

A briefing for analysts and investors to discuss Renovo's preliminary results for the year ended 30 September 2009 will be held at 09:30 (GMT) today at the offices of Buchanan Communications, 45 Moorfields, London, EC2Y 9AE.

Simultaneous to the meeting, there will be a live audio web cast of the presentation available via www.renovo.com. In addition, there will be a conference call for audience participation in the presentation Q&A session. Dial-in details are as follows: +44 (0)20 8609 1435. PIN code: 450248#. A replay of the web cast will be available on Renovo's website shortly after the event

For Immediate Release

15 December 2009



RENOVO GROUP PLC

PRELIMINARY RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2009

Pipeline Highlights

- **Juvista®** for the improvement of scar appearance in the skin - First European Phase 3 trial in scar revision surgery currently recruiting in 10 countries and is on track to report H1 2011
- **Juvista®** Phase 2 trial in varicose vein surgery clinically and statistically significant at 500ng dose. Considered in their totality, the Phase 2 Juvista trials show consistent dose findings and considerable trial design insights: all of this learning has been applied to design the Phase 3 trials for the highest probability of success
- Three early **Juvista®** clinical trials published in the prestigious medical journal "The Lancet" with an accompanying editorial comment
- **Adaprev™** to be developed as a Class III medical device
- First **Adaprev™** trial for the reduction of tendon adhesions commenced on time. Due to report H1 2011
- Exploratory **Juvidex®** trial for the acceleration of healing met pre-specified secondary endpoints with statistical significance
- **Juvidex®** to be partnered as a cosmetic ingredient for the improvement of skin appearance and acceleration of healing
- **Prevascar®**, which has already reported a statistically significant Phase 2 trial, will commence, in Q2 2010, a new Proof of Concept trial in skin incisions/excisions in African Ancestral Group volunteers, using an improved clinical drug product
- **Awarded Technology Strategy Board (TSB) Regenerative Medicine grant** to progress towards a clinical trial a pre-clinical candidate, RP57, for scar reduction and tissue regeneration

Financial Highlights

- **Group restructuring** completed – reduction in headcount by approximately one third, providing internal cost savings of £3 million to £4 million per annum
- **Cash consumed in operations** during the year was £21.0 million (2008: £18.3 million)
- **Net cash position** including investments at 30 September 2009 was £65.3 million (2008: £82.6 million)
- **Net cash position** including investments at the time of the reporting of the first Juvista EU Phase 3 trial in H1 2011 is expected to be between £25 million and £30 million.

Commenting on these results, Professor Mark Ferguson, Chief Executive Officer of Renovo, said:

“Renovo continues to make significant progress with its clinical pipeline of products for the reduction of scarring: Juvista first EU Phase 3 trial in skin scar revision surgery on track to report H1 2011, Adaprev clinical trial in tendon repair commenced and will report H1 2011, Prevascar to start a new clinical trial in 2010 and Juvidex to be partnered as a cosmetic. External recognition of the quality of our clinical and pre-clinical programmes is reflected in publication of our early Juvista clinical trial results in The Lancet and the award of a grant to progress a pre-clinical candidate, RP57, from the TSB Regenerative Medicine competition. Our strong cash balance and reduced annual expenditure as a result of completion of the previously announced restructuring, places us in a good position to develop our pipeline to generate significant shareholder value.”

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Overview

Renovo is a biopharmaceutical product company and a leader in the discovery and development of drugs to improve tissue repair / regeneration and the appearance of scars.

Juvista® (INN: Avotermin – an intradermal injectable solution of Transforming Growth Factor Beta 3 (TGFβ3)), Renovo’s lead drug for the improvement of scar appearance in the skin, has been generally well tolerated by around 1,500 human subjects and has demonstrated statistically significant efficacy data in eight Phase 2 double blind, placebo controlled efficacy trials in patients and volunteers. The first EU Juvista Phase 3 efficacy trial in scar revision surgery is recruiting in ten countries and is on track to report in the first half of 2011.

Renovo announced in June 2007 that it had signed an exclusive licensing agreement with Shire plc to develop and commercialise Juvista, in every country in the world except the European Union, the rights to which have been retained by Renovo. Under the terms of the deal Renovo has already received an initial upfront payment of US\$75 million and an equity investment of US\$50 million. Contingent on the successful development and commercialisation of Juvista Renovo will be eligible for further milestone payments of up to US\$700 million together with escalating royalties on sales.

Adaprev™ (an injectable solution of Mannose-6-Phosphate (M-6-P)) is being developed by Renovo as a Class III medical device for the prevention of adhesions (scar tissue) between tendon and tendon sheath, and the improvement of tendon function in patients undergoing surgical repair of flexor tendons in the hand. The first randomised, double-blind, standard care controlled, clinical trial commenced in November 2009 and is due to report in H1 2011. As clinical development programmes for medical devices tend to be simpler compared to pharmaceuticals, with fewer trials and patients, this will provide Renovo with a faster route to market for Adaprev.

Prevascar® (an intradermal injectable solution of human recombinant Interleukin 10) previously reported a statistically significant Phase 2 efficacy trial for the reduction of scarring in the skin. Following improvements in the manufacturing of Prevascar drug substance and product, and identification of a clinical cohort who are predicted (on the basis of a non-drug experimental surgery study) to benefit particularly well from Prevascar's modulating effect on the wound inflammatory response, Renovo plans to initiate a new proof of concept clinical trial in skin incisions and excisions in African Ancestral Group volunteers in Q2 2010.

Juvidex® (topical application of Mannose-6-Phosphate (M-6-P)) reported statistically significant improvements in pre-specified endpoints of skin appearance and acceleration of healing in a proof of concept clinical trial. Renovo intends to partner Juvidex as a cosmetic ingredient, and is actively seeking a suitable partner to ensure its rapid development and commercialisation.

The development towards the clinic of **RP57** - a promising pre-clinical candidate pharmaceutical (discovered by Renovo) targeting the Wnt pathway for the reduction of scarring and stimulation of tissue regeneration has been greatly assisted by a financial grant from the Technology Strategy Board (TSB) under its recent Regenerative Medicine competition.

Restructuring

The restructuring of Renovo, announced in September 2009, has been completed with a one third reduction in the number of the Company's employees and a significant reduction in cash expenditure, such that Renovo is projected to have between £25 million and £30 million cash in hand at the time of reporting of the first Juvista EU Phase 3 trial in H1 2011.

Product pipeline

Juvista®

Juvista (INN: Avotermin) is a therapeutic application of human recombinant Transforming Growth Factor Beta 3 (TGFβ3). Clinical trials have demonstrated that intradermal injection of Juvista to skin wounds created either by surgical incision or excision, at or shortly after the time of surgery, results in improved subsequent scar appearance. Prophylactic improvement of skin scarring is predicted (by Renovo and analysts) to be a multi-billion dollar/euro opportunity in the US and EU markets alone.

Juvista is a first in class pharmaceutical product candidate to address these large potential markets of unmet medical need. Market research funded by Renovo and published during 2009 shows a high rate of patient dissatisfaction with scars from recent surgical procedures regardless of age, race or sex and an appreciation of improvements in scar appearance.

Comprehensive Phase 1/2 Clinical Trial Programme Provides Valuable Information and Learning for Phase 3

Renovo has pioneered the development of Juvista as a new drug in the new therapeutic field of skin tissue regeneration/improvement of scar appearance. In order to optimise the design of its Phase 3 trials, Renovo conducted a comprehensive Phase 1 and 2 programme and has reported, in approximately 1500 human subjects dosed to date a favourable safety profile, and positive, statistically significant, results from eight double blind, placebo controlled trials (1002, 1005, 1007, 1011, 0050, 0036, 1009 and 0042) which demonstrated the efficacy of Juvista in improving scar appearance. This programme confirmed the advantages of using within-patient comparisons where drug and placebo are given to anatomically matched wounds of similar lengths.

The results from three statistically significant Juvista trials (1002, 1005 and 0036) for the improvement of skin scarring were published in *The Lancet* on 11 April 2009 (vol 373, pages 1264-1274). The publication featured on the front cover of the *The Lancet*, was the subject of a podcast by Prof Mark Ferguson available on the *The Lancet* website, and was widely reported in the lay press. An editorial commentary on the publication was provided in the same issue of *The Lancet* by Dr Edward Tredget, Professor of Plastic Surgery at the University of Alberta (*The Lancet*, vol: 373, pgs 1226-1228). Quoting from this independent editorial comment:

“Despite decades of investigation, the development of fibrosis in the skin and other parts of the human body remains incompletely understood, whereas the morbidity of hypertrophic scarring and keloids after traumatic and thermal injury, remains very high ... Few, if any, accepted anti-fibrotic drugs or treatments are established to assist patients with these fibroproliferative disorders.”

“The investigators are to be congratulated for successful completion of a well designed and carefully controlled study that used a previously validated outcome measure of clinical significance to a broad range of both patients and observers. Although the investigators have acknowledged their commercial interests in TGFβ3, adherence to established standards in this translational investigation and the rigorous nature of the statistical analysis in a well powered series of studies provide strong evidence for the benefits of Avotermin (Juvista) in this setting.”

“With these investigations, Ferguson and colleagues provide substantial optimism for new solutions to difficult fibrotic disorders in the future.”

During the year Renovo reported a randomised, double-blind, within-patient, placebo controlled Phase 2 study to investigate the safety and efficacy of four doses of Juvista (5, 50, 200 and 500ng per 100µL per linear cm of wound margin) given once following bilateral varicose vein surgery in 156 patients. The trial was a multi-centre European study that took place across a total of 22 sites in four countries.

At the highest dose (500ng per 100µL per linear cm of wound margin administered once) the trial met its primary endpoint ($p=0.036$), which was a photographic evaluation of the upper groin incision by a lay panel over a time period from week 6 to month 7 post surgery using a visual analogue scale (VAS). Juvista treated scars were scored numerically better using the VAS scale at all time points compared to placebo. The lower doses of Juvista (5, 50 and 200ng per 100µL per linear cm of wound margin) did not achieve statistical significance. The results of this trial are consistent with Renovo’s previous findings that 500ng per 100µL per linear cm of wound margin is the most efficacious dose for Juvista.

In this trial Juvista was given once at the time of surgery. However, other clinical trials (particularly 0036 & 0050) have demonstrated that Juvista’s efficacy can be further improved by twice dosing, at the time of surgery and 24 hours later.

Considered in their totality, the data from the different Phase 2 Juvista trials are consistent, and explain why two trials (1008 and 1010) did not meet their primary endpoints. We now know that both of these Phase 2 trials used sub-optimal doses (neither included 500ng), a sub-optimal dosing regime (once only dosing) and in 1008 a sub-optimal trial design involving scars of different lengths and anatomical locations.

Phase 2 is about exploring and learning and in this respect Renovo believes it has incorporated significant learning into the design and execution of its first pivotal EU Phase 3 efficacy trial so as to increase the chances of a positive result.

First Juvista EU Phase 3 efficacy trial in scar revision surgery on schedule to report H1 2011

Renovo’s first EU Phase 3 trial for Juvista (‘Revise’) in scar revision surgery is currently recruiting patients. Scar revision is an excisional procedure performed by Plastic Surgeons and Cosmetic Dermatologists for both patients wanting cosmetic improvements and those with serious disfiguring scars. This trial evaluates two doses (which provided the greatest efficacy in Phase 2) of Juvista (200ng and 500ng per 100µl per linear cm of wound margin) given twice (following wound closure and 24 hours later) to a total of 350 patients in approximately 55 centres, in ten countries: United Kingdom, France, Hungary, Germany, Italy, Poland, Spain, Denmark, Latvia and USA. The protocol

design, power calculations and trial endpoints were submitted to, and discussed and agreed in principle with the EMEA as part of its written scientific advice to Renovo. The trial protocol was also granted approval by the regulatory authorities and ethical bodies in all ten countries. A dedicated call centre, advertising campaign and website (www.revisestudy.com) is being used to assist patient recruitment in those countries where they are permitted.

The primary efficacy endpoint of the trial is an assessment of standardised photographs of drug and placebo treated scars from the same patient by an independent clinical expert panel, 12 months following surgery. This improvement is to be measured using the Global Scar Comparison Scale which has been developed and validated by Renovo.

Other secondary endpoints include a patient based assessment of scar improvement, and an on the patient assessment by the investigating surgeon.

Renovo is on track to report data from this trial in H1 2011.

Keloid pilot trials

Prophylactic reduction of keloid scars presents an additional opportunity for Juvista. Keloid scars develop and grow beyond the margins of the original wound and result from an abnormal deposition of collagen and extracellular matrix. They are more common in coloured skin races, and are often triggered by wounding, burns, bites, acne, surgery and body piercing.

Renovo's keloid trials are double-blind, within-patient, placebo-controlled randomised trials investigating the safety (after three months) of Juvista (50, 200 or 500ng/100µL/linear cm of wound margin) administered twice intradermally to 50 patients immediately following excision of earlobe keloids and 24 hours later. Time to recurrence and improvement of keloid appearance are also being assessed at 12 months as secondary endpoints. These trials are ongoing in the USA under an Investigational New Drug (IND) application.

Following the reporting of positive safety data for the 50ng and 200ng dose groups in December 2008, Renovo increased the number of patients in the 500ng dose group from 10 originally planned to 30. Renovo is on track to report safety (for the 500ng dose group) and pilot efficacy data (for all doses) in H2 2010.

Paediatric Development Plan

A paediatric development plan is required under EU legislation and Renovo's dialogue with the EMEA concerning Juvista is nearing conclusion. Studies in children will start after the adult Phase 3 programme is complete. A new single dose formulation has been developed for children and its performance is being investigated and compared to the existing formulation in clinical trial 1006-0100. This is a double-blind, placebo controlled, within subject design using matched 1cm surgical wounds on the upper inner arms of 84 healthy adult volunteers. The trial is fully recruited and reports data towards the end of 2010, with an earlier interim analysis (to indicate whether further formulation development might be required).

AdaprevTM

Adaprev (an injectable solution of Mannose-6-Phosphate) is being developed for the prevention and reduction of scarring and adhesions between the tendon and surrounding tissues following tendon repair. It is anticipated that Adaprev will improve function, which is often impaired following surgical repair of lacerated flexor tendons in the hand. This is an attractive market opportunity with over 550,000 procedures to repair severed hand tendons per year in the USA alone and an equivalent number in the EU. Patients developing tendon adhesions suffer from impaired motor function, pain and approximately 30% require subsequent tenolysis surgery to try to release the adhesions. Importantly, plastic, reconstructive and hand surgeons perform most of the flexor digital tendon repairs: the same target prescribers for Adaprev as for Juvista.

The first patient enrolment in Renovo's trial to evaluate the safety, tolerability and preliminary performance of Adaprev in improving recovery of tendon function in patients undergoing surgical repair of flexor tendons in the hand occurred in November 2009.

The trial, is a randomised, double-blind, standard care-controlled study in 44 male and female patients being conducted in ten UK centres and is due to report in the first half of 2011.

Renovo is developing Adaprev as a Class III medical device. As clinical development programmes for medical devices tend to be simpler compared to pharmaceuticals, with fewer trials and numbers of patients required, this classification should provide Renovo with a faster and lower cost route to market for Adaprev, than if it were classified as a pharmaceutical.

Assuming this first trial is successful Renovo anticipates that it will need to undertake one further trial for Adaprev prior to seeking approval to market.

Prevascar®

Prevascar (INN: Ilodecakin) is a therapeutic formulation of human recombinant Interleukin 10 (IL-10) and is an important modulator of the inflammatory response.

Renovo has previously reported statistically significant Phase 2 efficacy data for Prevascar in the reduction of scarring in the skin. Following improvements in the manufacturing of Prevascar drug substance and product and identification of a clinical cohort who are predicted (on the basis of a non-drug experimental surgery study) to benefit particularly well from Prevascar's modulatory effect on the wound inflammatory response, Renovo plans to initiate a new proof of concept clinical trial in skin incisions and excisions in African Ancestral Group volunteers in Q2 2010.

Juvidex®

Juvidex, is a topical formulation of the sugar Mannose-6-Phosphate (M-6-P).

In March 2009 Renovo reported the results of a double-blind, placebo controlled, randomised Phase 2 efficacy trial in 195 male and female subjects to investigate the safety and efficacy of two dose levels of Juvidex (300mM and 600mM) via two routes of administration (intra-dermal and topical in combination and topically alone) in the acceleration of healing of split thickness skin graft donor sites.

This was an exploratory human proof of concept efficacy trial to investigate different dosing regimens and routes of administration for Juvidex to assess the feasibility of developing a topical product targeted for the cosmetic skin peel market.

Although the trial did not meet its primary endpoint, which was demonstration of a statistically significant difference in the time to complete wound closure at the skin graft site as assessed by the investigating physician, it did meet some of the pre-specified secondary endpoints with statistical significance. These included a comparison between patients using an external panel of clinical experts to assess photographs of the donor sites, where the 300mM Juvidex topical alone application versus standard care showed a statistically significant acceleration of healing ($p=0.0146$) in favour of Juvidex. In addition, objective measures demonstrated that over the healing period wounds treated with topical Juvidex alone had an appearance that more closely resembled normal skin compared to placebo ($p<0.05$).

Following this positive proof of concept clinical trial Renovo plans to partner Juvidex as a cosmetic ingredient for the improvement of skin appearance and acceleration of healing. Renovo is actively seeking a suitable cosmetic partner to ensure the rapid development and commercialisation of Juvidex.

Board Changes

As previously announced, since the last annual report, a number of Executive (ED) and Non-Executive Directors (NED) have resigned from the Board.

Dr David Feigal (NED) resigned at the last AGM and is currently VP Global Regulatory Affairs at Amgen Inc.

Mr Andrew Kay (ED) resigned on 31st December 2008 to become CEO of Algeta.

Dr Sharon O’Kane (ED) resigned effective from the AGM to be held on 10 February 2010 to pursue other business interests in starting and building companies and serving as a Non-Executive Director.

Dr David Ebsworth (NED) resigned effective from the forthcoming AGM and has been appointed CEO of Vifor Pharma

Dr Art Rosenthal (NED) resigned effective from the forthcoming AGM and has been appointed CEO of Capella Inc.

Mr David Blain (ED) was confirmed as Chief Financial Officer on 1 February 2009.

Within a year, the Board has reduced in size from 13 to 8 members and after feedback from investors and in recognition of Renovo’s current market capitalisation, the Board will remain reduced in size. We would like to thank all of the departing Executive and Non-Executive Directors for their considerable advice, help, support and work in building and managing Renovo.

The Renovo Scientific and Clinical Advisory Board held its final meeting in September 2009 and has been disbanded. Going forward, as needs dictate, Renovo will seek ad hoc scientific, clinical, regulatory and commercial advice from a wide group of external experts.

Financial summary

The results for the year have been significantly influenced by both the commencement of our first pivotal Phase 3 pan-European trial for Juvista and the significant reduction in achievable interest rates on our cash investments. We continue to invest with counterparties who have the highest credit ratings and both during the year and since the year end there has been no impairment in the carrying value of our investments. The volatility of our major trading currencies has also posed challenges during the year. However, and despite these difficulties, the overall results are in line with management’s expectations.

Cash flow

During 2009 the cash consumed by operations was £21.0 million (2008: £18.3 million). The cash on hand and on term deposits at 30 September 2009 was £65.3 million (2008: £82.6 million). Interest receivable from placing funds on short-term deposits generated income of £2.6 million (2008: £5.1 million).

Operating income

Revenue of £5.1 million (2008: £7.6 million) was generated as a result of our licensing agreement with Shire. £2.7 million arose from the release of deferred income (2008: £3.6 million) and £2.4 million represents recharges of costs incurred (2008: £4.0 million). In accordance with our accounting policy the revenue is being recognised over the period of the associated development agreement. Revenue related research and development expenditure amounted to £3.3 million (2008: £5.1 million).

Operating expenses

Since commencing commercial operations, the Group has been focused on drug discovery and development programmes.

In the current year we again expensed all research and development costs in the period in which they were incurred. Given the stage of development of our drug pipeline, most of our costs are related to the execution of our clinical trials and the largest single cost category is costs of research and development personnel.

Research and development expenses were £21.6 million (2008: £23.7 million) representing 78% (2008: 81%) of total operating expenses for the year. Research and development expenses include costs for:

- personnel associated with research and development activities;

- clinical trials;
- formulation and manufacturing activities including process validation;
- pre-clinical studies, including toxicology studies;
- regulatory affairs;
- IT development of image management systems; and
- quality assurance activities.

Administrative expenses consist primarily of remuneration for employees in executive and operational functions including finance, business development and human resources. Other significant administrative expenses include facilities costs and professional fees for accounting and legal services.

The Group is required to expense the cost of share incentives granted to employees in accordance with IFRS2. This cost, which is not a cash item, amounted to £0.5 million (2008: £1.5 million).

Finance income

Finance income consists of bank interest received on short-term cash deposits and investments. The Group is principally equity funded and invests its funds in short-term bank deposits with a panel of financial institutions generally rated AA or better (or equivalent ratings). We impose an upper limit for each counterparty investment to ensure our investment risk is spread.

Taxation

We continue the policy of surrendering tax losses by making research and development tax credit claims to the tax authorities and this year anticipate a tax credit receivable of £3.0 million (2008: £3.3 million) under this scheme. Recent legislative changes to the scheme are unlikely to affect our policy in the foreseeable future. Indeed, the amount we are able to claim under the scheme is capped to the total payments we make to HMRC for PAYE and NIC in each financial year.

Corporate restructuring

In September 2009, Renovo announced the restructuring of the Company in order to focus its resources on the clinical development of its late stage product portfolio: Juvista, Adaprev and Prevascar. This decision resulted from a full review by the Board of strategic options and consultation with investors and advisors. The Board review commenced prior to the receipt in April 2009 of a preliminary unsolicited approach for the company and continued during consideration of that approach. The restructuring plan was announced in September 2009 simultaneous with the termination of the preliminary discussions regarding the unsolicited approach. The restructuring of the Company is complete and has concentrated Renovo's activities on supporting the clinical development programmes, together with managing and partnering Renovo's products and IP assets. As a consequence of this restructuring the Company's headcount has been reduced by around a third. As the decision to go ahead with the restructuring was made in September 2009, we have accrued in these accounts an amount of £0.4 million to cover the redundancy and associated costs.

The Executive Directors of Renovo have voluntarily agreed to accept no pay increase this year and to defer any 2009 cash bonus awarded under the current plan until the time of reporting of the first Juvista EU Phase 3 trial (on schedule for H1 2011) and additionally to make the payment of this bonus contingent on a positive outcome of that trial meeting its primary endpoint. This is the second consecutive year where there has been no increase to the basic salaries of the Executive and Non-Executive Directors.

The objective of this restructuring was to focus the Company's efforts on its late stage product portfolio in order to maximise near-term value creation opportunities while minimising cash expenditure going forward. Collectively these measures have reduced internal operating costs by around £3 million - £4 million and are projected to result in the Company having between £25 million to £30 million cash in hand at the time of the reporting of the first Juvista EU Phase 3 trial in H1 2011.

Outlook

The Group is well funded with £65.3 million in cash and investments as at 30 September 2009 and the restructuring has reduced annual expenditure going forward. This provides Renovo with a firm financial foundation on which to develop its pipeline. Renovo's main priority is to complete recruitment of the first European Phase 3 trial for Juvista and to follow the scar appearance in those patients for 12 months as described in the protocol. Renovo will prepare for other aspects of Juvista's Phase 3 development programme, for example agreeing the EU Juvista paediatric development plan with the EMEA.

Renovo will progress the first Adaprev clinical trial for improvement of tendon function following digital flexor tendon injury and repair. Prevascar will commence a proof of concept clinical trial for scar reduction in incisions and excisions in African Ancestral Group volunteers. Juvidex will be partnered as a cosmetic ingredient and Renovo will seek a suitable development and commercialisation partner. Using funds provided by a recently awarded Technology Strategy Board Regenerative Medicine grant, RP57, a pre-clinical pharmaceutical product candidate will be advanced towards a future clinical trial.

Prof Mark Ferguson
CEO

Mr David Blain
CFO and Company Secretary

**Consolidated Income Statement
For the year ended 30 September**

	Note	2009	2008 (represented see note 1)
		£'000	£'000
Revenue		<u>5,065</u>	<u>7,603</u>
Operating expenses			
Research and development			
- Revenue related		(3,331)	(5,111)
- Development and discovery programmes		<u>(18,294)</u>	<u>(18,547)</u>
Total Research and Development		<u>(21,625)</u>	<u>(23,658)</u>
Administrative expenses		(6,232)	(5,680)
Operating loss		<u>(22,792)</u>	<u>(21,735)</u>
Finance income		2,610	5,056
Loss before taxation		<u>(20,182)</u>	<u>(16,679)</u>
Taxation	2	3,039	3,308
Loss for the year	7	<u>(17,143)</u>	<u>(13,371)</u>
Basic and Diluted Loss per share	3	<u>9.1p</u>	<u>7.2p</u>

All results relate wholly to continuing activities.

There were no recognised income and expenses other than the loss for the year and the previous year. Accordingly, a separate statement of total recognised income and expenses has not been presented.

**Consolidated Balance Sheet
As at 30 September**

Group	Note	2009 £'000	2008 £'000
Assets			
Non-current assets			
Property, plant and equipment		3,187	3,631
		3,187	3,631
Current assets			
Trade and other receivables		1,476	4,812
Research and development tax credits receivable		3,014	3,308
Investments	4	57,500	76,000
Cash and cash equivalents		7,750	6,621
		69,740	90,741
Liabilities			
Current liabilities			
Trade and other payables		(5,120)	(7,058)
Deferred grants		(250)	(214)
Gross amount due to customers for contract work		(3,433)	(3,845)
		(8,803)	(11,117)
Net current assets		60,937	79,624
Non-current liabilities			
Deferred grants		(936)	(1,195)
Gross amount due to customers for contract work		(23,355)	(25,596)
Net assets		39,833	56,464
Equity			
Capital and reserves attributable to the equity holders of the parent			
Share capital	6	19,056	19,037
Share premium account		79,134	79,134
Own shares		(149)	(157)
Share-based payment reserve		3,730	3,245
Other reserve		22,666	22,666
Retained earnings	7	(84,604)	(67,461)
Total equity		39,833	56,464

**Consolidated Cash Flow Statement
For the year ended 30 September**

Group	Note	2009 £'000	2008 £'000
Net cash outflow from operating activities	5	<u>(20,975)</u>	<u>(18,274)</u>
Investing activities			
Interest received		3,950	3,397
Purchases of property, plant and equipment		(348)	(3,278)
Funds placed on term deposits		(115,000)	(184,561)
Funds returned from term deposits		133,500	142,561
Net cash generated from / (used in) investing activities		<u>22,102</u>	<u>(41,881)</u>
Financing activities			
Net proceeds on issue of shares	5	2	32
Net cash from financing activities		<u>2</u>	<u>32</u>
Net increase / (decrease) in cash and cash equivalents		1,129	(60,123)
Cash and cash equivalents at beginning of year		6,621	66,744
Cash and cash equivalents at end of year		<u>7,750</u>	<u>6,621</u>

Notes to the financial information
For the year ended 30 September 2009

1. Presentation of financial statements

Information in this preliminary announcement does not constitute statutory accounts of the Group within the meaning of Section 404 of the Companies Act 2006. The financial information for the year ended 30 September 2009 and the year ended 30 September 2008, presented in this preliminary announcement is extracted from, and is consistent with, that in the Group's audited financial statements for the year ended 30 September 2009. The financial statements were approved by a duly appointed and authorised committee of the Board of Directors held on 15 December 2009; the auditors' report on these accounts was unqualified. The financial statements will be delivered to the Registrar of Companies following the Company's Annual General Meeting. Statutory accounts for the year ended 30 September 2008, which were prepared under IFRSs, have been filed with the Registrar of Companies and are available on the Company's website at www.renovo.com. The auditors' report on those accounts was unqualified and did not contain any statement under Section 237 (2) or (3) of the Companies Act 1985.

The same accounting policies, presentation and methods of computation are followed in this preliminary announcement as applied in the Group's annual audited financial statements for the year ended 30 September 2008 with the exception of the presentation of research and development costs in the income statement. Previously costs associated with revenue generating activities were disclosed as cost of sales, and other research and development costs shown separately as operating costs. The Directors consider this presentation to be unhelpful to the users of the financial statements and have therefore incorporated a subtotal of total research and development costs and removed the previous subtotal of gross profit. The income statement for the prior year has been represented accordingly. All amounts previously reported as "cost of sales" which represent costs recharged in full or in part are now under the heading "research and development - revenue related" and all amounts previously reported as research and development within operating costs are now under the heading "research and development – development and discovery programmes".

Renovo Group plc is a research and development based business with no currently marketed products. It expects to incur further losses as it continues to develop its portfolio of candidate products and related technology and may require additional financing for the future operation of its business, including further equity funding as appropriate, before it reaches sustained profitability.

The Group is well funded with £65.3 million in cash and investments as at 30 September 2009 on which it relies to meet its pending commitments. Having considered reasonably possible variations to the Group's forecasts the Directors confirm that they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they have adopted the going concern basis in preparing the financial statements.

2. Taxation

	2009	2008
	£'000	£'000
Current tax		
Research and development tax credits	3,014	3,308
Adjustment in respect of prior years	25	-
Total tax credit on loss on ordinary activities	<u>3,039</u>	<u>3,308</u>
The credit for the year can be reconciled to the loss per the income statement as follows:		
Loss on ordinary activities before tax	<u>(20,182)</u>	<u>(16,679)</u>
Tax on ordinary activities at standard UK corporation tax rate of 28% (2008: 29%)	(5,651)	(4,837)
Effects of:		
Expenses not deductible for tax purposes	224	421
Difference between capital allowances and depreciation	119	(795)
Research and development tax credits	(596)	83
Increase in tax losses to carry forward	2,906	2,316
Share options exercised	-	(496)
Prior year adjustment	(25)	-
Deduction in respect of share options exercised in the year	<u>(16)</u>	<u>-</u>
Current tax credit for the year	<u>(3,039)</u>	<u>(3,308)</u>
Deferred tax is provided as follows:	870	989
Accelerated capital allowances	<u>(870)</u>	<u>(989)</u>
Tax losses available	<u>-</u>	<u>-</u>

No deferred tax asset has been recognised in respect of excess tax losses of £55.1 million (2008: £46.3 million) on the basis that it is not anticipated that these losses will be utilised in the foreseeable future.

3. Loss per share (basic and diluted)

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year, excluding those held in the Employee Benefit Trust, which are treated as cancelled.

	2009	2008
Earnings		
Loss attributable to the equity holders of the Company (£'000)	17,143	13,371
Number of shares		
Weighted average number of ordinary shares ('000)	188,464	185,001
Basic and diluted loss per share (pence per share)	9.1	7.2

All of the Group's unexercised share options are currently anti-dilutive. These may become dilutive in future years should the Group be profitable in a financial year before expiry of the options.

4. Investments

	2009	2008
	£'000	£'000
Term deposits maturing in one year or less	<u>57,500</u>	<u>76,000</u>

5. Notes to the Cash Flow Statement

	2009	2008
	£'000	£'000
Operating loss	(22,792)	(21,735)
Depreciation charges	792	482
Deferred income recognised as revenue	(2,653)	(3,598)
Deferred grants released	(223)	(86)
Share-based payments	485	1,468
Operating cash flows before movements in working capital	<u>(24,391)</u>	<u>(23,469)</u>
Decrease / (Increase) in receivables	2,021	(1,784)
(Decrease) / Increase in payables	<u>(1,938)</u>	<u>2,930</u>
Net cash utilised by operations	(24,308)	(22,323)
Grants received	-	1,495
Research and development tax credits recovered	3,333	2,554
Net cash outflow from operating activities	<u>(20,975)</u>	<u>(18,274)</u>
Financing activities		
Proceeds on exercise of share options	<u>2</u>	<u>32</u>
Net cash from financing activities	<u>2</u>	<u>32</u>

6. Share Capital

	2009	2008
	£'000	£'000
Authorised:		
299,500,165 Ordinary shares of 10p each	29,950	29,950
999,670 Non voting deferred shares of 5p each	<u>50</u>	<u>50</u>
	<u>30,000</u>	<u>30,000</u>
Issued:		
190,057,371 Ordinary shares of 10p each (2008: 189,869,095)	19,006	18,987
999,670 Non voting deferred shares of 5p each	<u>50</u>	<u>50</u>
	<u>19,056</u>	<u>19,037</u>

On 16 December 2008, the company issued 188,276 new ordinary shares of 10 pence each representing 0.099% of the enlarged share capital as a result of the exercise of share options.

7. Retained Earnings

	2009	2008
	£'000	£'000
At 1 October	(67,461)	(53,628)
Loss on disposal of treasury shares	-	(462)
Net loss for the year	<u>(17,143)</u>	<u>(13,371)</u>
At 30 September	<u>(84,604)</u>	<u>(67,461)</u>