

Less risk – same focus

The business model behind the landmine plant has become outdated and consequently aresa is changing its strategy to investment in mine contaminated land in Croatia. aresa intends to maintain its humanitarian focus, but now with a far less risky investment case for the stock. The capital increase is expected to be approx. DKK 50m and existing shareholders will have preemption right.

- DKK 50m for a new strategy** The general meeting approved a capital increase in aresa of up to 8 million shares based on an estimated total capital requirement of DKK 50m. Within the next two months aresa will finalise its business plan with a new focus in two activities: plant-based bio technology and investment in mine contaminated land. Due to lack of more detailed information, including the offer price of the new shares, we continue to suspend our recommendation and price target.
- Eroded business plan** Factors such as increasing administrative clearance of agricultural land, combined with improved mechanical landmine clearance, changed requirements for quality control and lower cost of mine clearance have eroded the business model for aresa's landmine plant in the Balkans. aresa expects to see a similar tendency in other countries and therefore the company no longer has confidence in the business potential of the landmine plant itself.
- Continuation of biotech** At the moment aresa envisages three scenarios for the continuation of its biotech business ranging from securing the patent rights only to resuming development of the other applications of the RedDetect technology. However, the time horizon for potential earnings from the biotech business is probably more than two years from now, since there is little likelihood of positive test results from the ongoing tests in Serbia.
- Annual return in excess of 15%** We see interesting perspectives in aresa's plans to invest in mine-affected land (AMAP project). An investment in land in the Balkans is a relatively safe investment with a very significant upside potential. Moreover, aresa should be able to acquire the land at a relatively low price due to the mine danger, and there is good opportunity for co-financing of the mine clearance from donors. This takes the current estimated annual return on investment in excess of 15 %.
- Continued uncertainty** In order for aresa to carry on, a capital increase is required latest in Q1 2009. However, the currently very volatile capital markets imply that a capital increase is uncertain. In view of the company's new, less risky business model and its continued humanitarian focus we do believe it could succeed in retaining existing shareholders and attracting new investors.

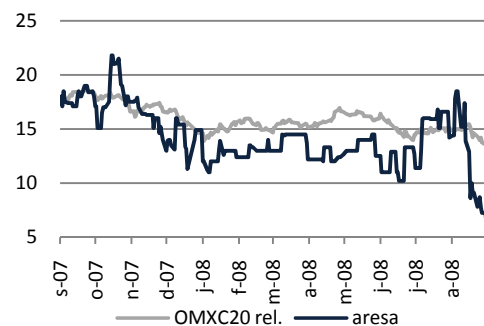
RATING

Short-term	Suspended
Long-term	Suspended
Price target 0-6 mths. DKK	Suspended
Price target 6-12 mths. DKK	Suspended
Share price, DKK	5.65

STOCK EXCHANGE

List	First North, Danmark
Sector	Biotechnologi

SHARE PRICE PERFORMANCE 12 mths



Source: Praetorian Research

DKK	1 mth.	6 mths.	12 mths.
High	18.50	18.50	21.80
Low	5.65	5.65	5.65
Absolute	-60%	-57%	-68%
Relative	-49%	-48%	-44%

Market cap. (DKKm)	14
No. of shares	2,428,444

Reuters code	ARESA.CO
Bloomberg code	ARESA:DC
NASDAQ/OMX Shortname	ARESA

Next financial report: Q3	31-10-2008
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KEY RATIOS

<i>* not updated</i>	2005	2006	2007	2008e*	2009e*	2010e*
Investment ratios						
P/S	1421.3	n.a.	n.a.	n.a.	n.a.	22.3
P/E	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
P/BV	60.8	0.5	0.8	0.5	0.7	1.0
EV/Sales	1371.8	n.a.	n.a.	n.a.	n.a.	13.2
EV/EBITDA	n.a.	0.6	n.a.	n.a.	n.a.	n.a.
EV/EBIT	n.a.	0.6	n.a.	n.a.	n.a.	n.a.
Profitability ratios						
EBIT operating assets ratio (%)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
ROE (%)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
ROIC (%)	221.6	n.a.	n.a.	n.a.	n.a.	n.a.
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0	0.0
Payout ratio(%)	0.0	0.0	0.0	0.0	0.0	0.0
Financial ratios						
Equity ratio (%)	21	96	95	97	95	93
Gearing (%)	-400	-69	-61	-70	-58	-39
Share ratios						
EPS	-3.8	-11.1	-6.3	-3.4	-2.8	-2.7
Dividend per share	0.0	0.0	0.0	0.0	0.0	0.0
Enterprise value (EV) (DKKm)	37	-8	9	-12	3	17
Market value	38	29	32	29	29	29
No. of shares (m)	0.738	1.059	2.428	5.128	5.128	5.128
Share price (year end /current)	52.0	27.0	13.1	5.7	5.7	5.7

NUMBERS AND ESTIMATES

Resultat DKK 1.000						
<i>* not updated</i>	2005	2006	2007	2008e*	2009e*	2010e*
Net sales	27	0	0	0	0	1,300
EBITDA	-3,183	-12,850	-16,414	-14,000	-14,700	-13,370
EBITDA-margin (%)	neg.	neg.	neg.	neg.	neg.	neg.
EBIT	-3,183	-12,850	-16,414	-14,746	-15,643	-14,520
EBIT-margin (%)	neg.	neg.	neg.	neg.	neg.	neg.
Net financial	-269	1,076	1,170	-2,695	1,526	650
Pre-tax profit	-3,452	-11,774	-15,244	-17,441	-14,117	-13,870
Profit after tax	-2,840	-11,774	-15,244	-17,441	-14,117	-13,870
Profit margin (%)	neg.	neg.	neg.	neg.	neg.	neg.
Balance DKK 1.000						
	2005	2006	2007	2008e*	2009e*	2010e*
Intangible fixed assets	0	15,651	13,931	13,931	13,931	13,931
Tangible assets	72	1,709	1,970	5,072	6,019	5,804
Financial assets	0	0	0	0	0	0
Inventories	0	0	0	0	0	36
Receivables	98	851	523	600	650	819
Cash and bank deposits	943	36,797	23,215	40,517	25,553	11,859
Total assets	1,113	55,008	39,639	60,119	46,153	32,448
Equity capital	631	53,004	37,760	58,120	44,003	30,133
Minority interests	-395	0	0	0	0	0
Provisions	0	0	0	0	0	0
Long-term debt	0	0	0	0	0	0
Short-term debt	0	0	0	0	0	0
Trade payable	54	867	565	600	650	890
Other debt	823	1,137	1,314	1,400	1,500	1,425
Total liabilities	1,113	55,008	39,639	60,120	46,153	32,448

INVESTMENT CASE

aresa is in the process of establishing a new business model focusing on investment in as well as clearing and operation of mine contaminated land in Croatia. Although the biotech business (RedDetect) is expected to continue the change in focus implies a significant change to the investment case. aresa is expected to present the new business plan in December 2008.

RedDetect has also been developed for detecting and cleaning heavy metal contaminated soil. Heavy metals pollution is a vast problem globally, which makes it a financially interesting market for RedDetect,

SHORT-TERM OPPORTUNITIES AND RISKS

- Capital increase latest in Q1 2009 is required for the continued operation of the company.
- Capital increase of about DKK 50m for investment in mine contaminated land in Croatia
- Acquisition of the first large areas of mine-affected land and agreements with donors on sponsorship of clearance costs
- Positive test results in Serbia from the landmine plant (low probability)

LONG-TERM OPPORTUNITIES AND RISKS

- Acquisition, clearance and operation of large mine contaminated areas in Croatia
- Development of RedScreen and BioPharma products
- Acquisition of aresa's biotech business leg by an agro-technological company

VALUTATION

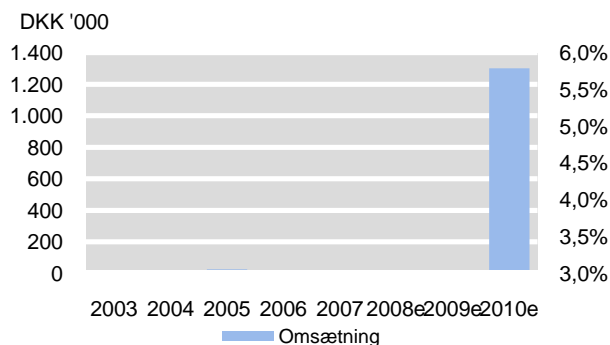
Due to the changed, but not yet finalised business model and the unknown offer price of the new shares we are unable to estimate a fair share price.

Short-term share price DKK, per share	n.a.
Share price on 6-12 mth. horizon, DKK, per share	n.a.

COMPANY DESCRIPTION

aresa is a plant-based biotechnological company founded in 2001 for the purpose of developing plant technology products to improve peoples' conditions of life and at the same time hold an attractive commercial potential. The company's main focus is genetically modified plants (RedDetect) that change colours from green to red when exposed to various external influences, including especially colour change in plants growing in near proximity to landmines and unexploded ordnance items (ammunition/grenades) or plants growing in heavy metals-polluted soil. Moreover the company has the development projects RedScreen, which can facilitate the detection of plants with desired traits for agro-technological companies (seed producers) and BioPharma, which involves the optimisation of antibodies in plants.

Sales performance and EBIT



Sales distribution

N.A.

Source: Praetorian Research

RATING STRUCTURE

The share price performance and rating structure is based on the estimated absolute share price performance on a 6-month and a 12-month horizon. The rating structure is shown below:

Rating	Estimated share price performance
Buy	> 10%
Neutral	-10% - +10%
Sale	< -10%

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