



Intercytex

January 26th 2009

Intercytex Group plc

Intercytex implements restructuring actions to reduce cash burn

Intercytex Group plc (LSE: ICX) ("Intercytex" or "the Company"), a leading developer of regenerative medicine products, today announces a restructuring plan to reduce cash burn. Despite the very positive progress being made on all projects, with the financial markets in their current state, the Company will shortly commence a 30 day consultation period with employee representatives proposing a reduction in headcount at the Company's facilities in Manchester UK and Boston, USA of around 50% from the current level of 76 employees. The reduction in workforce will extend the Company's existing cash resources to fund operations until around the end of 2009. The measures are expected to be implemented with effect from March 2009.

The recent completion of the Phase III trial of Intercytex' lead product for the treatment of chronic wounds, Cyzact® (formerly known as ICX-PRO), has resulted in a requirement for significantly fewer employees. The results of the Phase III Cyzact® trial are still expected towards the end of the current quarter. The Board has also taken the view that it is inappropriate for the Company to be commencing new projects in the present climate.

Good progress continues to be made on all Intercytex' products. The commercialisation of Vavelta® in the UK for aesthetic uses is generating significant excitement. Completion of the Phase II trial of ICX-TRC for hair regeneration continues to be expected at the end of this quarter and good progress has been made on developing ICX-SKN for the treatment of burns helped with funding from the US Armed Forces Institute of Regenerative Medicine. In addition, the recent acquisition of Axordia has now been fully integrated and provides an exciting entry into the area of treatments for blindness and the dramatically expanding opportunities for stem cell therapies.

Nick Higgins, Intercytex' CEO, commented: *"Despite the very positive progress being made on each of our clinical programmes, with the markets in their current state it has become all too evident that these restructuring actions now need to be undertaken. We very much regret their impact on employees, but the measures being taken will enable us to preserve the fundamental capabilities of the Company and, in addition to extending our cash, will give us the time and flexibility to explore fully the optimal partnering options for our key products. We look forward to announcing the Phase III Cyzact trial results within the near future and, with positive clinical results, concluding our partnering discussions."*

Enquiries

For more information, contact:

Intercytex Group plc

Nick Higgins, Chief Executive Officer
Max Herrmann, Chief Financial Officer

Tel: 0161 904 4500

Financial Dynamics

David Yates
Emma Thompson

Tel: 0207 269 7156

Tel: 0207 269 7182

Piper Jaffray Ltd

Will Carnwath

Tel: 0203 142 8700

Notes for Editors

Intercytex is a leading developer of regenerative medicine products. Intercytex uses its fully integrated cell technology platform to develop living, human cell-based products, at commercially viable scale in attractive markets.

Intercytex has five programmes:

- Cyzact® (ICX-PRO), designed to stimulate active repair in chronic wounds, in the final stages of a Phase III trial for venous leg ulcers
- VAVELTA®, a skin repair and rejuvenation product intended to improve the feel, function and appearance of skin damaged by scarring and the aging process, currently in a third Phase II efficacy trial and available from a number of accredited centres in the UK
- SHEF-1, development of a stem cell line suitable for differentiation into RPE cells, being carried out in collaboration with the London Project to Cure Blindness
- ICX-SKN, being developed as a skin graft replacement for burns and acute wounds, Phase I trials completed
- ICX-TRC, a hair regeneration product, in a Phase II trial.

Intercytex commenced operations in 2000. In addition to its head office in Cambridge, UK, it has a GMP clinical production facility with research and development laboratories in Manchester, UK. Additional laboratories are located in Boston, USA.

Intercytex' shares trade on AIM, a market of the London Stock Exchange, under the ticker symbol ICX.L.

Additional information on the Company can be found at www.intercytexas.com

Statements contained within this press release may contain forward-looking information or statements with respect to the financial condition, results of operations and business achievements/performance of Intercytex and certain of the plans and objectives of management of Intercytex with respect thereto. By their nature, forward-looking statements involve risks and uncertainties that may cause actual results to vary from those contained in the forward-looking statements. In some cases, you can identify such forward-looking statements by terminology such as 'may', 'will', 'could', 'forecasts', 'expects', 'plans', 'anticipates', 'believes', 'estimates', 'predicts', 'potential', 'continue' or similar expressions. A number of factors, including the satisfactory progress of research and development, could cause Intercytex' actual financial condition, results of operations and business achievements/performance to differ materially from the estimates made or implied in such forward-looking statements and, accordingly, reliance should not be placed on such statements. Forward projections reflect management's best estimates based on information available at the time of issue and are not a guarantee of future performance. Other than as required by applicable law, Intercytex does not undertake any obligation to update or revise any forward-looking information or statements to reflect events or circumstances after the date of this release. The term "Intercytex" refers to Intercytex Group plc and its subsidiary undertakings.