ReNeuron

pioneering stem cell therapeutics

PRESS RELEASE

Guildford, UK: 29 June 2010

ReNeuron Group plc
Preliminary Results for the Year Ended 31 March 2010

Operational Highlights

- Patient recruitment underway in landmark UK first-in-man clinical trial of ReN001 stem cell therapy for stroke
- Positive data from three pre-clinical efficacy studies of ReN009 stem cell therapy for peripheral arterial disease
- Industrial grant from major US healthcare company funds ReN003 retinal disease collaboration
- Eight peer-reviewed papers published in the period
- Positive data presented post-year-end from three further pre-clinical studies in stroke
- ReN001 stroke therapy wins Breakthrough of the Year at 2010 European Mediscience Awards

Financial Highlights

- Share placings in the period raised £7.8 million before expenses; £5.0 million equity finance facility established; £2.5 million capitalisation of all outstanding convertible loan notes
- Net cash outflow from operating activities reduced to £2.6 million (2009: £4.4 million), reflecting leaner, tightly-controlled underlying cost base
- Loss before exceptional items and tax credit reduced to £3.9 million (2009: £4.7 million). Loss for the year increased to £5.9 million (2009: £3.7 million), after £2.3 million non-recurring, non-cash exceptional charges relating to write-down of non-core intangible and tangible assets
- Cash and cash equivalents at 31 March 2010 of £5.5 million (2009: £0.9 million), with further £4.9 million available from equity finance facility

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

"The period under review has been one of very substantial progress for our business. The recent commencement of patient recruitment in the first-in-man clinical trial of our ReN001 stroke therapy marks the transition of ReNeuron into a clinical-stage business operating in the highly promising field of cell-based therapeutics. Our other therapeutic programmes are progressing well, with significant new and positive pre-clinical data having been generated in the period.

"We have a clear strategy to leverage the significant competitive advantages and therapeutic potential we believe our stem cell products bring to the field, with the aim of benefiting patients as well as generating a meaningful return to our shareholders. The progress ReNeuron has made in the period towards this aim is something of which our staff, collaborators and other stakeholders can be justly proud. It positions ReNeuron as a front-runner in its areas of focus, with proven stem cell technologies capable of translation into clinical-stage therapies for very significant and poorly-served medical conditions."

Enquiries:

Michael Hunt, Chief Executive Officer - ReNeuron +44 (0) 1483 302560
Dr John Sinden, Chief Scientific Officer - ReNeuron

Lisa Baderoon, Mark Court, Isabel Podda Buchanan Communications	+44 (0) 20 7466 5000
Simon Leathers, Emma Earl Daniel Stewart & Company plc	+44 (0) 20 7776 6550
Alastair Stratton, Tim Graham Matrix Corporate Capital LLP	+44 (0) 20 3206 7000

Chairman's and Chief Executive Officer's Joint Statement

Review of Operations

ReN001 stem cell therapy for stroke

During the period, we received final national regulatory approvals to commence a landmark UK Phase I clinical trial with ReN001, our stem cell therapy for disabled stroke patients. Subsequent to these national approvals, we received local site approval for the trial from NHS Greater Glasgow and Clyde Health Board in Scotland, resulting in the clinical trial being recently opened for patient recruitment.

The PISCES (Pilot Investigation of Stem Cells in Stroke) clinical trial is an open label Phase I trial, the world's first using expanded neural stem cells in this indication. In the trial, ReNeuron's ReN001 stem cell therapy will be administered to stroke patients who have been left disabled by an ischaemic stroke, the most common form of the condition. Stroke is the third largest cause of death and the single largest cause of adult disability in the developed world. Approximately one half of all stroke survivors are left with permanent disabilities as a result of the damage caused to brain tissue arising from the stroke. The annual health and social costs of caring for these patients is estimated to be in excess of £5 billion in the UK, with stroke patients estimated to be occupying at least 25 per cent of long-term hospital beds.

The PISCES clinical trial is being undertaken through the UK's National Health Service at the Institute of Neurological Sciences at Glasgow's Southern General Hospital. The Principal Investigator for the trial is Professor Keith Muir, SINAPSE Professor of Clinical Imaging, Division of Clinical Neurosciences at the University of Glasgow. In Glasgow, Professor Muir leads one of Europe's most innovative and well-recognised stroke treatment centres. We are delighted that this important first clinical trial with ReN001 is to be conducted at Southern General, thereby enabling us to play a role in promoting and supporting clinical innovation in the NHS.

A total of 12 patients will receive the ReN001 therapy in the PISCES clinical trial, treated sequentially, between 6 and 24 months after their stroke. The trial is designed primarily to test the safety profile of ReN001 in ischaemic stroke patients at a range of cell doses, but a number of efficacy measures will also be evaluated over the course of the trial. Patients in the trial will be monitored for two years, with longer term follow-up procedures in place thereafter.

Given the highly novel nature of the ReN001 therapy, the PISCES clinical trial protocol contains a significant number of patient exclusion criteria. The speed at which eligible patients can be recruited from the local community is therefore subject to some uncertainty. However, allowing for this and for the remaining pre-enrolment requirements necessary to meet the site approval conditions, including relevant surgical equipment registrations, we anticipate that the first dose cohort of three patients will have been enrolled, evaluated and treated by the end of this year. We look forward to giving further updates as the clinical trial progresses.

Subject to satisfactory safety data arising from the early patient cohorts in the PISCES trial, and subject to further regulatory advice, we intend to pursue an accelerated clinical development pathway with ReN001. This clinical strategy will focus on stroke patients with disabilities of a type and severity where the ReN001 therapy is likely to be most effective. If ultimately shown to be safe and effective clinically, ReN001 would offer a significant new treatment option for these stroke survivors. The therapy offers the potential for a degree of recovery of function in these patients, resulting in greater independence and quality of life and reduced reliance on health and social care systems.

Our ReN001 cell therapy is based around our lead *CTX* stem cell line, which has been generated using our proprietary cell expansion and cell selection technologies and then taken through a full manufacturing scale-up and quality-testing process. As such, ReN001 is a standardised, clinical and commercial-grade fresh cell product capable of treating all eligible patients presenting, without the need for immunosuppression. The cells that are being used in the PISCES trial are taken from the existing manufactured cell banks that will form the basis of the eventual marketed product. There will therefore be no need to re-derive and test new cell lines for subsequent ReN001 clinical trials or for the market – all such cells can simply be expanded from the existing banked and tested product.

Other therapeutic programmes

Our ReN009 stem cell therapy for peripheral arterial disease (PAD) made significant progress in the period. PAD is a chronic and debilitating disease that progressively restricts blood flow in the limbs, causing cramping, chronic pain and, in extreme cases, loss of limb. The disease is commonly associated with other conditions such as diabetes, obesity and stroke. At least 1 in 20 people over the age of 55 have some degree of PAD and it becomes more common with increasing age.

Pre-clinical efficacy testing of ReN009 is being conducted in collaboration with Professor Paolo Madeddu, Chair of Experimental Cardiovascular Medicine, and colleagues at the Bristol Heart Institute, University of Bristol. Following the presentation of initial positive pre-clinical efficacy data with ReN009 in April 2009 at the UK National Stem Cell Network Annual Scientific Conference, the Bristol team presented further positive pre-clinical efficacy data with ReN009 in an award-winning poster at the American Heart Association Scientific Sessions in November 2009. This was followed in March 2010 by the presentation at the Diabetes UK Annual Professional Conference of further positive results from a pre-clinical study using ReN009 in a model of diabetic hind limb ischaemia.

In February 2010, we announced a number of appointments to our Clinical Advisory Board for the ReN009 programme, consisting of predominantly US-based clinicians with very substantial clinical and regulatory experience in the field of vascular medicine, including novel cell-based approaches. This Advisory Board has already greatly assisted the Company in determining its optimal clinical strategy for the ReN009 therapy and we are honoured that such eminent clinicians in their field have demonstrated such enthusiasm for this programme.

We intend to continue our dialogue with regulatory authorities in a number of key territories regarding initial clinical trials with ReN009. The timelines associated with this programme depend in part on the outcome of these regulatory interactions, in particular the precise nature and duration of the remaining rate-limiting pre-clinical safety studies that will need to be undertaken over the coming months. On the basis of the advice received thus far, we cautiously expect to be in a position to commence clinical trials of ReN009 in early 2012.

Our ReN003 programme for diseases of the retina also made marked progress during the period. In February 2010, our ongoing US collaboration with the Schepens Eye Research Institute at Harvard Medical School was the recipient of an industrial grant from a major US specialty healthcare company. This funding represents a strong endorsement of the potential of the programme and has been directed towards the first phase of a two year translational programme to take human retinal progenitor cells (hRPCs) towards the clinic in the US, initially as a candidate cell-based therapy for retinitis pigmentosa, a blindness-causing disease of the retina. However, the hRPCs developed in the programme will almost certainly be applicable as cell therapy candidates for other blindness-causing diseases, such as age-related macular degeneration and diabetic retinopathy.

One of the key objectives of this first funded phase of the ReN003 programme has already been achieved, notably yield optimisation of the hRPCs in culture, at quantities sufficient for future clinical studies. Subject to regulatory advice and the results of further pre-clinical studies, we anticipate that this programme will also enter its clinical phase in 2012.

Other activities

During the period, a total of five peer-reviewed papers were published in separate scientific journals regarding the efficacy, safety, mechanism of action and manufacture of our *CTX* stem cell line and its application as our ReN001 therapeutic candidate for stroke. These papers describe work performed both by ReNeuron's own researchers and research undertaken in collaboration with UK and US academic institutions. Two further peer-reviewed papers were published in the period by our collaborators at the Schepens Eye Research Institute regarding positive pre-clinical data generated with our ReN003 cell therapy collaboration for retinal diseases. A significant paper was also published by US academic researchers in the period describing how our *ReNcell®VM* cell line was successfully re-programmed to generate stable human induced pluripotent stem cells (iPS cells), similar to human embryonic stem cells with the ability to differentiate into any type of cell in the body.

Post-year-end, positive data from three further pre-clinical studies using the *CTX* cell line in stroke models were presented by UK and US academic collaborators at the Annual Conference of the American Society for Neural Therapy and Repair. We continue to foster our relationships

with leading academic institutions around the world, with the aim of publishing key findings with our various technologies and stem cell products in order to further exemplify and validate the very significant therapeutic and commercial potential we believe they hold.

In March 2010, we were pleased to be cited as a UK-based world leader in regenerative medicine in a publication by the UK Government's Department of Business, Innovation and Skills. The "Best of British" publication showcases, in a series of sector case studies, the business sectors in which the UK leads on innovation, enterprise and technology. The life sciences case study refers to the importance of regenerative medicine and the UK's pre-eminence in this field, giving the example of ReNeuron and our ReN001 stem cell therapy for stroke.

Most recently, we were also delighted to be awarded Breakthrough of the Year at the prestigious 2010 European Mediscience Awards, in recognition of the progression of the Company's ReN001 stroke programme into clinical development.

Funding

The full-year effects of our cost-reduction programme, instigated during 2008 and now completed, are reflected in the financial results for the year to 31 March 2010, described in more detail below. Most notable is the year-on-year reduction in operating cash outflow, mostly as a result of this cost-reduction programme, from £6.1 million in the year to 31 March 2008, to £4.4 million last year and finally to £2.6 million in the year to 31 March 2010. Although elements of our cost base will increase as we make further progress with our therapeutic programmes, most especially the costs of supporting increasing clinical activity, we believe we now have an underlying cost base that remains tightly controlled and that is entirely manageable in terms of ongoing financing requirements.

In March 2009, we announced a placing of new ordinary shares to raise £3.0 million, before expenses. We successfully completed the placing in May 2009 and, as part of this process, the £2.5 million of outstanding convertible loan notes, together with accrued interest, were capitalised into new ordinary shares in the Company.

In November 2009, we secured an equity finance facility from Matrix Corporate Capital LLP, available for draw-down, to a maximum of £5.0 million, over a two year period. The Flexible Use Small Capital Increase Agreement enables the Company to control the timing and amount of any draw-downs, such draw-downs being calculated according to a formula based on the daily trading volume of the Company's ordinary shares, and their volume-weighted average price, over relevant trading periods. The facility also incorporates an over-allotment option to enable larger draw-downs to be made should market conditions allow at the time. To date, we have chosen to draw down only £0.1 million under this facility.

In February 2010 we announced a further placing of new ordinary shares to raise £4.7 million, before expenses. This placing completed in March 2010.

As a result of the above cost-reduction and financing activities, we expect our existing cash resources (excluding any undrawn funds available under the existing equity finance facility) to last into the second quarter of 2011. Based on anticipated progress in the business in the near term, the directors also expect to secure equity-based and other sources of financing sufficient for the future needs of the business beyond the second quarter of next year. Consequently, the going concern basis has been adopted in the preparation of the financial statements.

Summary of results

In the year to 31 March 2010, revenues were £31,000 (2009: £93,000), representing royalty income from the Group's non-therapeutic licensing activities.

Net operating expenses before exceptional items were £4.0 million in the year (2009: £4.8 million). Research and development expenditure, before exceptional items, decreased in the year to £2.1 million (2009: £3.2 million), due principally to the full year effects of the cost-reduction programme instigated in mid-2008, together with a reduction in outsourced cell banking and testing costs in the ReN001 stroke programme. General and administrative costs increased in the year to £1.9 million (2009: £1.6 million), due primarily to the unwinding of a prior year favourable foreign exchange effect.

The exceptional items of £2.3 million represent non-cash, non-recurring charges relating to the write-down of research and development-related assets which the directors now consider to be non-core to the future development of the Company's ongoing development programmes, resulting from the conclusion of the above-mentioned cost-reduction programme. Of the total charge, £2.15 million relates to previously capitalised, non-core intangible assets and £0.15 million relates to tangible assets no longer utilised following an operational review of ongoing laboratory space requirements.

Other operating income of £34,000 (2009: £nil) represents grant income received during the period. Interest received decreased in the period to £11,000 (2009: £63,000) as a result of lower interest rates available on the Company's cash deposits over the period. Interest costs also decreased to £12,000 in the period (2009: £62,000), reflecting a reduction in interest accrued on the outstanding convertible loan notes that were fully capitalised during the period.

The Group accrued a research and development tax credit of £0.37 million during the period (2009: £1.0 million). The 2009 comparative included £0.6 million relating to a tax credit received in respect of a prior year.

As a result of the above income statement movements, the underlying loss for the year before tax and exceptional items decreased to £3.9 million (2009: £4.7 million). The post-exceptional, post-tax loss for the year increased to £5.9 million (2009: £3.7 million). The basic and fully-diluted loss per share decreased to 1.8p in the period (2009: 2.4p) due to a higher weighted average number of ordinary shares in issue during the period as a result of the Group's equity-based fundraising activities.

Net cash outflow from operating activities decreased in the period to £2.6 million (2009: £4.4 million), due primarily to the decrease in cash-based operating expenses in the period. The Group had cash and cash equivalents of £5.5 million at 31 March 2010 (2009: £0.9 million).

Summary and outlook

The period under review has been one of very substantial progress for our business. The recent commencement of patient recruitment in the first-in-man clinical trial for our ReN001 stroke therapy marks the transition of ReNeuron into a clinical-stage business operating in the highly promising field of cell-based therapeutics. Our other therapeutic programmes are progressing well, with significant new and positive pre-clinical data having been generated in the period.

We have a clear strategy to leverage the significant competitive advantages and therapeutic potential we believe our stem cell products bring to ReNeuron, with the aim of benefiting patients as well as generating a meaningful return to our shareholders. This strategic focus, along with tight control over a much reduced underlying cost base, has enabled the business to attract an increasingly high quality cadre of institutional shareholders, as well as to greatly bolster our financial resources, through the equity fundraisings we have completed in the period.

Our business is consequently well-placed to capitalise on the progress being made in the wider stem cell therapy field as that field develops, matures and realises its immense potential to generate novel treatments for many hitherto untreatable diseases. The significant progress ReNeuron has made in the period is something of which our staff, collaborators and other stakeholders can be justly proud. It positions ReNeuron as a front-runner in its areas of focus, with proven stem cell technologies capable of translation into clinical-stage therapies for very significant and poorly-served medical conditions.

Professor Trevor Jones
Chairman

Michael Hunt
Chief Executive Officer

29 June 2010

ReNeuron Group plc Consolidated Statement of Comprehensive Income	Note	**Year ended 31 March 2010 Unaudited Pre-exceptional items £'000**	**Year ended 31 March 2010 Unaudited Exceptional items (note 5) £'000**	**Year ended 31 March 2010 Unaudited Total £'000**	Year ended 31 March 2009 Audited £'000
Revenue		**31**	**-**	**31**	93
Research and development costs	4	**(2,078)**	**(2,291)**	**(4,369)**	(3,177)
General and administrative costs		**(1,914)**	**-**	**(1,914)**	(1,584)
Other operating income		**34**	**-**	**34**	-
Operating loss		**(3,927)**	**(2,291)**	**(6,218)**	(4,668)
Finance income		**11**	**-**	**11**	63
Finance costs		**(12)**	**-**	**(12)**	(62)
Loss before income taxes		**(3,928)**	**(2,291)**	**(6,219)**	(4,667)
Tax credit on loss on ordinary activities		**369**	**-**	**369**	1,000
Loss for the year		**(3,559)**	**(2,291)**	**(5,850)**	(3,667)
Other comprehensive income					
Currency translation differences		**-**	**-**	**-**	(433)
Total comprehensive loss for the year		**(3,559)**	**(2,291)**	**(5,850)**	(4,100)
Loss attributable to:					
- Equity owners of the Company		**(3,559)**	**(2,291)**	**(5,850)**	(3,667)
Total comprehensive loss attributable to:					
- Equity owners of the Company		**(3,559)**	**(2,291)**	**(5,850)**	(4,100)
Basic and diluted loss per share	6			**(1.8p)**	(2.4p)

All revenues and expenses above were generated from continuing operations.

ReNeuron Group plc Statement of Financial Position	Note	Group 31 March 2010 Unaudited £'000	31 March 2009 Audited £'000	Company 31 March 2010 Unaudited £'000	31 March 2009 Audited £'000
Assets					
Non-current assets					
Property, plant and equipment		**541**	834	**-**	-
Intangible assets		**1,272**	3,419	**-**	-
Investment in subsidiaries		**-**	-	**7,601**	9,673
Other non-current assets		**135**	135	**24,628**	21,309
		1,948	4,388	**32,229**	30,982
Current assets					
Trade and other receivables		**650**	1,024	**2**	9
Cash and cash equivalents		**5,525**	943	**4,482**	857
		6,175	1,967	**4,484**	866
Total assets		**8,123**	6,355	**36,713**	31,848
Equity					
Equity attributable to owners of the company					
Share capital		**4,377**	1,542	**4,377**	1,542
Share premium		**21,310**	14,358	**21,310**	14,358
Capital redemption reserve		**8,964**	8,964	**8,964**	8,964
Merger reserve		**2,223**	2,223	**1,858**	1,858
Warrant reserve	8	**108**	583	**108**	583
Share-based credit reserve		**876**	504	**876**	504
Retained deficit		**(30,426)**	(24,689)	**(6,272)**	(3,540)
Total equity		**7,432**	3,485	**31,221**	24,269
Liabilities					
Non-current liabilities					
Trade and other payables		**-**	-	**5,484**	5,484
Convertible loan		**-**	2,088	**-**	2,088
		-	2,088	**5,484**	7,572
Current Liabilities					
Trade and other payables		**587**	690	**8**	7
Provisions		**75**	50	**-**	-
Financial liabilities: finance leases		**29**	42	**-**	-
		691	782	**8**	7
Total liabilities		**691**	2,870	**5,492**	7,579
Total equity and liabilities		**8,123**	6,355	**36,713**	31,848

ReNeuron Group plc Consolidated Statement of Changes in Equity	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Merger reserve £'000	Warrant reserve £'000	Share-based credit reserve £'000	Retained deficit £'000	Total Equity £'000
As at 1 April 2008 – Audited	**1,542**	**14,358**	**8,964**	**2,223**	**113**	**329**	**(20,589)**	**6,940**
Equity element of convertible loan	-	-	-	-	470	-	-	470
Share-based credit	-	-	-	-	-	175	-	175
Loss for the period	-	-	-	-	-	-	(3,667)	(3,667)
Other comprehensive income: Currency translation differences	-	-	-	-	-	-	(433)	(433)
As at 31 March 2009 - Audited	**1,542**	**14,358**	**8,964**	**2,223**	**583**	**504**	**(24,689)**	**3,485**
Issue of new ordinary shares	2,678	7,385	-	-	-	-	-	10,063
Costs of share issue	-	(746)	-	-	-	-	-	(746)
Conversion of convertible loan to equity	157	313	-	-	(470)	-	-	-
Share-based credit	-	-	-	-	-	372	-	372
Issue of warrants	-	-	-	-	108	-	-	108
Expiry of warrants	-	-	-	-	(113)	-	113	-
Loss for the period	-	-	-	-	-	-	(5,850)	(5,850)
As at 31 March 2010 - Unaudited	**4,377**	**21,310**	**8,964**	**2,223**	**108**	**876**	**(30,426)**	**7,432**

ReNeuron Group plc Consolidated Statement of Cash Flows	Note	Group Year ended 31 March 2010 Unaudited £'000	Year ended 31 March 2009 Audited £'000
Cash used in operations	7	**(3,328)**	(4,697)
Interest paid		**(4)**	(4)
Income tax credit received		**703**	300
Cash outflow from operating activities		**(2,629)**	(4,401)
Cash flows from investing activities			
Capital expenditure		**(8)**	(28)
Proceeds from sale of fixed assets		**-**	41
Interest received		**11**	63
Net cash generated in investing activities		**3**	76
Cash flows from financing activities			
Finance lease principal payments		**(13)**	(12)
Convertible loan note proceeds		**-**	2,500
Proceeds from issuance of ordinary shares		**7,842**	-
Costs of share issue		**(621)**	-
Net cash generated by financing activities		**7,208**	2,488
Net increase/(decrease) in cash and cash equivalents		**4,582**	(1,837)
Loss on foreign exchange translation		**-**	(11)
Cash and cash equivalents at the start of year		**943**	2,791
Cash and cash equivalents at the end of year		**5,525**	943

Notes to the financial statements
for the year ended 31 March 2010

1. General information

ReNeuron Group plc ("the Company") and its subsidiaries (together "the Group") are engaged in the research and development of therapies using stem cells. The Company is a public limited company incorporated and domiciled in England with registered number 05474163 and its shares are listed on the AIM stock market.

The unaudited financial information included in this preliminary results announcement for the year ended 31 March 2010 and audited financial information for the year ended 31 March 2009 does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006, but has been extracted from the statutory financial statements for the year ended 31 March 2010 which will be delivered to the Registrar of Companies in due course. Statutory accounts for the year ended 31 March 2009 were approved by the Board of directors and delivered to the Registrar of Companies. Whilst the report of the auditors on those accounts was unqualified, it did contain a material uncertainty in respect of going concern but did not contain any statement under section 237 of the Companies Act 1985 (section 498 of the Companies Act 2006).

2. Accounting policies and basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, the interpretations of International Financial Reporting Interpretations Committee (IFRIC) and the Companies Act 2006 applicable to companies reporting under IFRS.

Whilst the financial information included in this preliminary announcement has been prepared in accordance with (IFRSs), this announcement does not itself contain sufficient information to comply with IFRSs. The preliminary announcement should be read in conjunction with the annual financial statements for the year ended 31 March 2010, which have also been prepared in accordance with IFRSs as adopted by the European Union.

The financial statements have been prepared on a historical cost basis. The accounting policies used in the preparation of these unaudited financial statements are consistent with those used in the preparation of the audited financial statements for the year ended 31 March 2009, except as described below.

A number of new and amended standards became effective for periods beginning on or after 1 January 2009. The principal changes that are relevant to the Group are:

IFRS 8 – Operating Statements. IFRS 8 is a disclosure standard only; there has been no effect on the reported results or previous financial position of the Group. The Group's reportable segments as reported under IAS 14 have remained unchanged following the adoption of this standard.

IAS 1 (revised 2007) – Presentation of Financial Statements. The revised standard has introduced a number of terminology changes (including revised titles for the condensed financial statements) and has resulted in a number of changes in presentation and disclosure. There has been no effect on the reported results or previous financial position of the Group.

3. Going concern

The financial statements have been prepared on a going concern basis, which assumes that sufficient funds will be available for the Company and Group to continue in operational existence for the foreseeable future.

The Group is developing its technologies for the marketplace and as such absorbs cash until sufficient funds from either licensing or products sold are generated. The directors estimate that the cash held by the Group (excluding future funding available under the existing equity finance facility) will be sufficient to support the current level of activities into the second quarter of 2011. Based on anticipated progress in the business in the near term, the directors also expect to secure equity-based and other sources of financing sufficient for the future needs of the business beyond the second quarter of next year. These circumstances nonetheless represent a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Should the Group be unable to obtain further funding, adjustments would be required to reduce balance sheet values of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify fixed assets as current assets.

4. Research and development costs

All research and development costs incurred in the year have been charged directly to the income statement.

5. Exceptional items

Following the completion of the cost-reduction programme instigated in mid-2008, and a consequent impairment review of the carrying values of research and development-related assets in the Group's Statement of Financial Position, the directors consider it appropriate to write down in full previously capitalised intangible assets which are now non-core to the future development of the Company's therapeutic programmes, together with a write-down of tangible assets following an operational review of ongoing laboratory space requirements.

This impairment review has resulted in non-recurring, non-cash exceptional charges totalling £2.3 million in the Group's Statement of Comprehensive Income, of which £2.15 million relates to intangible assets and £0.15 million relates to tangible assets.

6. Basic and diluted loss per ordinary share

The basic and diluted loss per share is calculated by dividing the loss for the financial year of £5,850,000 (2009: £3,667,000) by 327,168,945 shares (2009: 154,167,354 shares), being the weighted average number of ordinary 1p shares in issue during the year.

Potential ordinary shares are not treated as dilutive as the entity is loss making.

7. Cash consumed by operations

ReNeuron Group plc **Cash consumed by operations**	**Group** **Year ended** **31 March** **2010** **Unaudited** **£'000**	Year ended 31 March 2009 Audited £'000
Loss before income tax	**(6,219)**	(4,667)
Adjustment for:		
Interest received	**(11)**	(63)
Interest payable	**12**	62
Depreciation of tangible fixed assets	**157**	197
Exceptional items (note 5)	**2,291**	-
Provisions	**25**	25
Share-based payment charges	**480**	175
Profit on sale of fixed assets	-	(39)
Changes in working capital		
Receivables	**40**	86
Payables	**(103)**	(473)
Cash consumed by operations	**(3,328)**	(4,697)

8. Warrant Reserve

In conjunction with the Group's share placing completed in May 2009, warrants to subscribe for 3,333,333 ordinary 1p shares exercisable at a price of 3p were issued to Matrix Corporate Capital LLP, the Company's Joint Broker. As a share-based payment, a charge of £108,000 in respect of these warrants has been taken to operating expenses in the Statement of Comprehensive Income in the period. The charge has been calculated on a fair value basis using a Black-Scholes model.

Additionally, warrants previously issued to Collins Stewart, the Company's previous Nominated Adviser and Broker, in respect of a share placing in February 2007 expired during the period, resulting in a transfer of £113,000 from the Warrant Reserve to Retained Deficit.

9. Contingent liability

A subsidiary of the Group is involved in a legal dispute with a US-based competitor who alleges misuse of confidential information relating to a collaboration undertaken between the parties in 2002. The competitor is seeking unquantified damages and an injunction preventing the subsidiary's alleged use of such confidential information. All claims against the subsidiary have been denied and the directors believe the claims can be successfully defended.

Notes to Editors

ReNeuron is a leading, clinical-stage stem cell business. Its primary objective is the development of novel stem cell therapies targeting areas of significant unmet or poorly met medical need.

ReNeuron has used its unique stem cell technologies to develop cell-based therapies for significant disease conditions where the cells can be readily administered "off-the-shelf" to any eligible patient without the need for immunosuppression. ReNeuron's lead therapeutic candidate is its ReN001 stem cell therapy for the treatment of patients left disabled by the effects of a stroke. Patient recruitment for a ground-breaking first-in-man clinical trial of ReN001 has recently commenced in the UK. ReNeuron's ReN009 stem cell therapy is being developed as a treatment for peripheral arterial disease, a serious and common side-effect of diabetes. The Company is also developing stem cell therapies for other conditions such as blindness-causing diseases of the retina.

ReNeuron has also developed a range of stem cell lines for non-therapeutic applications – its *ReNcell®* products for use in academic and commercial research. The Company's *ReNcell®CX* and *ReNcell®VM* neural cell lines are marketed worldwide under license by USA-based 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.

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.