TiGenix

Financial Half-Year Results 2011

KEY FIGURES (Thousands of Euro, except number of employees)

	June 30 2011	June 30 2010
Sales billed	*781*	*286*
Deferred sales	*(411)*	*0*
Sales	370	286
Other revenues	103	668
Revenues	**473**	**954**
Cost of sales	(758)	0
Gross profit/(Loss)	**(284)**	**954**
Research and development expenses	4,657	5,089
Selling, general and administrative expenses (recurrent)	4,987	4,039
Extraordinary selling, general and administrative expenses	2,779	0
Total operating charges	**12,423**	**9,128**
Operating result (EBIT)	**(12,707)**	**(8,174)**
Financial result	(675)	1,211
Profit/(Loss) before taxes	**(13,382)**	**(6,963)**
Income taxes	380	0
Net profit/(Loss)	**(13,003)**	**(6,963)**
Cash and cash equivalents	**24,884**	**5,555**
Number of employees combined group	**80**	**118**

HIGHLIGHTS

Group revenues of EUR 0.5 million

Revenues for the first half of 2011 amounted to EUR 0.5 million. The revenues comprised EUR 0.4 million in product sales and EUR 0.1 million of other revenues. The total billed sales for ChondroCelect in the first half of 2011 amounted to EUR 0.7 million, including EUR 0.4 million in deferred product sales, to be recognized once ChondroCelect is reimbursed under the policy rule of expensive medical products in the Netherlands. This represents a 139% increase compared to the same period of last year. These sales figures do not show any effect yet of the positive reimbursement decision in Belgium. ChondroMimetic sales in the first half of 2011 were EUR 0.1 million.

Net loss significantly impacted by extraordinary expenses

Net loss for the first half of 2011 amounted to EUR 13.0 million compared to EUR 7.0 million in H1 2010. This increase is primarily related to several non-recurrent items:

- EUR 2.8 million of extraordinary charges for the acquisition of 100% of Cellerix shares;
- EUR 1.9 million of unrealised negative exchange rate differences;
- EUR 0.4 million of positive deferred taxes on the amortisation of the intangible assets acquired through the business combination with Orthomimetics and Cellerix.

For the comparison between the first half of 2010 and the same period of 2011, it is also necessary to consider that Cellerix net loss for the months May and June, amounting to EUR 1.8 million net of the cost of the transaction, is included in the period figures as a result of the business combination of TiGenix with Cellerix.

Operating expenses, excluding extraordinary items and impact of the Cellerix consolidation, are consistent with the same period of last year as a direct consequence of the restructuring plan:

- Research and Development costs amounted to EUR 4.7 million, compared to EUR 5.1 million for the same period in 2010. This decrease is partially explained by the reclassification of EUR 0.8 million of some of the development costs, booked under R&D expenses in 2010, to "cost of goods sold" in 2011, offset by EUR 0.6 million of research and development expenses for the month of May and June 2011 related to development of the proprietary stem cell platform at Cellerix. At the end of June 2011, total R&D staff of the combined group was equal to 29 people, compared to 55 at the end of June 2010 (TiGenix alone).

- Selling, General and Administrative expenses amounted to EUR 7.8 million compared to EUR 4.0 million for the same period in 2010. The increase is primarily due to the EUR 2.8 million of extraordinary expenses incurred in connection with the acquisition of Cellerix and EUR 1.1 million related to the business combination with Cellerix during the months of May and June 2011. Excluding the non-recurrent items and the SG&A of Cellerix for the months of May and June, the SG&A for TiGenix amounted to EUR 3.9 million, which is in line with EUR 4 million for the same period of last year, and a direct result of strict cost control, while continuing to strengthen the sales and marketing efforts.

EUR 33.4 million secured, including EUR 15.2 through a rights issue

In the first half of 2011, and under challenging market conditions, TiGenix secured more than EUR 33 million in financing. EUR 18.2 million was raised through a private placement in Cellerix, in conjunction with the combination with TiGenix. EUR 15.2 million was raised through a public rights issue. Both the private placement and rights issue showed strong support from existing shareholders from both companies and new institutional and specialised health care investors across Europe.

EUR 24.9 million cash and reduced cash burn

At the end of June 2011 the Company had a solid financial position of EUR 24.9 million, compared to EUR 5.6 million at the beginning of 2011.

The net cash used in operating activities during the period amounted to EUR 9.7 million, of which EUR 2.8 million was a non-recurrent expenditure for the acquisition of Cellerix. Excluding extraordinary items, the cash used to finance day to day operations amounted to EUR 6.9 million, representing a 23% decrease compared to the operating cash burn in the first half of 2010, and in line with the company effort to increase efficiency and to carefully manage cash used in operations.

TiGenix

CONDENSED UNAUDITED CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME FOR SIX MONTHS ENDED JUNE 30, 2011 AND 2010

INCOME STATEMENT (H1 2011 includes May and June Cellerix´ figures)

Thousands of Euro (€) *According to IFRS and based on limited review procedures by BDO*	**June 30 2011**	**June 30 2010**
Sales billed	*781*	*286*
Deferred sales	*(411)*	*0*
Sales	370	286
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Operating Result (EBIT)	**(12,707)**	**(8,174)**
Financial result	(675)	1,211
Profit/(Loss) before taxes	**(13,382)**	**(6,963)**
Income taxes	380	0
Net Profit/(Loss)	**(13,003)**	**(6,963)**
Attributable to equity holders of TiGenix NV:	*(13,003)*	*(6,963)*

Net Profit/(Loss) per share – basic	**(0.27)**	**(0.23)**
Weighted average number of outstanding shares – basic	48,590,473	30,867,418

CONDENSED UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

Thousands of Euro (€) *According to IFRS and based on limited review procedures by BDO*	**June 30 2011**	**June 30 2010**
Net Profit/(Loss)	**(13,003)**	**(6,963)**
Currency translation differences	564	(906)
Other comprehensive income/(loss)	**564**	**(906)**
Total comprehensive income/(loss)	**(12,439)**	**(7,869)**
Attributable to equity holders of TiGenix NV:	*(12,439)*	*(7,869)*

TiGenix

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT JUNE 30, 2011 COMPARED TO DECEMBER 31, 2010

ASSETS *Thousands of Euro (€)* *According to IFRS and based on limited review procedures by BDO*	**June 30 2011**	**December 31 2010**
Intangible assets	78,786	20,683
Tangible assets	8,225	4,738
Available-for-sale investments	278	153
Other non current assets	822	254
Non-current assets	**88,113**	**25,828**
Inventories	253	244
Receivables	2,349	1,812
Cash and cash equivalents	24,884	5,555
Deferred charges & Accrued income	645	907
Current assets	**28,132**	**8,518**
TOTAL ASSETS	**116,244**	**34,346**

EQUITY AND LIABILITIES *Thousands of Euro (€)* *According to IFRS and based on limited review procedures by BDO*	**June 30 2011**	**December 31 2010**
Share capital	82,720	25,197
Share premium	88,035	73,357
Shares to be issued	2,296	2,296
Accumulated profit/(loss)	(78,860)	(63,144)
Result of the period	(13,003)	(15,716)
Share-based compensation	4,931	4,185
Translation Reserves	209	(355)
Equity attributable to equity holders	**86,329**	**25,820**
Total equity	**86,329**	**25,820**
Subordinated loan	65	130
Financial loan	2,233	440
Finance lease obligations	0	0
Deferred revenue	76	0
Deferred tax liability	20,761	3,519
Non-current liabilities	**23,135**	**4,089**
Current portion of subordinated loan	130	130
Current portion of financial loan	110	80
Current portion of finance lease obligation	1	12
Trade payables	3,660	2,557
Other current liabilities	2,878	1,657
Current liabilities	**6,780**	**4,437**

TOTAL EQUITY AND LIABILITIES	**116,244**	**34,346**

CONDENSED UNAUDITED STATEMENT OF CASH FLOWS FOR SIX MONTHS ENDED JUNE 30, 2011 AND 2010 (H1 2011 includes May and June Cellerix´ figures)

Thousands of Euro (€) *According to IFRS and based on limited review procedures by BDO*	**June 30 2011**	**June 30 2010**
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Result	(12,707)	(8,174)
Depreciation, amortization and impairment results	1,781	1,118
Intangible assets development product	(353)	(886)
Share-based compensation	746	393
Other financial result	78	115
Interest paid	(88)	(37)
Income taxes	0	0
Increase/(decrease) in Trade payables	(695)	(525)
Increase/(decrease) in Other current liabilities	790	(565)
(Increase)/decrease in Inventories	26	(38)
(Increase)/decrease in Receivables	464	(298)
(Increase)/decrease in deferred charges & accrued income	265	(13)
Total Adjustments	3,015	(736)
Net cash provided by/(used in) operating activities	**(9,693)**	**(8,910)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	28	107
Purchase/sale of tangible assets	(1,886)	(1,716)
Purchase of intangible assets	(38)	(9)
Acquisition of subsidiaries, net of cash acquired	18,421	0
Net cash provided by/(used in) investing activities	**16,525**	**(1,618)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments rent deposits	7	(138)
Payments investments associates	(125)	0
Payments of financial loan	(1,343)	(40)
Payments on long-term leases	0	0
Payments on short-term leases	(12)	(14)
Payments on subordinated loan	(65)	(65)
Proceeds of subordinated loan	0	0
Proceeds of financial loan	0	0
Proceeds from long-term leases	0	0
Proceeds from issuance of shares (net of issuance cost)	14,046	38
Net cash provided by/(used in) financing activities	**12,508**	**(219)**
Net increase/(decrease) in cash and cash equivalents	**19,340**	**(10,747)**
Cash and cash equivalents at beginning of year	5,555	24,745
Effect on exchange rate changes	(10)	74
Cash and cash equivalents at end of period	**24,884**	**14,072**

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CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS´ EQUITY CHANGES DURING THE SIX MONTHS ENDED JUNE 30, 2011

Thousands of Euro (€)	Attributable to equity holders of the Company								
	Number of shares	**Issued capital**	**Issuance Cost**	**Share premium**	**Shares to be issued**	**Retained loss**	**Share-based compen-sation**	**Trans-lation reserves**	**Total Equity**
Balance at 31/12, 2010	**31,121,154**	**30,428**	**(5,231)**	**73,357**	**2,296**	**(78,860)**	**4,185**	**(355)**	**25,820**
Issuance of shares	60,001,513	58,664	(1,141)	14,679					72,202
Net profit/loss						(13,003)			(13,003)
Shares to be issued									
Share-based compensation							746		746
Translation reserves								564	564
Balance at 30/06, 2011	**91,122,667**	**89,092**	**(6,372)**	**88,035**	**2,296**	**(91,863)**	**4,931**	**209**	**86,329**

TiGenix

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. General information

TiGenix NV, the parent company, (hereafter "TiGenix" or "the Company") is a limited liability company incorporated and domiciled in Belgium. These condensed consolidated interim financial statements of the Company as at and for the six months ended 30 June 2011 (hereafter the interim period) comprise the financial statements of TiGenix NV/SA (Belgium legal entity), TiGenix Inc. (United States legal entity), TiGenix BV (legal entity in the Netherlands), TiGenix Ltd (UK legal entity) and Cellerix S.A. (Spanish legal entity).

2. Summary of significant accounting policies

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 (Interim Financial Reporting) as adopted by the European Union. These interim consolidated financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2010.

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2010.

The following International Standards and Interpretations have been adopted during the year:

- IFRS 3 Business Combinations — Amendments resulting from May 2010 Annual Improvements to IFRSs;
- IFRS 7 Financial Instruments: Disclosures – Amendments resulting from May 2010 Annual Improvements to IFRSs;
- IAS 1 Presentation of Financial Statements — Amendments resulting from May 2010 Annual Improvements to IFRSs;
- IAS 24 Related Party Disclosures — Revised definition of related parties
- IAS 27 Consolidated and Separate Financial Statements — Amendments resulting from May 2010 Annual Improvements to IFRSs;
- IAS 32 Financial Instruments: Presentation — Amendments relating to classification of rights issues;
- IAS 34 Interim Financial Reporting — Amendments resulting from May 2010 Annual Improvements to IFRSs

Finally the following International Standards became effective, but are not relevant and thus not applicable for the company:

- IFRS 1 First-time Adoption of International Financial Reporting Standards — Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters;
- IFRS 1 First-time Adoption of International Financial Reporting Standards — Amendments resulting from May 2010 Annual Improvements to IFRSs;
- IFRIC 13 Customer Loyalty Programmes — Amendments resulting from May 2010 Annual Improvements to IFRSs
- IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction — November 2009 Amendments with respect to voluntary prepaid contributions
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

TiGenix has not adopted and does not intend to early adopt the amended standards as issued by the IASB, and endorsed for use by the EU, but not yet mandatory for the accounting period.

3. Segment information

TiGenix does not distinguish different segments, neither business nor geographical segments.

4. Business Combinations

Business combination Cellerix SA

Description of Cellerix and contribution in kind:

On the 25th of February 2011, TiGenix and Cellerix announced the signing of a Contribution Agreement for all outstanding Cellerix shares. Following the approval by its respective shareholders, TiGenix and Cellerix closed the transaction in the form of a Contribution in Kind of 100% of the shares of Cellerix on the 3rd of May 2011. The consideration was fully paid in with TiGenix shares, valued at a price of EUR 1.2977 per share, therefore after the Contribution, TiGenix owns the 100% of the shares of Cellerix while former shareholders of Cellerix had received in exchange for their shares, TiGenix shares. At the closing of the transaction, Cellerix had a solid and outstanding investor base including specialized European healthcare funds (Ysios, LSP and Ventech), pharma corporate investment funds (Roche Venture Fund and Novartis Venture Fund), and Spanish private and institutional investors which had become shareholders of TiGenix.

Cellerix is a Spanish cell therapy company that was founded in 2004. The company has a clinical stage pipeline of cell-based products for indications of inflammatory and autoimmune origin. The products are based on Cellerix' proprietary fat derived adult stem cell platform and represent a new generation of off-the-shelf cell therapy medicines. Cellerix' stem cell platform and manufacturing capabilities have been fully validated according to EMA requirements. Moreover, the company recently completed a successful Phase/IIa study in complex perianal fistula in Crohn's patients and has received authorization to start a PhaseI/II study in rheumatoid arthritis.

Cellerix' stem cell platform and product portfolio represent an excellent fit for TiGenix to realize its ambition of leadership in regenerative medicine and cell therapy. The combined group has two commercial products on the market, including ChondroCelect, the first and only centrally approved cell-based product in Europe, and a unique commercial and manufacturing infrastructure for advanced therapies. The initial focus of the combined group remains on damaged and arthritic joints while ensuring long term upside potential through expansion to other inflammatory and autoimmune disorders of high unmet medical need. With headquarters in Leuven and focused operations in Spain, the Netherlands and the United Kingdom, the combined group is well positioned to become the leading cell therapy company in Europe.

Through the acquisition of Cellerix, TiGenix had been able to strengthen further its leadership profile through the creation of the first stem cells group with a commercial offering and a strong product development pipeline.

Valuation of the contribution in kind:

Within the framework of the contribution agreement, Cellerix was valued at EUR 40.0 million prior to the Cellerix shareholders investment of EUR 18.2 million. Taking therefore into account the amount

of the former Cellerix shareholders investment, the contribution was made at an aggregate valuation of EUR 58.2 million for 100% of the voting rights of Cellerix.

The EUR 40 million valuation of Cellerix prior to the former Cellerix shareholders investment was based on an assessment of the technology value of Cellerix using three different methods:

- the pre-money valuation of Cellerix in its last financing rounds;
- an analysis of comparable companies and transactions; and
- a "sum of the parts" as per the Net Present Value analysis of Cellerix' lead programmes.

For the Cellerix shareholders investment a pre-money valuation of Cellerix of EUR 39.5 million was used. This value could be considered as a minimum value as it does not yet take into account certain value enhancing milestones that have been realized ahead of the contribution:

- positive data of the phase IIa clinical study for Cx601 in complex perianal fistulas;
- authorization to start a phase I/II clinical study for Cx611 in Rheumatoid Arthritis (RA).

This valuation was supported by other valuation methods used (analysis of the valuation of comparable companies and deals[1] and a "sum of the parts" Net Present Value analysis of Cellerix' lead programmes[2]), leading to a Technology Value of Cellerix ranging between EUR 50 million and EUR 75 million. The EUR 18.2 million cash that had been invested in Cellerix prior to the Contribution pursuant to the Cellerix Shareholders Investment was valued on a EUR for EUR basis.

On the basis of the preceding, the board of directors proposed to value the contribution of the 100& of Cellerix shares at the time of the contribution, i.e. after completion of the Cellerix shareholders investment, at EUR 58.2 million.

As regards the above valuation, the board of directors of TiGenix also explicitly refers to the report of the statutory auditor of the Company, BDO Bedrijfsrevisoren CVBA, with registered office at The Corporate Village, Da Vincilaan 6, box E.6, Elsinore Building, 1935 Zaventem, represented by Gert Claes.

The equity as per acquisition date amounted to EUR 17 million. This amount is mainly represented by the total Cash, of EUR 18.2 million, as a result of the above mentioned shareholders Investment prior to the business combination. The fair value adjustments in accordance with IFRS 3 only related to the valuation of IP for an amount of EUR 58.7 million with a deferred tax liability effect of EUR 17.6 million.

The effect of the business combination with Cellerix on the consolidated result for the period amounts to EUR 3.7 million and reflects the profit and loss from acquisition date until the 30th of June 2011.

The consolidated result for the period as if the acquisition date were the 1st of January 2011, amounts to EUR 13.9 million. The adjustments made to come to this result can be summarized as follows:

[1] Which gives a Cellerix technology value of €52 million based on the equity raised by Cellerix and even €74 million based on the total cash received by Cellerix (i.e. besides the equity also taking into account other cash items such as grants received).

[2] Which gives a Cellerix technology value of €70 million.

Adjustments	K EUR
Net loss Cellerix from 1/1/2011 to acquisition date	(2.239)
Badwill (due to higher equity per 1/1/2011 than per acquisition date, capital increase included)	2.239
Depreciation IP (from 1/1/2011 to acquisition date)	-1.305
Reversal DTL related to depreciation IP (from 1/1/2011 to acquisition date)	392
Total impact on consolidated result	-914

The acquisition related costs amounted to EUR 2.8 million and are included in the Selling, general and administrative expenses of the comprehensive income statement at 30/06/2011.

5. Risks and uncertainties

The main risks and uncertainties for the remaining months of the financial year 2011 are the same as the described in the Risks factors on the 2011 Prospectus.

- TiGenix has a history of operating losses and an accumulated deficit until today and may never become profitable
- The Company may need substantial additional funding, which may not be available on acceptable terms when required, if at all
- TiGenix may fail in successfully commercialising ChondroCelect, ChondroMimetic and future products, resulting in lower than anticipated revenues
- There may be uncertainty over reimbursement from third parties for newly approved healthcare products or such reimbursement may be refused
- The Company has a limited product portfolio and faces, and will continue to face, significant competition and technological change which could limit or eliminate the market opportunity for its products and future products
- TiGenix may experience delays in the preclinical and clinical development of its product pipeline
- Regulatory approval of TiGenix' products as medicinal products or devices may be delayed, not obtained or not maintained
- TiGenix' inability to manage its expansion, both internally and externally, could have a material adverse effect on its business
- TiGenix is working in a changing regulatory environment. Future changes in any pharmaceutical or medical device legislation or guidelines could affect the Company's business
- TiGenix relies or may rely on third parties for certain of its research, clinical trials, technology, supplies, manufacturing and sales and marketing. TiGenix' dependence on third parties may reduce its profit margins and delay or limit its ability to develop and commercialise its products on a timely and competitive basis
- TiGenix may not be able to adequately protect its proprietary technology or enforce any related rights thereto
- TiGenix could be prevented by third party patents to develop or exploit its products

- TiGenix' success depends on its key people and it must continue to attract and retain key employees and consultants to be in a position to continue its activities
- TiGenix could face product liability claims, resulting in damages that may, in whole or in part, not be insured
- Exchange rate fluctuations may negatively affect TiGenix' financial position
- The allocation of the proceeds could harm the ability to carry out the business plan

6. Significant events after balance sheet date June 30, 2011:

No material events took place after the closing of H1 2011

I, the undersigned, Eduardo Bravo, Chief Executive Officer, declare to the best of my knowledge, that:

1) The set of condensed financial statements prepared in accordance with the applicable accounting standards gives a true and fair view of the assets, liabilities, financial position and results of TiGenix NV and the undertakings included in the consolidation;

2) The interim report is giving a true overview of the important events and the most important transactions with related parties that have occurred during the first six months of the accounting year, and the effect thereof on the condensed financial overviews, as well as a description of the most important risks and uncertainties for the remaining months of the accounting year.

Done on August 24, 2011,

Auditor's limited review report on the condensed consolidated interim financial statements of TiGenix NV for the six month ended June 30th, 2011

To the Board of Directors

We have performed a limited review of the attached condensed consolidated interim financial statements of the company TiGenix NV and its subsidiaries, with total assets of 116,244 KEUR and a net loss of 13,003 KEUR for the six months ended June 30th, 2011. The condensed consolidated interim financial statements include the condensed consolidated interim statement of financial position, the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim statement of other comprehensive income, the condensed consolidated interim statement of changes in equity, the condensed consolidated interim statement of cash flow and selected explanatory notes thereto. The condensed consolidated interim financial statements have been prepared by management in accordance with IAS 34, *"Interim Financial Reporting"* as adopted by the EU.

The preparation of the condensed consolidated interim financial statements and the assessment of its content, are within the responsibility of the Board of Directors. This responsibility includes amongst others: set up, implement and maintain appropriate internal controls over the preparation and the true and fair view of the condensed consolidated interim financial statements, which does not contain material errors, as a result of fraud or errors; select and apply appropriate valuation rules for financial reporting and make accounting estimates which are reasonable in the given circumstances. Our responsibility is to issue a judgment on these condensed consolidated interim financial statements on the basis of our limited review.

Our limited review has been performed in accordance with the recommendations on limited review engagements as issued by the "Instituut van de Bedrijfsrevisoren". A limited review consists mainly of making inquiries of management and applying analytical and other review procedures to the interim financial information and underlying financial data. A limited review is substantially less in scope than an audit performed in accordance with the Auditing Standards on consolidated financial statements as issued by the "Instituut van de Bedrijfsrevisoren" and accordingly we do not express an audit opinion.

On the basis of our review, we can inform you as follows:

- we are of the opinion that the condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Principles as adopted in the EU; and
- we are not aware of any material modifications that should be made to the condensed consolidated interim financial statements for the 6 months ended June 30th, 2011.

Zaventem, August 26, 2011

BDO Bedrijfsrevisoren Burg. CVBA (B023)
Statutory auditor
Represented by Gert Claes