

To all shareholders

22nd August, 2017

Dear Shareholder,

Audited Financial Statements for the Year Ended 31st March, 2017

The full version of Tissuemed's audited financial statements for the year ended 31st March, 2017 has been posted on our website at www.tissuemed.com/investors I urge you all to take time to look around the website for general news and updates.

Set out below is a summary of the results compared with the previous year:-

Profit & Loss Account	2017 £'000's	2016 £'000's
Turnover	<u>1,070</u>	<u>773</u>
Gross Profit (% of turnover)	944 (88.2)	685 (88.6)
Overheads, net of other income	<u>647</u>	<u>551</u>
Profit before R & D costs	297	134
Research & Development	279	306
Less R & D tax credit	<u>42</u> <u>237</u>	<u>66</u> <u>240</u>
Profit/(Loss) for the Financial Year	<u>60</u>	<u>(106)</u>
Year End Cash Balances	<u>1,547</u>	<u>1,450</u>

Business Overview

I have great pleasure in sending to you this summary of the audited accounts for the year to 31st March, 2017. During the financial year ended 31st March, 2017, turnover increased by almost 40% to £1.1 million and, for the first time ever, Tissuemed was profitable. The company also generated net cash for the first time in its history. Whilst around half of the growth in sales is attributable to our initial sales to China, it is heartening to report that export sales to several other countries also increased year-on-year. Sales in the UK also continued to grow.

www.tissuemed.com

Current Trading

For the full year to 31st March, 2018, the Board has budgeted for overall sales growth of around 25%. In the first quarter of the current year, sales increased by 53% over the comparable quarter last year and whilst we hope this continues we are currently keeping our initial budget forecast.

Strategy

You will appreciate from our results last year, and also from our current trading, that the company is now in a much stronger position than it has ever been. Tissuemed is also in the unique position of having a true surgical sealant product registered for sale in China. In my view, this uniqueness has added a great deal of value to the Company. Your Board is considering carefully the options that are available to it. I hope to have more to report to shareholders on this before the end of the current financial year.

Thank you

I would like to thank all our hardworking employees for their past and continuing efforts and, as always, thank you for your continuing support.

Paul Banner

A handwritten signature in black ink, appearing to read 'Paul Banner', with a stylized flourish at the end.

Chairman