



TISSUE THERAPIES

INVESTOR NEWSLETTER – MARCH 2010

About VitroGro®

- VitroGro® is a novel recombinant human protein formulation that substantially accelerates skin cell growth and migration — the essential elements of tissue repair and wound healing. There is no comparable technology available for wound healing.
- VitroGro® has the potential to substantially improve the lives of millions suffering chronic skin wounds, with all data indicating that VitroGro® wound dressings have the potential to transform the treatment of diabetic, venous and pressure ulcers.
- VitroGro® technology has been developed from a profound new understanding of normal wound healing mechanisms. VitroGro® packages and delivers essential, natural wound healing proteins, verified by more than eight years' scientific research with live human skin.
- New formulation VitroGro® restores normal wound healing, making it highly effective in very low doses (nanograms per square centimetre).
- Australian and Canadian clinical trial results show that VitroGro® is safe, well-tolerated, and can substantially increase the incidence of complete healing and reduce treatment time for diabetic and venous ulcers. It is more cost-effective than currently available treatments.
- Only a single, small clinical trial of new formulation VitroGro® is now required to gain approval for sale of new VitroGro® wound healing products.

CEO's Report

Welcome to the March 2010 Tissue Therapies investor newsletter.

In this edition, I am pleased to be able to update you on progress at Tissue Therapies in the last few months since our annual report and AGM.

In January this year, Tissue Therapies signed a manufacturing contract with Eurogentec SA of Belgium for the commercial-scale, Good Manufacturing Practice (GMP) production of VitroGro®. The VitroGro® produced by Eurogentec will be used in a European human trial later this year, and for the international sale of VitroGro® wound healing and cell culture products.

I am delighted to report from my discussions with Eurogentec this week that manufacturing is going well, and the team is making exceptional progress. VitroGro® has already been successfully produced by Eurogentec and the focus is now on refining the production systems and optimising yield. Eurogentec has an excellent track record in GMP production and has a highly skilled and experienced team. The rapid progress already achieved is a concrete endorsement of our choice of GMP partner following the detailed selection process completed during late 2009.

The recent outcomes of both our Australian and Canadian clinical trials (see page 2) were also outstanding, and we are looking forward to the start of a multi-centre study in Europe commencing in the second half of 2010.

Professor Keith Harding at Cardiff University's School of Medicine will lead the European clinical trial. Professor Harding is one of the world's leading wound healing physicians and researchers, so his expertise and that of



his team is extremely valuable to Tissue Therapies. Under Professor Harding's supervision, we plan to conduct this human trial in at least two other European centres in addition to Cardiff (i.e. a total of three clinical trial centres).

The European trial is a key aspect of the commercialisation strategy for VitroGro® wound healing products, and will produce the final data required for approval of VitroGro® for sale, initially in Europe (including the UK), Canada, Australia and New Zealand. Our negotiations with prospective commercialisation partners are also progressing well.

Our objective is to make VitroGro® the default wound healing technology for acute and chronic skin wounds globally. We are converting more than 10 years of scientific research, protein engineering, pre-clinical and human clinical results into revolutionary, powerful, new wound healing treatments for diabetic, venous and pressure ulcers, at an end-user price that will be substantially more cost-effective than existing treatments.

2010 is shaping up to be a rewarding year for Tissue Therapies as we continue to pursue our commercialisation objectives, and I look forward to keeping you up-to-date with progress on the VitroGro® human trial in Europe and our commercialisation progress during the year.

Dr Steven Mercer
CEO, Tissue Therapies

Great clinical trial results

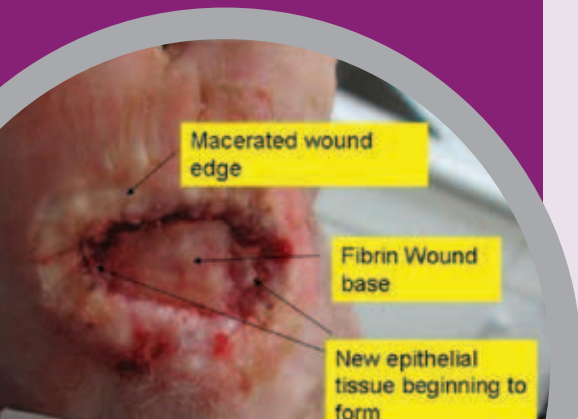
Clinical trials are an essential element of the commercialisation strategy for VitroGro®, and in late 2009 Tissue Therapies received outstanding final results from trials in Australia and Canada that evaluated VitroGro® for the treatment of chronic skin ulcers.

These results give us a strong basis on which to continue our negotiations with short-listed international commercialisation partners, which we expect to conclude by the end of September 2010. VitroGro® showed excellent wound healing results in a group of patients who are clinically at the most extreme end of difficulty and for whom the best currently available treatments had failed. There were no adverse reactions to VitroGro®.

Case study 1, Canadian trial

- Patient 1 – 73-year old long-term diabetic, high blood pressure, smoker
- Diabetic ulcer at base of right big toe
- Conventional treatment ineffective for more than two years – amputation considered
- 29% reduction in diabetic ulcer area in six weeks with VitroGro® treatment
- Infection resolved
- Improved health of tissue at ulcer edge
- No adverse reactions to VitroGro®
- Continued improvement expected.

Further details of the Australian and Canadian trial results can be found on www.tissuetherapies.com (see the CEO's AGM presentation).

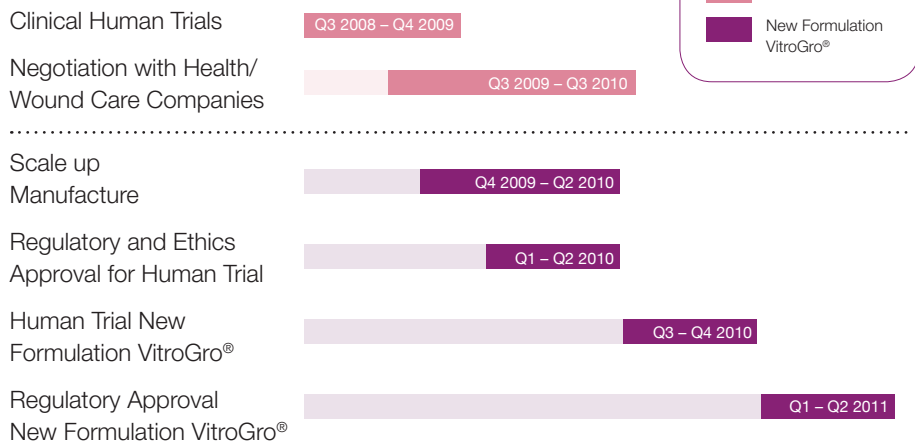


Key milestones

Negotiations with prospective commercial partners are progressing well and commercial scale GMP manufacturing of VitroGro® has commenced, with planned completion at the end of June 2010.

Data from the multi-centre clinical trial of VitroGro® to be conducted by Prof. Keith Harding (Cardiff) will be used for regulatory submission for approval for sale of VitroGro® wound healing products.

Calendar years



Market segment opportunities

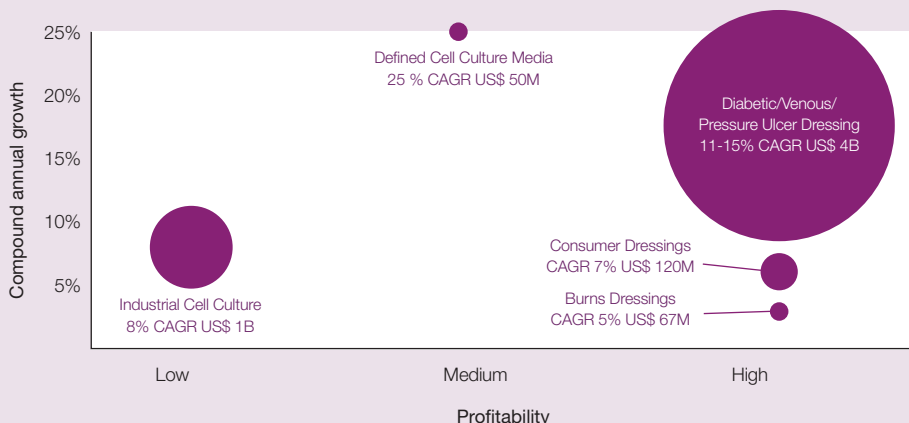
Ageing populations, a higher incidence of diabetic and venous ulcers, and the increasing affordability of health care in developing countries are all factors contributing to the growth in the wound healing sector.

Worldwide, it is estimated that patients suffering diabetic, venous and pressure ulcers spent US\$4 billion in 2007 on wound dressings, with a compound annual growth rate of 11 per cent to 15 per cent^{1,2}.

The currently identified international market opportunities for VitroGro® can be seen in this chart, with the diameter of each bubble representing world market size in calendar year 2007.

While the advanced wound care market is Tissue Therapies' primary focus, there are also considerable opportunities in the retail market for dressings and products to accelerate burn wound healing.

Market segment data



(Frost & Sullivan primary research and industry data - Frost & Sullivan and CanCare Consultancy Services.)

¹ Primary research, Frost & Sullivan and CanCare Consultancy Services.

² Clinical Guide to Wound Care, 6th Ed. 2008, Hess CT, Lippincott, Williams & Wilkins.