

Appendix 4C Quarterly Report

Biomedical company, **Tissue Therapies Limited (ASX: TIS)** has released the additional commentary below, in support of the Appendix 4C report attached, for the period 1 January to 31 March 2008.

1. The cash expenditure of the Company of \$1,110,700 for the quarter ended 31 March 2008 was as expected and consistent with expenditure forecasts.
2. This total cash expenditure, included payments for inventory and raw materials ie. manufacturing of VitroGro® comprised \$643,500. This VitroGro® inventory is to be used for:
 - the supply of the laboratory consumables market under the worldwide exclusive sales and distribution agreement with Invitrogen Corp
 - use in the Joint Development Agreement with Novozymes A/S
 - the imminent clinical trials to test the performance of VitroGro® in healing diabetic, venous and compression ulcers, as previously announced (see **ASX: TIS Investor Newsletter, 14 Jan. 2008**)
3. Payments for most of the VitroGro® manufacturing (raw materials inventory) necessary for clinical trial and other uses have now been made. As these costs wind down, it is currently anticipated that payments for the next quarter (April – June 2008) may be similar to, but not greater than those of the January – March 2008 quarter.
4. In addition to the Convertible Note facility that was negotiated on favourable terms to Tissue Therapies (see announcement **ASX: TIS Convertible Loan 16 Jan. 2008**), two additional Convertible Note facilities of \$500,000 each have also been negotiated on similar terms. These three convertible notes comprise the \$1,500,000 shown in Section 3.1 of the attached Appendix 4C.
5. The cash position of the Company and further fund raising options are under constant review by the Board, as demonstrated by the prudent additional raisings undertaken by the Company since listing. It is anticipated that further fund raising will be conducted by Tissue Therapies around the time of the clinical human trial of VitroGro® for the treatment of diabetic and venous ulcers which is due to start imminently. The consideration of further fund raising will be in addition to the Convertible Note facilities listed above.

Additional funding will be used for working capital and particularly for scaled up manufacturing of new formulation VitroGro® to allow volume sales at a substantially higher profit to Tissue Therapies. Large scale production of new formulation VitroGro® will be sold into the already targeted markets of cell media products and wound care as well as new market segments eg. industrial cell culture. As soon as definite decisions are made regarding fund raising, the market will be informed.

Further information: Dr Steven Mercer
CEO, Tissue Therapies Limited
Telephone: 07 3839 9938

Email: s.mercer@tissuetherapies.com

About Tissue Therapies Limited

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

The Company has worldwide exclusive rights to commercialise VitroGro®, a platform technology developed by tissue engineering experts at the Institute for Health and Biomedical Innovation at QUT for enhancing cell growth and migration. VitroGro® has particular commercial applications in wound healing, tissue regeneration, stem cell therapies and other cell culture uses.

Based on its VitroGro® platform technology, Tissue Therapies is developing more effective medical treatments for wounds and burns, integration of orthopaedic and medical implants, and other applications such as cosmeceuticals.

Tissue Therapies also provides cell culture reagents to enhance the growth of mammalian 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")

MARCH 2008

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to Date (9 months) \$A'000
1.1 Receipts from customers		
1.2 Payments for (a) staff costs	(63.2)	(146.4)
(b) advertising and marketing	(222.1)	(914.5)
(c) research and development	(187.9)	(480.7)
(d) leased assets		
(e) other working capital		
1.3 Dividends received	6.4	62.4
1.4 Interest and other items of a similar nature received	(0.4)	(1.9)
1.5 Interest and other costs of finance paid		383.0
1.6 Income tax rebate received	(643.5)	(2,910.2)
1.6 Payment for raw materials inventory		25.8
1.7 Product sales		
Net operating cash flows	(1,110.7)	(3,982.5)

+ See chapter 19 for defined terms.

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	Current quarter \$A'000	Year to Date (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	(1,110.7)	(3,982.5)
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		(3.9)
(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	-	-
1.14 Total operating and investing cash flows	(1,110.7)	(3,986.4)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	2,020.0
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings	250.0	250.0
1.18 Repayment of borrowings		
1.19 Dividends paid		
1.20 Other- payment of share issue costs - research grants received	-	(107.7)
Net financing cash flows	250.0	2,162.3
Net increase (decrease) in cash held	(860.7)	(1,824.1)
1.21 Cash at beginning of quarter/year to date	948.5	1,911.9
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	87.8	87.8

+ 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	103.0
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 for research & development paid to Queensland University of Technology-(\$95.3) Fees paid to Directors-(\$7.7)	

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

- 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

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	1,500.0	250.0
3.2	Credit standby arrangements		

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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	-	0.3
4.2 Deposits at call	87.8	948.2
4.3 Bank overdraft		
4.4 Other (provide details)		
Total: cash at end of quarter (item 1.23)	87.8	948.5

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:28 April 2008.....
 (Company Secretary)

Print name: ..D.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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