

Where the Company has granted options over the Company's shares to employees of its subsidiaries, a capital contribution has been deemed to be made by the Company and no charge arises in the profit and loss account of the Company.

Where warrants have been issued as recompense for services supplied these are considered equity settled share based payments. The fair value of warrants, calculated using the Black-Scholes model, is charged to the profit and loss account and a corresponding credit is made to the warrant reserve.

Warrants

Where warrants have been issued together with ordinary shares, the proportion of the proceeds received that relates to the warrants is determined by reference to the relative market values of the warrants. The proportion of the proceeds that relates to the warrants is credited to a warrant reserve within shareholders' funds.

Where warrants have been issued as recompense for services supplied these are considered equity settled share based payments and are accounted for in accordance with FRS 20. See share based payment accounting policy above.

2. Net operating expenses excluding exceptional items

	Year ended 31 March 2007 Unaudited	Year ended 31 March 2006 Unaudited Restated
	£'000	£'000
Administrative expenses	**1,858**	1,608
Research and development expenditure	**4,365**	4,333
Net operating expenses excluding exceptional items	**6,223**	5,941

3. Exceptional operating costs

	Year ended 31 March 2007 Unaudited	Year ended 31 March 2006 Unaudited Restated
	£'000	£'000
Exceptional administrative expenses:		
Share option compensation charge	**-**	273
Exceptional research and development expenditure:		
Provision against intangible assets acquired	**-**	894
	-	1,167

Share option compensation charge

In the prior year, a net charge of £273,000 was made to the profit and loss account in accordance with Urgent Issues Task Force Abstract 17, "Employee share schemes" (UITF 17), and identified as exceptional. The charge of £110,000 relating to share based payments in the current year is not considered exceptional and has been included in operating costs.

Provision against intangible assets acquired

In July 2005, ReNeuron entered into licence and subscription and share exchange agreements with StemCells, Inc., whereby the Group was granted a licence to certain intellectual property and patents owned by or exclusively licensed to StemCells, Inc., and pursuant to which the Company issued, as part consideration for the licence, a total of 8,939,493 ordinary shares of 10p each to StemCells, Inc. Due to the early stage nature of the underlying technology, the directors carried out an impairment review of the intangible asset so created, and considered that it was appropriate to provide against the asset in full. The charge in the prior year was considered exceptional, but an equivalent charge of £139,000 in the current year is not.

4. Loss per share

The basic and diluted loss per share is calculated by dividing the loss for the financial year attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year. The loss for the financial year ended 31 March 2007 is £5,196,000 (2006 restated: £6,369,000) and the weighted average number of 1p ordinary shares in issue during the year ended 31 March 2007 is 106,455,554 (2006: 72,532,756). During the prior year, ordinary shares had a nominal value of 10p; as a result of the share split in September 2006, as disclosed in Note 6, the nominal value was amended to 1p.

No change in the number of shares has occurred.

Potential dilutive instruments, such as options and warrants, are not treated as dilutive as the Group has made a loss in each year.

5. Amortisation of negative goodwill

Negative goodwill arose during the period ended 31 March 2004 on the acquisition of ReNeuron (UK) Limited by ReNeuron Holdings Limited. The amount of negative goodwill arising on acquisition was £2,916,000. The amount that was in excess of the fair values of non-monetary assets acquired was immediately amortised to the profit and loss account. The remaining negative goodwill of £1,883,000, being equal to the fair values of non-monetary assets acquired, is being amortised over a period of 10 years, the period over which the non-monetary assets are expected to be recovered.

6. Share capital and reserves

	Share capital account	Share premium account	Capital redemption reserve	Warrant reserve	Other reserves	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2006	9,355	5,472	-	436	365	(11,000)	4,628
Issue of new ordinary shares	986	7,259	-	-	-	-	8,245
Costs of share issue	-	(193)	-	-	-	-	(193)
Subdivision of ordinary shares	(8,964)	-	8,964	-	-	-	-
Exercise of Warrants	-	436	-	(436)	-	-	-
Issue of warrants	-	-	-	113	-	-	113
Recognition of share based payment	-	-	-	-	-	110	110
Loss for the financial year	-	-	-	-	-	(5,196)	(5,196)
At 31 March 2007	**1,377**	**12,974**	**8,964**	**113**	**365**	**(16,086)**	**7,707**

On 26 April 2006, a resolution was passed at an Extraordinary General Meeting authorising the issuance of up to 170,000,000 new ordinary shares of 10p.

On 28 June 2006, the Company raised £715,000 via a placing of 5,500,000 10p ordinary shares at 13p each. At the same time, 556,767 shares were issued in accordance with the licence and subscription and share exchange agreements with StemCells, Inc.

On 21 September 2006, a resolution was passed at the Annual General Meeting authorising the subdivision of each 10p ordinary share into one new ordinary share of 1p nominal value and one deferred share of 9p nominal value. A capital redemption reserve was created with the value of the deferred shares. The deferred shares, amounting to 99,604,700 in total and with a nominal value of £8,964,423, were thereafter repurchased in aggregate by the Company for 1p, and were cancelled. The repurchase of the deferred shares was financed from the proceeds of the issue of one ordinary share at nominal value.

On 21 September 2006, a resolution was passed at a Warrant Holders Meeting authorising an amendment of the price payable on exercise of the warrants from 30p to 10p, and an amendment to the last date for exercise of the warrants from 12 February 2007 to 12 December 2006. A total of 18,919,400 warrants were exercised at a price of 10p each, and 18,919,400 ordinary shares of 1p were consequently issued on 19 December 2006. Warrants totalling 80,600 were not exercised by the expiry date and lapsed. The warrant reserve created on issue of the warrants was released to share premium.

On 12 February 2007, the Company placed 18,333,333 new ordinary shares of 1p at a price of 30p, raising £5,500,000 before expenses of £193,000. In conjunction with the placing, warrants to subscribe 688,145 ordinary 1p shares, exercisable at a price of 30p per share, were issued to Collins Stewart Limited, the Company's nominated adviser and broker. At the same time 771,368 shares were issued in accordance with licence and subscription and share exchange agreements with StemCells, Inc.

On 19 February 2007, a further 62,543 shares of 1p were issued to StemCells, Inc. in final satisfaction of the Company's obligation to issue shares under the licence and subscription and share exchange agreements.

7. Reconciliation of operating loss to net cash outflow from operating activities

	Year ended 31 March 2007 Unaudited £'000	Year ended 31 March 2006 Unaudited Restated £'000
Operating loss	**(5,911)**	(6,829)
Depreciation of tangible fixed assets	**198**	265
Amortisation of negative goodwill	**(188)**	(188)
Impairment of intangible fixed assets acquired	**139**	894
Share option compensation charge	**-**	273
Share-based payment charges	**223**	56
Decrease / (increase) in debtors	**43**	(199)
(Decrease) / increase in creditors	**(538)**	733
Net cash outflow from operating activities	**(6,034)**	(4,995)

8. Reconciliation of movement in net funds

	At 1 April 2006 Unaudited £'000	Cashflow £'000	**At 31 March 2007 Unaudited Restated £'000**
Cash at bank and in hand	5,134	2,542	**7,676**
Net funds	5,134	2,542	**7,676**

Notes to Editors

ReNeuron is a leading, UK-based stem cell therapy business. It is applying its novel stem cell platform technologies in the development of ground-breaking stem cell therapies to serve significant and unmet or poorly-met clinical needs.

ReNeuron has used its *c-mycER* technology to generate genetically stable neural stem cell lines. This technology platform has multi-national patent protection and is fully regulated by means of a chemically-induced safety switch. Cell growth can therefore be completely arrested prior to *in vivo* implantation.

ReNeuron has filed for approval to commence initial clinical studies in the US with its lead ReN001 stem cell therapy for chronic stroke disability. This represents the world's first such filing concerning a neural stem cell treatment for a major neurological disorder. There are an estimated 50 million stroke survivors worldwide, approximately one half of which are left with permanent disabilities. The annual health and social costs of caring for these patients is estimated to be in excess of £5 billion in the UK and in excess of US$50 billion in the US.

ReNeuron has also generated pre-clinical efficacy data with its ReN005 stem cell therapy for Huntington's disease, a genetic and fatal neurodegenerative disorder that affects around 1 in 10,000 people. This programme is in pre-clinical development. In addition to its stroke and Huntington's disease programmes, ReNeuron is developing stem cell therapies for Parkinson's disease, Type 1 diabetes and diseases of the retina.

ReNeuron has leveraged its stem cell technologies into non-therapeutic areas – its *ReNcell®* range of cell lines for use in research and in drug discovery applications in the pharmaceutical industry. ReNeuron's *ReNcell®CX* and *ReNcell®VM* neural cell lines are marketed worldwide under license by Millipore Corporation.

ReNeuron's shares are traded on the London AIM market under the symbol RENE.L.

Further information on ReNeuron and its products can be found at www.reneuron.com.

Data sources: UK Stroke Association; American Stroke Association.

This announcement contains forward-looking statements with respect to the financial condition, results of operations and business achievements/performance of ReNeuron and certain of the plans and objectives of management of ReNeuron with respect thereto. These statements may generally, but not always, be identified by the use of words such as "should", "expects", "estimates", "believes" or similar expressions. This announcement also contains forward-looking statements attributed to certain third parties relating to their estimates regarding the growth of markets and demand for products. By their nature, forward-looking statements involve risk and uncertainty because they reflect ReNeuron's current expectations and assumptions as to future events and circumstances that may not prove accurate. A number of factors could cause ReNeuron's actual financial condition, results of operations and business achievements/performance to differ materially from the estimates made or implied in such forward-looking statements and, accordingly, reliance should not be placed on such statements.

The terms 'ReNeuron', 'the Company' or 'the Group' used in this statement refer to ReNeuron Group plc and/or its subsidiary undertakings, depending on the context.