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**22 December 2009**

**Phytopharm plc**

**(“Phytopharm” or “the Company”)**

The Board of Phytopharm is pleased to announce the results of the Open Offer announced on 3 December 2009.

Phytopharm announced on 3 December that it was proposing to raise approximately £24.1m, net of expenses, through an underwritten Placing and Open Offer of 252,129,042 New Ordinary Shares at a price of 10p per New Ordinary Share. The Placing and Open Offer has been fully underwritten by KBC Peel Hunt Ltd.

The Open Offer closed at 11.00am on 21 December 2009. Valid applications have been received from Qualifying Shareholders in respect of 127,797,446 shares (representing approximately 50.7 per cent. of the 252,129,042 New Ordinary Shares to be issued under the Placing and Open Offer. The remaining 124,331,596 New Ordinary Shares have been allocated to the institutional and other investors with whom they had been conditionally placed.

The key remaining steps in the process to complete the Placing and Open Offer are:

\* the passing of the Resolutions without amendment at the General Meeting to be held on 29 December 2009; and

\* admission of the New Ordinary Shares to trading on the London Stock Exchange’s main market and to listing on the Official List of the UK Listing Authority, which is expected to become effective on 30 December 2009.

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### **Notes:**

Capitalised terms used, but not defined, in this announcement have the same meanings as given to them in the announcement released by the Company on the 3 December 2009 regarding the Placing and Open Offer unless the context requires otherwise.

### **About Phytopharm**

Phytopharm is focused on the development of its pharmaceutical programmes and has a residual portfolio of functional foods. The Company's products are developed predominantly from medicinal plants, thereby reducing the development risk of a product. The Company has focused its research and development activities on areas of high unmet health needs to deliver cures and relieve suffering for longer healthier lives. As a virtual company, the Company's business model is centred on a lean cash burn with all laboratory, manufacturing and clinical work outsourced to specialists, while core competencies such as strategy and management are maintained in-house. Close collaboration with charitable organisations enhances the Company's interaction with scientists and clinicians, who lead and develop expert opinion. Cash grants from them accelerate the Company's development programmes, thereby increasing their value.

### **About Cogane™**

Cogane™ is a novel small molecule, orally bioavailable neurotrophic factor inducer that readily crosses the blood brain barrier. In preclinical studies, Cogane™ stimulates the release of neurotrophic factors and increases neurite outgrowth. Importantly, Cogane™ also reverses the decrease of neurotrophic factors and reverses dopaminergic neuronal degeneration observed in vitro. When administered orally in several different preclinical models of Parkinson's disease, Cogane™ reverses the loss of dopaminergic neurones and elevates GDNF. Cogane™ restores the learning and memory ability in Alzheimer's disease preclinical models and thereby offers the potential to arrest or reverse the progression of Alzheimer's disease. The Company intends to conduct further analysis of the results of the three month clinical study conducted in Alzheimer's disease in 2005.

### **About Parkinson's disease**

Parkinson's disease is a movement disorder characterised by muscle rigidity, tremor, a slowing of physical movement (bradykinesia) and, in extreme cases, a loss of physical movement (akinesia). The primary symptoms are the result of altered signalling in an area of the brain, the striatum, which is responsible for the control of movement. This is caused by

degeneration of dopaminergic neurones between the striatum and the substantia nigra part of the brain, leading to insufficient formation and action of dopamine. Parkinson's disease is therefore termed a neurodegenerative disease. The disease is slow in onset and the appearance of symptoms reflects the gradual loss of dopaminergic neurones. The prevalence of Parkinson's disease globally is expected to increase to approximately 9 million people by 2030 (Source: Neurology). In the US alone, there are estimated to be 1.5 million patients diagnosed with Parkinson's disease (Source: American Parkinson's Disease Association), with associated healthcare costs of \$25 billion (Source: Northwest Parkinson's Foundation submission to US Congress). Parkinson's disease can affect people of any age, though the incidence is higher in older people. The cause of Parkinson's disease in the majority of cases is unknown. Possible mechanisms include oxidative damage of nerve cells coupled with loss of neurotrophic factors such as GDNF.

Phytopharm is listed on the Official List of the London Stock Exchange. Further information on Phytopharm is available from the Company's website [www.phytopharm.com](http://www.phytopharm.com).

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