

26 July 2012

Appendix 4C Quarterly Report

Biomedical company, Tissue Therapies Limited (**ASX: TIS**) has released the additional commentary below, in support of the following Appendix 4C Quarterly Report, for the period 1 April to 30 June 2012.

1. The cash expenditure of the Company of \$2,803,200 for the quarter ended 30 June 2012 was as expected and consistent with expenditure forecasts.
2. Cash expenditure for the next 2 quarters is forecast to be lower than those incurred during the last 2 quarters. Decreased expenditure in the next 2 quarters will be primarily in clinical trials, CE Mark approval for sale and inventory manufacturing costs, all incurred to establish initial inventory and the start of sales in the EU.
3. Ample inventory for the at least the first 12 months of sales is now stored in 2 specialist health product distribution warehouses in Europe and is available for immediate sales as soon as CE Mark is granted. Strong interest in VitroGro® ECM has been generated by the announced clinical results of the EU patient trial. (Please see **ASX: TIS Robust EU Final Clinical Trial Results, 11 November 2011.**)
4. CE Mark granting is now expected shortly, based on information supplied to the Company by the Notified Body, the British Standards Institute, as recently announced. (Please see **ASX: TIS VitroGro® ECM Meets CE Mark Requirements, 16 July 2012.**) This will allow sales to start throughout the EU, including the UK. We are confident that these sales will make a material and positive contribution to Tissue Therapies cash position in the current financial year.

The cash position of the Company is under constant review by the Board.

What is VitroGro® ECM

- VitroGro® ECM is a biomimetic scaffold that is sterile, acellular and flowable (designed to be applied to the surface of wounds).
- It is an artificially created matrix protein designed from polypeptide sequences that normally provide attachment sites in healthy skin that guide cells during normal wound healing.
- In chronic (non-healing) wounds, skin cells are deprived of these attachment sites because the extracellular matrix (ECM) is degraded.
- VitroGro® ECM restores normal wound healing by replacing the degraded ECM with a scaffold containing the attachment sites that guide skin cell attachment, proliferation and migration (the essential processes of normal wound healing).
- VitroGro® ECM is a temporary matrix that is designed to be replaced through the normal process of tissue restoration and turnover.
- VitroGro® ECM consistently and conveniently restores healing in chronic ulcers that have failed to respond to current expert care.
- Expert health economics modelling indicates that VitroGro® ECM offers the opportunity for substantially more cost effective treatment of wounds compared to the current standard of care.

About Tissue Therapies Limited

Tissue Therapies Limited is an Australian company developing biomedical technologies for wound healing, tissue repair, cell culture and other applications.

The Company has worldwide exclusive rights to commercialise VitroGro®, a technology developed to enhance cell growth and migration by cell biology, tissue engineering and protein engineering experts at the Institute of Health and Biomedical Innovation (IHBI) at the Queensland University of Technology (QUT). VitroGro® has particular commercial applications in wound healing, tissue regeneration, cell-based therapies and cell culture.

Based on its VitroGro® technology, Tissue Therapies is developing more effective treatments for acute and chronic wound healing applications including chronic skin ulcers and burns.

Tissue Therapies is also proceeding with the development of other commercial applications of various VitroGro® and other technologies for the treatment of psoriasis, scar prevention and potential treatments for various cancers including those of the breast, colon and prostate.

VitroGro® also provides a fundamental, transforming technology for completely defined cell culture reagents (ie. containing no purified animal or human proteins) to sustain and enhance the growth of live cells for emerging cell-based therapies, along with research and industrial cell culture markets internationally.

More information: www.tissuetherapies.com

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

TISSUE THERAPIES LIMITED

ABN

45 101 955 088

Quarter ended ("current quarter")

June 2012

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to Date (12 months) \$A'000
1.1	Receipt of research grants	200.9	346.1
1.2	Payments for		
	(a) staff costs	(347.7)	(1,072.9)
	(b) advertising and marketing	(229.9)	(294.8)
	(c) research and development and clinical trials	(867.7)	(3,024.4)
	(d) leased assets	-	-
	(e) other working capital	(936.8)	(2,960.7)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	111.1	551.2
1.5	Interest and other costs of finance paid	(3.6)	(8.2)
1.6	Income tax rebate received	267.6	267.6
1.6	Payment for inventory	(976.1)	(4,027.9)
1.7	Product sales	-	-
Net operating cash flows		(2,782.2)	(10,224.0)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to Date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(2,782.2)	(10,224.0)
1.9 Cash flows related to investing activities		
Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(15.9)	(112.0)
(e) other non-current assets		
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
Net investing cash flows	(15.9)	(112.0)
1.14 Total operating and investing cash flows	(2,798.1)	(10,336.0)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares	-	93.6
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other - payment of share issue costs	(5.1)	(14.2)
Net financing cash flows	(5.1)	79.4
Net increase (decrease) in cash held	(2,803.2)	(10,256.6)
1.21 Cash at beginning of quarter/year to date	7,962.8	15,416.3
1.22 Unrealised exchange rate adjustments	(1.2)	(1.3)
1.23 Cash at end of quarter	5,158.4	5,158.4

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	(488.7)
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions	
	Fees paid to Directors - \$63.8 Fees for research paid to QUT - \$424.9	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	N/A	N/A
3.2 Credit standby arrangements	N/A	N/A

+ See chapter 19 for defined terms.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	56.2	47.6
4.2	Deposits at call	5,102.2	7,915.2
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)		5,158.4	7,962.8

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	
5.2	Place of incorporation or registration	
5.3	Consideration for acquisition or disposal	
5.4	Total net assets	
5.5	Nature of business	

Compliance statement

- 1 This statement has been prepared under accounting policies, which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 26 July 2012
 (Company Secretary)

Print name: Drummond McKenzie

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Cash Flow Statements* apply to this report except for the paragraphs of the Standard set out below.
 - Aus 20.1- reconciliation of cash flows arising from operating activities to operating profit or loss
 - 39 & 40- itemised disclosure relating to acquisitions and disposals
 - 48 - disclosure of restrictions on use of cash
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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