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Company Futuragene PLC
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FuturaGene PLC

Final results for the year ended 31 December 2009

FuturaGene Plc ("FuturaGene" or "the Group" or "the Company" AIM:FGN), a leader in plant genetic research and development for global forestry, biofuel and agricultural markets, today reports its final results for the year ended 31 December 2009.

Highlights

- Loss for year £2.19 million (2008: £1.56 million)
- Cash at period end of £2.8 million
- Placing of shares in May 2009 raised approximately £1.5 million
- Placing of shares in December 2009 raised £3.0 million
- FuturaGene and Bayer CropScience signed license agreement for drought tolerance technology in cotton
- Licensing agreement with leading Chinese seed producer, BioCentury Transgene Co. Ltd
- Expansion of collaboration agreement with the Research Institute of Tropic Forestry in China

Mark Pritchard, Chairman, commented

"I am delighted to report that 2009 was another year of excellent progress. We have further consolidated our position with a number of key licensing agreements, as a leader in plant genetic research and development for the global forestry, biofuel, and agricultural markets. This has been clearly demonstrated by the cash offer for the Group, being made today by the Company's development and commercialisation partner, Suzano, and to be implemented by a Scheme of Arrangement"

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Annual Report and Accounts and AGM

The Company will shortly post to shareholders its Annual Report and Accounts for the year ended 31 December 2009 ("Annual Report"), which will also incorporate the notice for the Company's AGM.

For the information of investors and shareholders alike, copies of the Annual Report will be available for at least one month, free of charge, at the offices of the Company's Nominated Adviser, Evolution Securities, being 100 Wood Street, London EC2V 7AN. Electronic copies are available on the Company's website, www.futuragene.com

Notes to Editors

About Futuragene PLC - www.futuragene.com

FuturaGene is a leader in plant genetic research and development for the global forestry, biofuel, and agricultural markets. The Group develops sustainable, ecologically sound technology to meet the ever increasing demands for fiber, fuel and food crops in the face of declining and deteriorating land and water resources.

FuturaGene aims to be the leading crop technology company for biomass, second generation biofuel and biopower, through two main technology platforms: Cell Wall Modification, which helps crops grow faster, enhancing yield and processability; and Abiotic Stress Tolerance which enables plants to grow in harsh, dry, salty environments or protects yield when plants are stressed by these factors.

The Group's most advanced technologies are for yield improvement in sustainable industrial forestry and it has strong partnerships with leading international forestry and agriculture companies, such as Suzano, Bayer CropScience, Forage Genetics (Land 'O Lakes), China Academy of Forestry (CAF), AA Alliance and Targeted Growth. The Group has established broad applications of its technology in key crops including eucalyptus, poplar, alfalfa, cotton and corn.

Chairman's Report

I am delighted to report that 2009 was another year of excellent progress for FuturaGene. We have further consolidated our position as a leader in plant genetic research and development for the global forestry, biofuel, and agricultural markets.

While the global economic environment in 2009 remained difficult, one of the major challenges which the Group faced in the year was to secure the additional investment to ensure that we could continue to finance the Group through to recurrent revenues. With a significant change in investors risk appetite caused by the credit crunch, it was pleasing to note that in December 2009 we were able to raise £3m through the issue of 6 million new shares, to provide additional working capital for the Group. Warrants were also issued to placees which, if exercised, would raise an additional £3m for the Group.

I am also encouraged that, whilst operating in a more difficult economic environment, we have continued to sustain our existing co-development and license agreements, and generate new business development opportunities. In an environment where development budgets are constrained and decision making has been slower than usual, it has been a real achievement to sustain the momentum of FuturaGene's progress and demonstrates the strength of the technology portfolio.

For some time we have been very aware of the potential of China as both a strategic market for engineered germplasm and as a potential source of new intellectual property for the Group. As far back as 2005, FuturaGene established a presence in China, knowing that if we were to be successful we would need to be patient and take a long term view. It is therefore satisfying to report that our strategy continues to bear fruit with three significant agreements being entered into during the year; an agreement with the Chinese Academy of Forestry to develop new enhanced poplar with increased yield, processability and abiotic stress characteristics for the Chinese domestic market; a licensing agreement with the leading Chinese seed producer, BioCentury Transgene Co. Ltd to provide cell wall modification and salt tolerance genes for development in cotton plants in China; and the expansion of our collaboration agreement with the Research Institute of Tropic Forestry to include potential genetic solutions to bacterial wilt.

It was also extremely satisfying to report an agreement with Bayer CropScience regarding drought tolerance technology in cotton.

To support our mission of becoming a leading supplier of modified genetic material to the agricultural and biofuel industries, it is vital that we continue to maintain an active and well funded R&D programme. As well as supporting the research activities of our license partners in both our strategic and non-strategic crops, we have during the year started to develop our own genetic solutions to problems in agriculture, particularly in the area of biotic stress. This research has the potential to develop into a major product area in the future.

Turning to the financial results, the loss per share was 4.7p (2008: 3.6p). As at 31 December 2009, the Group had cash reserves of £2.8m (2008: £0.6m). No dividend is being declared (2008: Nil).

The Company's development and commercialisation partner, Suzano today announces the terms of a recommended cash offer for the entire issued and to be issued share capital of the Company at 90 pence per ordinary share ("the Offer"). It is currently expected that the Offer will be implemented by means of a Scheme of Arrangement. There is a separate announcement with all the details regarding the Offer.

As ever, the Group's achievements would not be possible were it not for the hard work and dedication of its staff, and management and I would therefore like to extend my thanks to each of them for their contribution and commitment.

M.A Pritchard
Chairman - London
13 May 2010
Chief Executive Officer's Report

Business Overview

The past year saw FuturaGene make considerable progress in its aim to be a leading source of plant genetic solutions for the global forestry, biofuel and agriculture industries

with the Group passing significant milestones towards the commercialisation of genes in its portfolio.

In May 2009, the International Institute of BioScience Research and Development LLC ("IIBRD") raised its stake in the Group to 9% by investing an additional £1.5 million. IIBRD is a subsidiary of a major forestry group and this investment also exercised pre-existing commercialisation options between the Group and IIBRD for the commercial use of genes developed by FuturaGene's subsidiary CBD Technologies.

The directors expect this to lead to the first commercial deployment of FuturaGene products for eucalyptus by a significant operator in a major plantation-forestry market and put FuturaGene on course to begin booking recurring revenues within the next two to three years.

Additional milestones achieved in the first half of 2009 included an extension of the Group's agreement with the Research Institute of Tropical Forestry (RITF) of the China Academy of Forestry (CAF), for the development of growth-enhanced eucalyptus. RITF is the principal research institute for the eucalyptus industry in southern, sub-tropical China and is a major provider of improved germplasm to this fast-growing industry. The eucalyptus estate in southern China has become plagued by a disease, bacterial wilt, which is killing large numbers of trees. The Group is developing a genetic approach which it believes will be effective against the disease and it extended the agreement with RITF to include this new approach. The Group also concluded a unique collaboration agreement with Dr. Steven H. Strauss of Oregon State University under which the Group provided Dr. Strauss with a proprietary eucalyptus clone and a highly efficient eucalyptus transformation protocol developed by the Group's scientists, to facilitate the efficient evaluation of genes for flowering control and other biosafety aspects of tree modification.

During the second half of the year, the Group signed an agreement with the Research Institute of Forestry (RIF) of the CAF in Beijing for the collaborative development of poplar with enhanced yield and stress characteristics for China. The Group's poplar work was further accelerated with a new collaboration with Dr. Richard Meilan of Purdue University in the United States. This collaboration was awarded matching funds from the Consortium for Plant Biotechnology Research, a federally funded body, following a highly competitive grant selection process. A major milestone for the Group was achieved in December, when the Group executed the first licensing agreement for its drought resistance technology with Bayer of Germany, for development and use in cotton. Bayer is the second largest cotton seed company in the world.

Personnel

The management team was strengthened by the promotion of Dr. Ziv Shani to the position of Group Director of R&D and his appointment to the Board of FuturaGene Plc. Dr. Nissim Chen was appointed as Director of Business Development at CBD Technologies and in this role he provides business development services to the Group. The R&D staff in the company was also significantly reinforced by the appointment of two senior scientists to head the eucalyptus and abiotic stress groups.

Strategic Crops

Eucalyptus

Eucalyptus is the largest sustainable plantation forest species for the pulp and paper industry and represents a major market opportunity for FuturaGene. A second field trial of the Group's modified eucalyptus is underway with the Suzano forestry company in Brazil. The trial has produced strong initial results, which have verified results from earlier trials. With the acquisition of biosafety data, there has been a positive relaxation in the regulatory regimes surrounding the conduct of the trials, including permission for enhanced duration of trials, which allows better data accumulation. The authorities have now also allowed the planting of eucalyptus in the substantial exclusion zones that previously surrounded the trial sites.

FuturaGene and Suzano continue to collaborate on an R&D programme to introduce new genes and improved gene constructs into additional Suzano clones. This research is reinforcing the Group's position as a leader in commercial eucalyptus transformation.

Poplar

FuturaGene's R&D group has successfully developed new transformation methods for the

first clones of commercial poplar, which were imported from the USA. All aspects of the Group's technology, including yield, processability, salt tolerance and drought tolerance, will be introduced into poplar.

In addition to this in-house work, the Group is actively working under the Collaborative Development Agreement with the CAF to develop new and enhanced poplar for the Chinese domestic market and at Purdue University, as discussed above.

The Group is in the process of developing additional research and commercial partnerships for poplar in the USA in order to strengthen its global position in the crop, which will soon play an important role in the renewable energy market.

There is a growing demand for wood pellets made from poplar woodchip to co-fire coal-fired power stations in the USA and Europe. As poplar can be grown in renewable, sustainable plantations, it provides a carbon neutral source of combustible material for electricity generation. Woody biomass is an attractive alternative to fossil fuels as it produces fewer emissions, contributes to local economies, mitigates global climate change and can increase national energy security. The rapid growth rate of poplar in temperate climates makes it an excellent species for woody biomass production.

Poplar is also indicated by the US Department of Agriculture as a preferred source of raw material for second generation (cellulose-to-ethanol) liquid biofuel production.

Research & Development Activities

The Group's licensees continue to report good progress in the work they are doing with FuturaGene's intellectual property.

Forage Genetics Inc.

Forage Genetics is progressing well with development of alfalfa varieties incorporating the CBD genes to enhance digestibility, processability and to shorten crop rotation times. Initial modified plants were produced and introduced into preliminary field trials in 2009. Alfalfa is the fourth biggest crop in the United States and is principally used for animal feed. Alfalfa will also be tested as a second-generation biofuel crop.

Targeted Growth Inc.

Targeted Growth Inc. ("TGI") has progressed rapidly with corn transformations using the Group's licensed genes to enhance plant processability, digestibility and other agronomic properties. In May 2009, Targeted Growth initiated preliminary field trials with a number of modified corn lines. The trials are aimed at screening for corn lines showing positive traits to take forward in the development pathway.

The agreement was amended to reflect TGI's intention to focus on the enhancement of corn using the Group's technology, rather than begin trials on soybean. As a result, all rights for the soy technology were returned to the Group.

Intellectual Property

FuturaGene continues to build its intellectual property portfolio both through filings based on in-house discoveries and through licensing relationships with universities and other organisations. Highlights for the year included the granting in Japan of two cell wall modification patents with broad claims - an unusual step for the Japanese patent office; the granting of a new salt tolerance patent in the USA and the granting of a drought tolerance patent in China.

Current trading and outlook

The Group has had an active year with energies focused on building the business and raising profile in key markets. The business development pipeline is very active and the Board is confident that FuturaGene will continue to reinforce and develop the momentum it has built. In this context, extensive business development work continues in the strategic crop area, both with respect to eucalyptus and poplar. The Group is looking to expand its eucalyptus model to additional territories and is actively developing a development base for poplar in the USA, as well as exploring potential commercial opportunities for this crop. In addition, the Group expects that it will continue executing outlicensing agreements for technology in non-strategic crops.

Stanley Hirsch,

Group CEO

13 May, 2010

Group statement of comprehensive income
for the year ended 31 December 2009

Continuing Operations	Note	2009 £'000	2008 £' 000
Revenue		181	40
Administrative expenses		(2,373)	(1,577)
Share of losses of Joint Venture		-	(69)
Operating loss		(2,192)	(1,606)
Finance Income		1	45
Loss before tax		(2,191)	(1,561)
Taxation		-	-
Loss for the year attributable to equity holders of the company		(2,191)	(1,561)
Other Comprehensive Income/(Expenses)			
Exchange differences on translation of foreign subsidiaries		(1,607)	32
Total comprehensive income for the period attributable to equity holders of the parent company		(3,798)	(1,529)
Loss per ordinary share - basic and diluted	2	(4.7p)	(3.6p)

The company has elected to take the exemption in Section 408 of the Companies Act 2006 to not present the parent company income statement. The loss for the year ended 31 December 2009 dealt with in the financial statements of the parent company was £4,230,000 (2008: £1,293,000). The parent company made no gains or losses which would be reported in Other Comprehensive Income in the year ended 31 December 2009 (31 December 2008: Nil) and therefore the parent company has not published its individual statement of total comprehensive income.

Statement of changes in equity

	Share capital	Shares to be Issued	Share premium account	Capital redemption reserve	Foreign exchange reserve	Retained deficit	Tota equit
	£'000	£'000	£'000	£'000	£'000	£'000	£'00
Group							
At 1 January 2008	213	143	18,810	2,415	34	(20,067)	1,54
Loss for the year						(1,561)	-(1,561)
Exchange rate movement	-	(143)	-	-	32	-	3
Shares issued	2		141	-	-	-	
Equity settled share based payment expense credit	-	-	-	-	-	10	1
Minority interests share of net liabilities on acquisition of subsidiary	-	-	-	-	-	-69	-6
At 1 January 2009	215	-	18,951	2,415	66	(21,687)	-4
Exchange rate movement	-	-	-	-	(1,607)	-	(1,607)
Loss for the year	-	-	-	-	-	(2,191)	(2,191)
Shares issued	66	-	6,317	-	-	-	6,38
Equity settled share based payment expense credit	-	-	-	-	-	9	
At 31 December 2009	281		25,268	2,415	(1,541)	(23,869)	2,55

Company

At 1 January 2008	213	143	18,810	2415	-	(19,998)	1,58
Loss for the year						(1,293)	(1,293)
Shares issued	2	(143)	141	-	-	-	
Equity settled share based payment expense credit						10	1
At 1 January 2009	215	-	18,951	2415	-	(21,281)	30
Loss for the year				-	-	(4,230)	(4,230)

Shares issued	66	-	6,317	-	-	-	6,38
Equity settled share based payment		-					
expense credit	-	-	-	-	-	9	
At 31 December 2009	281		25,268	2415		(25,502)	2,46

Statement of financial position
at 31 December 2009

	Group		Company	
	2009 £' 000	2008 £' 000	2009 £' 000	2008 £' 000
ASSETS				
Non-current assets				
Goodwill	-	-	-	-
Intangible assets	-	-	-	-
Property, plant and equipment	149	172	-	-
Investment in subsidiaries	-	-	-	38
		-		-
	149	172	-	38
Current assets				
Receivables	450	198	227	3
Cash and cash equivalents	2,803	597	2,347	444
	3,253	795	2,574	447
Total assets	3,402	967	2,574	485
LIABILITIES				
Current liabilities				
Trade and other payables	(848)	(1,007)	(112)	(185)
Net current assets/(liabilities)	2,405	(212)	2,462	262
Net assets/ (liabilities)	2,554	(40)	2,462	300
EQUITY				
Share capital	281	215	281	215
Share premium account	25,268	18,951	25,268	18,951
Capital redemption reserve	2,415	2,415	2,415	2,415
Retained deficit	(23,869)	(21,687)	(25,502)	(21,281)
Foreign exchange reserve	(1,541)	66	-	-
Total equity	2,554	(40)	2,462	300

Cash flow statements

for the year ended 31 December 2009

	Group		Company	
	2009	2008	2009	2008
	£' 000	£' 000	£' 000	£' 000
Cash flows from operating activities				
Cash flows from operations	(2,105)	(1,506)	(2,511)	(1,543)
Interest received	1	45	-	38
Net cash used in operating activities	(2,104)	(1,461)	(2,511)	(1,505)
Cash from investing activities				
Purchase of property, plant and equipment	(27)	(89)	-	-
Proceeds from sale of property, plant and equipment	6	30	-	-
Investment in subsidiaries	-	-	-	(7)
Net cash flows used in investing activities	(21)	(59)	-	(7)
Financing Activities				
Proceeds on issue of shares	4,414	-	4,414	-
Net cash generated from financing activities	4,414	-	4,414	-
Net increase/(decrease) in cash and cash equivalents	2,289	(1,520)	1,903	(1,512)
Cash and cash equivalents at beginning of the year	597	2,124	444	1,956
Exchange difference	(83)	(7)	-	-
Cash and cash equivalents at end of year	2,803	597	2,347	444

Reconciliation of net loss to net cash used in operating activities

	Group		Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Loss before tax	(2,191)	(1,561)	(4,230)	(1,293)
Interest received	(1)	(45)	-	(38)
Depreciation of property plant and equipment	31	27	-	-
Profit on sale of property plant and equipment	-	(28)	-	-
Impairment of Intercompany loans	-	-	-	1,867
Impairment of investments	-	-	1,549	-
(Increase)/decrease in trade and other receivables	(252)	(100)	(224)	(1,807)
increase/(decrease) in trade and other payables	(159)	191	(73)	(282)
Equity settled share based payment expense	467	10	467	10
Cash flows from operating activities	(2,105)	(1,506)	(2,511)	(1,543)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2009

1. Preparation of the preliminary announcement**Basis of preparation**

Whilst the information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards ("IFRSs") as adopted for use in the European Union and as issued by the International Accounting Standards Board, this announcement does not itself contain sufficient information to comply with IFRSs.

The preliminary announcement for the 12 months to 31 December 2009 has been prepared on a consistent basis with the financial accounting policies set out in the Accounting Policies section of the FuturaGene Plc Annual Report and Accounts 2008, other than the adoption of IAS 1 revised.

Preliminary announcement

The financial information contained within this preliminary announcement for the 12 months to 31 December 2009 and 12 months to 31 December 2008 does not comprise statutory financial statements for the purpose of the Companies Act 2006, but are derived from those statements. The statutory accounts for FuturaGene Plc for the 12 months to 31 December 2008 have been filed with the Registrar of Companies and those for the 12 months to 31 December 2009 will be filed following the Company's annual general meeting.

The auditors' reports on the accounts for the 12 months to 31 December 2009 were unqualified and did not include a statement under Section 498 (2) or (3) of the Companies Act 2006. The auditors' reports on the accounts for the 12 months to 31 December 2008 were unqualified and did not include a statement under Section 237(2) or (3) of the Companies Act 1985.

The Annual Report and Accounts will be sent to shareholders shortly.

2. Loss Per Ordinary Share

The calculation of loss per ordinary share is based on:-

Basic and diluted EPS

	2009	2008
Loss for the year attributable to equity holders of the company	£2,191,000	£1,561,000
Weighted average number of ordinary shares in issue throughout the year	47,739,034	42,894,867
Basic Loss per share	(4.7p)	(3.6p)

Since the conversion of potential ordinary shares would decrease net basic loss per share, they are anti-dilutive. Accordingly, diluted loss per share is the same as basic loss per share.

3. Post balance Sheet Events

On 23 February 2010, the Company announced that it had received an approach regarding a possible offer for FuturaGene Plc from a third party. Since that date, discussions and due diligence have continued, and an offer of 90p cash per share is announced today.

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