



ASX ANNOUNCEMENT

28 January 2009

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 October to 31 December 2008.

1. The cash expenditure of the Company of \$469,700 for the quarter ended 31 December 2008 was as expected and consistent with expenditure forecasts.
2. This total cash expenditure included \$250,500 in research and development payments which was substantially lower than for the prior quarter, as forecast in the Appendix 4C for the period ending 30 September 2008.

Forecast cash expenditure from January until March 2009 inclusive is also expected to be reduced by lower than usual seasonal expenditure, particularly travel and accommodation costs for conferences and meetings.

3. The planned Australian clinical trial of VitroGro® has been completed and the results announced. (see **ASX: TIS Results of VitroGro® Venous Ulcer Trial 19 January 2009**) All manufacturing of VitroGro® for the planned and announced Canadian clinical trial of VitroGro® is complete and no further payments are due.
4. The payment of share issue costs in Section 1.20 was for the successful and oversubscribed Share Purchase Plan and Share Placement completed during September 2008 and included in the Appendix 4C for the period ending 30 September 2008.

The Company has indicated previously that further fund raising would be sought once results were announced from the human trial of VitroGro® in Fremantle, Australia. (see **ASX: TIS announcements Appendix 4C Quarterly Report 31 October 2008 and Chairman's 2008 AGM Address 27 November 2008.**) Consistent with this, the Company is today also announcing a 1 for 2 Rights Issue Prospectus for existing shareholders for a maximum raising of up to \$3.4 million. Please see the separate announcement for details.

Further information:

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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 Queensland University of Technology for enhancing cell growth and migration. VitroGro® has particular commercial applications in wound healing, tissue regeneration and cell culture.

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")

DECEMBER 2008

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to Date (6 months) \$A'000
1 1 Receipts from customers		
1 2 Payments for (a) staff costs	(75.1)	(119.9)
(b) advertising and marketing		
(c) research and development	(250.5)	(871.3)
(d) leased assets		
(e) other working capital	(282.0)	(567.6)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	6.7	11.7
1.5 Interest and other costs of finance paid	(0.3)	(0.8)
1.6 Income tax rebate received	308.7	308.7
1.6 Payment for raw materials inventory	(177.2)	(177.2)
1.7 Product sales		
Net operating cash flows	(469.7)	(1,416.4)

+ 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 (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	(469.7)	(1,416.4)
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		
(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	(469.7)	(1,416.4)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares	-	1,113.1
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	(18.2)	(46.4)
- research grants received	78.9	154.1
Net financing cash flows	60.7	1,220.8
Net increase (decrease) in cash held	(409.0)	(195.6)
1.21 Cash at beginning of quarter/year to date	733.0	519.6
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	324.0	324.0

+ 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	(173.0)
1.25	Aggregate amount of loans to the parties included in item 1.11	
1.26	<p><u>Explanation necessary for an understanding of the transactions</u></p> <p>Fees for research & development paid to Queensland University of Technology- (\$115.4)</p> <p>Fees paid to Directors- (\$13.6)</p> <p>Management fees paid to Orbit Capital of which Gregory Baynton is Managing Director- (44.0)</p>	

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	1,500.0
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	22.5	30.5
4.2 Deposits at call	301.5	702.5
4.3 Bank overdraft		
4.4 Other (provide details)		
Total: cash at end of quarter (item 1.23)	324.0	733.0

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: 28.1.09
 (Company Secretary)

Print name: D MCKENZIE

Notes

+ See chapter 19 for defined terms

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