SENESCO TECHNOLOGIES INC
Form 10KSB
October 12, 2001

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-KSB

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 2001
Commission File No. 0-22307

SENESCO TECHNOLOGIES, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	84-1368850
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

303 George Street, Suite 420, New Brunswick, New Jersey	08901
(Address of Principal Executive Offices)	(Zip Code)

(732) 296-8400
(Registrant's Telephone Number, Including Area Code)

Securities registered under Section 12(b) of the Exchange Act:

Title of each class	Name of each exchange on which registered
None	

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, $.01 par value per share.

Check whether the Registrant: (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act during the past 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes: X No:

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. [ ]

State Registrant's revenues for fiscal year ended June 30, 2001: $0

State the aggregate market value of the voting stock held by non-affiliates of the Registrant: $14,957,989 at September 28, 2001 based on the closing sales price on that date.

Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of September 28, 2001:

Class	Number of Shares
Common Stock, $.01 par value	7,872,626

Transitional Small Business Disclosure Format

Yes: _____ No: X

The following documents are incorporated by reference into the Annual Report on Form 10-KSB: Portions of the Registrant's definitive Proxy Statement for its 2001 Annual Meeting of Stockholders are incorporated by reference into Part III of this Report.

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PART I

ITEM 1. BUSINESS.

BUSINESS OF THE COMPANY

The business of Senesco Technologies, Inc., a Delaware corporation (the "Company"), is currently operated through Senesco, Inc., a New Jersey corporation ("Senesco"), its wholly owned subsidiary. The primary business of the Company is the development and commercial exploitation of potentially significant technology involving the identification and characterization of genes that the Company believes control the aging (senescence) of all flowers, fruits and vegetables (plant tissues) in an effort to: (i) extend the shelf-life of perishable plant products; (ii) produce larger and more leafy crops; (iii) increase crop production (yield) in horticultural and agronomic crops; and (iv) reduce the harmful effects of environmental stress.

Senescence in plant tissues is the natural aging of these tissues. Loss of cellular membrane integrity is an early event during the senescence of all plant tissues that prompts the deterioration of fresh flowers, fruits and vegetables. This loss of integrity, which is attributable to the formation of lipid metabolites in membrane bilayers that "phase-separate," causes the membranes to become "leaky." A decline in cell function ensues, leading to deterioration and eventual death (spoilage) of the tissue. A delay in senescence increases shelf life and extends the plant's growth timeframe, which allows the plant to devote more time to the photosynthetic process. The Company has shown that the additional energy gained in this period leads directly to increased seed production, and therefore increases crop yield. Seed production is a vital agricultural function. For example, oil-bearing crops store oil in their seeds. The Company has also shown that delaying senescence allows the plant to allocate more energy toward growth, leading to larger plants (increased biomass) and more leafy crops. Most recently, the Company has demonstrated that delaying senescence results in crops which exhibit increased resilience to water deprivation. Drought resistant crops may ultimately be more cost effective due to reduced loss in the field and less time spent on crop management.

The technology presently utilized by the industry for increasing the shelf

life in certain flowers, fruits and vegetables relies on reducing ethylene biosynthesis, and hence only has application to a limited number of plants that are ethylene-sensitive.

The Company's technology is novel in that its research and development focuses on the discovery and development of new gene technologies, which are designed to confer positive traits on fruits, flowers, vegetables, forestry species and agronomic crops. To date, the Company has isolated and characterized the senescence-induced lipase gene, deoxyhypusine synthase ("DHS") gene and Factor 5A gene in certain species of plants. The Company's goal is to inhibit the expression of (or silence) these genes to delay senescence, which will in turn extend shelf life, increase biomass, increase yield, and increase resistance to environmental stress, thereby demonstrating "proof of concept" in each category of crop. The Company then plans to license the technology to strategic partners and/or enter into joint ventures.

The Company is currently working with tomato, canola, Arabidopsis (a model plant which produces oil in a manner similar to canola) and banana plants, and has obtained "proof of concept" for the lipase and DHS genes in several of these plants. Near-term research and development initiatives include: (i) silencing the Factor 5A gene in these four (4) types of plants; and (ii) further propagation of transformed plants with the Company's silenced genes. Additionally, the Company has isolated the DHS and Factor 5A genes in mammalian tissue. The Company is assessing the function of these genes in animals and humans through the accumulation of additional experimental data.

The Company has completed its research and development initiative in carnation flower. "Proof of concept" was obtained through the inhibition of the DHS reaction, which yielded a 100% increase in shelf life.

Subsequent initiatives include: (i) expanding the lipase, DHS and Factor 5A gene technology into a variety of other commercially viable agricultural crops such as lettuce, melon and strawberries; (ii) developing transformed plants that possess new beneficial traits such as increased tolerance to disease and environmental stress; and (iii) assessing the function of the DHS and Factor 5A genes in mammalian tissue. The Company's strategy focuses on various plants to allow flexibility that will accommodate different plant reproduction strategies among the various sectors of the broad agricultural and horticultural markets. There can be no assurance, however, that the Company's research and development efforts will be successful, or if successful, that the Company will be able to commercially exploit its technology.

The Company's research and development is performed by third party researchers at the direction of the Company pursuant to various research agreements. The primary research and development effort takes place at The University of Waterloo in Ontario, Canada, where the technology was developed. Additional research and development is performed at the University of California, Davis as well as through the Company's Joint Venture (as defined below) with Rahan Meristem Ltd. in Israel.

JOINT VENTURE

On May 14, 1999, the Company entered into a joint venture agreement with Rahan Meristem Ltd., an Israeli company ("Rahan"), engaged in the worldwide export marketing of banana germ-plasma (the "Joint Venture"). The Company has contributed, by way of a limited, exclusive, world-wide license to the Joint Venture, access to its technology, discoveries, inventions and know-how (patentable or otherwise), pertaining to plant genes and their cognate expressed

proteins that are induced during senescence (plant aging) for the purpose of developing, on a joint basis, genetically enhanced banana plants which will result in a "longer shelf life" banana. Rahan has contributed its technology, inventions and know-how with respect to banana plants. The Joint Venture is equally owned by each of the parties. There can be no assurance, however, that the Company's Joint Venture will be successful, or if successful, that the Company will be able to commercially exploit its technology.

The Joint Venture applied for and received a conditional grant that totals approximately $340,000, which constitutes 50% of the Joint Venture's research and development budget over a four year period, from the Israel - U.S. Binational Research and Development (the "BIRD")

Foundation (the "BIRD Grant"). Pursuant to the BIRD Grant, such grant, along with certain royalty payments, shall only be repaid to the BIRD Foundation upon the commercial success of the Joint Venture's technology. The commercial success is measured based upon certain benchmarks and/or milestones achieved by the Joint Venture. These benchmarks are reported periodically to the BIRD Foundation by the Joint Venture. As of June 30, 2001, Senesco has directly received a total of $45,807, of which $35,234 was received during the year ended June 30, 2001, from the BIRD Foundation for research and development expenses that the Company has incurred which are associated with the research and development efforts of the Joint Venture. The Company expects to receive additional installments of the BIRD Grant as its expenditures associated with the Joint Venture increase above certain levels. The Company's portion of the Joint Venture's expenses approximated $69,000 and $57,000 for the years ended June 30, 2001 and 2000, respectively, and is included in research and development expenses.

All aspects of the Joint Venture's research and development initiative are proceeding on time, or are ahead of the original schedule laid out at the inception of the Joint Venture. Both the DHS and lipase genes have been identified and isolated in banana, and the Joint Venture is currently in the process of silencing these genes. Once silenced, the goal is to transform banana plants, thereby yielding fruit with extended shelf life and plants which are more tolerant to disease and environmental stress.

TARGET MARKETS

The Company's technology embraces crops that are reproduced both through seeds and propagation, which are the only two means of commercial crop reproduction. Propagation is a process whereby the plant does not produce fertile seeds and must reproduce through cuttings from the parent plant which are planted and become new plants. In order to address the complexities associated with marketing and distribution in the worldwide produce market, the Company has adopted a multi-faceted commercialization strategy. The Company plans to enter into licensing agreements and strategic relationships with a variety of companies on a crop-by-crop basis. The Company also plans to enter into joint ventures with companies having well-established channels of distribution, and in such cases, the Company will have more direct control over commercialization activities.

INDUSTRY MARKET TRENDS

The Company's competitors in the industry are primarily focused on research and development rather than commercialization. Those competitors which are presently attempting to distribute their technology have generally utilized one of the following commercialization distribution channels: (i) licensing

technology to major marketing and distribution partners; (ii) distributing seedlings directly to growers; or (iii) entering into strategic alliances. In addition, some competitors are owned by established produce distribution companies, which alleviates the need for strategic alliances, while others are attempting to create their own distribution and marketing channels.

INTELLECTUAL PROPERTY

Research and Development Agreement

The inventor of the Company's technology, John E. Thompson, Ph.D., is the Associate Vice-President, Research and former Dean of Science at the University of Waterloo in Waterloo, Ontario and is the Executive Vice President of Research and Development of the Company. Dr. Thompson is also a director and stockholder of the Company and owns 10.8% of the outstanding shares of the Company's common stock, $0.01 par value (the "Common Stock"), as of June 30, 2001. Senesco entered into a three-year research and development agreement, dated as of September 1, 1998 (the "Research and Development Agreement"), with the University of Waterloo and Dr. Thompson as the principal inventor. The Research and Development Agreement provides that the University of Waterloo will perform research and development under the direction of Senesco, and Senesco will pay for the cost of this work and make certain payments totaling Can $1,250,000 (as specified therein). As of June 30, 2001, such amount represented US $783,000. In return for these payments, the Company has all rights to the intellectual property derived from the research. During the twelve-month periods ended June 30, 2001 and June 30, 2000, the Company has spent approximately $348,985 and $300,493, respectively, in connection with the Research and Development Agreement. Effective September 1, 2001, the Company extended the Research and Development Agreement for an additional one-year period in the amount of Can $433,700. As of September 1, 2001, such amount represented approximately $280,000.

Effective May 1, 1999, the Company entered into a consulting agreement for research and development with Dr. Thompson. On July 1, 2001, the Company and Dr. Thompson renewed the consulting agreement for an additional three (3) year term as provided for under the terms and conditions of the agreement. This agreement provides for monthly payments of $3,000 through June 2004. The agreement shall be automatically renewable for an additional three (3) year term, unless either of the parties provides the other with written notice within six (6) months of the end of the term.

The Company's future research and development program focuses on the discovery and development of new gene technologies which intend to extend shelf life and to confer other positive traits on fruits, flowers, vegetables and agronomic row crops. Over the next twelve (12) months, the Company plans the following research and development initiatives: (i) the isolation of new genes in the Arabidopsis, tomato, lettuce, soybean, rape seed (canola) and melon plants, among others, at the University of Waterloo; (ii) the isolation of new genes in the banana plant through the Joint Venture; (iii) the development of transformed plants that possess new beneficial traits, such as protection against drought and disease, which will then be developed in each of the above varieties; and (iv) assessing the function of the DHS and Factor 5A genes in mammalian tissue. The Company may further expand its research and development program beyond the initiatives listed above.

Patent Applications

Dr. Thompson and his colleagues, Dr. Yuwen Hong and Dr. Katalin Hudak, filed a patent application on June 26, 1998 (the "Original Patent Application") to protect their invention, which is directed to methods for controlling senescence in plants. By assignment dated June 25, 1998

and recorded with the United States Patent and Trademark Office (the "PTO") on June 26, 1998, Drs. Thompson, Hong and Hudak assigned all of their rights in and to the Original Patent Application and any other applications filed in the United States or elsewhere with respect to the invention and/or improvements thereto to Senesco, L.L.C. Senesco succeeded to the assignment and ownership of the Original Patent Application. Drs. Thompson, Hong and Hudak filed an amendment to the Original Patent Application on February 16, 1999 (the "Amended Patent Application" and together with the Original Patent Application, the "First Patent Application") titled "DNA Encoding A Plant Lipase, Transgenic Plants and a Method for Controlling Senescence in Plants." The Amended Patent Application serves as a continuation of the Original Patent Application. Concurrent with the filing of the Amended Patent Application with the PTO and as in the case of the Original Patent Application, Drs. Thompson, Hong and Hudak assigned all of their rights in and to the Amended Patent Application and any other applications filed in the United States or elsewhere with respect to such invention and/or improvements thereto to Senesco. Drs. Thompson, Hong and Hudak have received shares of restricted Common Stock of the Company in consideration for the assignment of the First Patent Application. The inventions, which were the subject of the First Patent Application, include a method for controlling senescence of plants, a vector containing a cDNA whose expression regulates senescence, and a transformed microorganism expressing the lipase of the cDNA. Management believes that the inventions provide a means for delaying deterioration and spoilage, which could greatly increase the shelf-life of fruits, vegetables, and flowers by silencing or substantially repressing the expression of the lipase gene induced coincident with the onset of senescence.

The Company filed a second patent application (the "Second Patent Application", and together with the First Patent Application, collectively, the "Patent Applications") on July 6, 1999, titled "DNA Encoding A Plant Deoxyhypusine Synthase, Transgenic Plants and A Method for Controlling Programmed Cell Death in Plants." The inventors named on the patent are Drs. John E. Thompson, Tzann-Wei Wang and Dongen Lily Lu. Concurrent with the filing of the Second Patent Application with the PTO and as in the case of the First Patent Application, Drs. Thompson, Wang and Lu assigned all of their rights in and to the Second Patent Application and any other applications filed in the United States or elsewhere with respect to such invention and/or improvements thereto to Senesco. Drs. Thompson, Wang and Lu have received options to purchase Common Stock of the Company in consideration for the assignments of the Second Patent Application. The inventions include a method for the genetic modification of plants to control the onset of either age-related or stress-induced senescence, an isolated DNA molecule encoding a senescence induced gene, and an isolated protein encoded by the DNA molecule.

The Company is in the process of drafting various patent applications for new aspects of the Company's senescence technology. The Company has filed several new Continuations in Part ("CIPs") on both the Original Patent Application and the Second Patent Application to ensure, on an ongoing basis that its intellectual property pertaining to new technological developments is appropriately protected.

There can be no assurance that patent protection will be granted with respect to the Patent Applications, or any other applications, or that, if

granted, the validity of such patents will not be challenged. Furthermore, there can be no assurance that claims of infringement upon the proprietary rights of others will not be made, or if made, could be successfully defended against.

GOVERNMENT REGULATION

At present, the U.S. federal government regulation of biotechnology is divided among three agencies. The U.S. Department of Agriculture (the "USDA") regulates the import, field-testing and interstate movement of specific types of genetic engineering that may be used in the creation of transformed plants. The Environmental Protection Agency (the "EPA") regulates activity related to the invention of plant pesticides and herbicides, which may include certain kinds of transformed plants. The Food and Drug Administration (the "FDA") regulates foods derived from new plant varieties. The FDA requires that transformed plants meet the same standards for safety that are required for all other plants and foods in general. Except in the case of additives that significantly alter a food's structure, the FDA does not require any additional standards or specific approval for genetically engineered foods but expects transformed plant developers to consult the FDA before introducing a new food into the market place.

The Company believes that its current activities, which to date have been confined to research and development efforts, do not require licensing or approval by any governmental regulatory agency. The Company may be required, however, to obtain such licensing or approval from governmental regulatory agencies prior to the commercialization of its transformed plants. There can be no assurance that such licensing or approval by any governmental regulatory agency will be obtained in a timely manner, if at all. In addition, government regulations are subject to change and, in such event, the Company may be subject to additional regulations or require such licensing or approval in the future.

COMPETITION

The Company's competitors in the field of delaying plant senescence are companies that develop and produce transformed plants in which ethylene biosynthesis has been silenced. Such companies include: Paradigm Genetics; AgrEvo; Bionova Holding Corporation; Renessen LLC; Exelixis Plant Sciences, Inc. and Eden Bioscience, among others. The Company believes that its proprietary technology is unique and, therefore, places the Company at a competitive advantage in the industry. However, there can be no assurance that its competitors will not develop a similar product with superior properties or at greater cost-effectiveness than the Company.

MARKETING

Based upon the Company's multi-faceted commercialization strategy described above, the Company anticipates that there may be a significant period of time before plants enhanced using the Company's technology reaches consumers. Thus, the Company has not begun to actively market its technology directly to consumers, but rather, the Company has sought to establish itself within the industry through its advertising program in trade journals, newspapers, a national magazine, as well as through direct communication with prospective licensees.

EMPLOYEES

As of June 30, 2001, the Company had four (4) employees and three (3) consultants, five (5) of whom were executive officers and were involved in the

management of the Company. Effective October 4, 2001, John E. Thompson, Ph.D., the Company's Executive Vice President of Research and Development, was elected to the Board of Directors and Phillip O. Escaravage,

the Company's Vice Chairman, stepped down as a director. Additionally, effective October 4, 2001, Bruce C. Galton was appointed President and Chief Executive Officer of the Company. In connection with Mr. Galton's appointment, Ruedi Stalder stepped down as Chief Executive Officer and Steven Katz stepped down as President and Chief Operating Officer of the Company. Mr. Stalder continues to serve as the Chairman and a director and Mr. Katz continues to serve as a director. Currently, the Company has four (4) employees and three (3) consultants, four (4) of whom are currently executive officers and are involved in the management of the Company.

The officers are assisted by a Scientific Advisory Board made up of prominent experts in the field of transformed plants. A. Carl Leopold, Ph.D. serves as Chairman of the Scientific Advisory Board. He is currently a member and a W.H. Crocker Scientist Emeritus of the Boyce Thompson Institute for Plant Research at Cornell University. Dr. Leopold has held numerous academic appointments and memberships, including staff member of the Science and Technology Policy Office during the Nixon and Ford Administrations, and positions with the National Science Foundation and the National Aeronautics and Space Administration. Alan B. Bennett, Ph.D., and William R. Woodson, Ph.D. are the other members of the Scientific Advisory Board. Dr. Bennett is the Associate Dean of the College of Agricultural and Environmental Sciences at the University of California, Davis. His research interests include: the molecular biology of tomato fruit development and ripening; the molecular basis of membrane transport; and cell wall disassembly. Dr. Woodson is the Associate Dean of Agriculture and Director of Agricultural Research Programs at Purdue University. He has been a visiting professor at many universities worldwide including the John Innis Institute in England and the Weizmann Institute of Science in Israel. Dr. Woodson is a world-recognized expert in horticultural science and serves on numerous international and national committees and professional societies. Due to the expanding scope of the Company's research and development program, the Company is recruiting scientists with a broader field of expertise than currently exists on the Scientific Advisory Board. In connection with this recruitment effort, Drs. Leopold and Woodson will step down from the Scientific Advisory Board on October 31, 2001.

In addition to his service on the Scientific Advisory Board, the Company utilizes Dr. Bennett as a consultant experienced in plant transformation. The Company entered into a one-year consulting agreement for research and development with Dr. Bennett, which expired on July 15, 2000. Dr. Bennett has continued to provide services to the Company since July 15, 2000 and is currently negotiating a new agreement with the Company.

Furthermore, pursuant to the Research and Development Agreement, the majority of the Company's research and development activities are conducted at the University of Waterloo under the supervision of Dr. Thompson. The Company utilizes the University's substantial research staff including graduate and post-graduate researchers.

The Company may hire additional employees over the next twelve (12) months to meet needs created by possible expansion of its marketing activities and product development.

SAFE HARBOR STATEMENT

Certain statements included in this Form 10-KSB, including, without limitation, statements regarding the anticipated growth in the markets for the Company's services, the continued development of the Company's genetic technology, the approval of the Company's Patent Applications, the possibility of governmental approval in order to sell or offer for sale to the general public a genetically engineered plant or plant product, the successful implementation of the Joint Venture with Rahan, the success of the Research and Development Agreement, statements relating to the Company's Patent Applications, the anticipated longer term growth of the Company's business, the timing of the projects and trends in future operating performance, the Company's prospect of licensing its technology and forming strategic partnerships, the availability of additional sources of financing for the business and the Company's ability to sustain liquidity and meet its operating plan are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The factors discussed herein and others expressed from time to time in the Company's filings with the Securities and Exchange Commission (the "SEC") could cause actual results and developments to be materially different from those expressed in or implied by such statements. The Company does not undertake to update any forward-looking statements.

ITEM 2. PROPERTIES.

The Company leases office space in New Brunswick, New Jersey for a monthly rental fee of $2,838, subject to certain escalations for the Company's proportionate share of increases, over the base year of 2001, in the building's operating costs. The lease expires in May 2006. The space is in good condition and the Company believes it will adequately serve as the Company's headquarters over the term of the lease. The Company believes that this office space is adequately insured by the lessor.

All office equipment and office furniture used by the Company is in good working condition and is located at the office described above. The Company believes such equipment will suit its business needs over the next twelve (12) months. The Company also leases computers at a cost of approximately $450 per month.

ITEM 3. LEGAL PROCEEDINGS.

The Company is not a party to any material legal proceedings.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None.

PART II

ITEM 5. MARKET FOR THE COMPANY'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

Since January 25, 1999, the Company's Common Stock has been traded on the NASD OTC Bulletin Board under the symbol SENO.

The following table sets forth the range of the high and low sales price for the Common Stock for each of the quarters since the quarter ended June 30,

1999 as reported on the NASD OTC Bulletin Board and as adjusted for stock splits.(1)

Quarter Ended	Common Stock	
	High	Low
June 30, 1999	$3.9375	$2.375
September 30, 1999	$3.875	$2.2969
December 31, 1999	$5.50	$2.625
March 31, 2000	$4.4375	$1.875
June 30, 2000	$3.1875	$1.25
September 30, 2000	$4.5625	$1.875
December 31, 2000	$3.375	$1.75
March 31, 2001	$4.3125	$1.75
June 30, 2001	$5.00	$2.50

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(1) In prior disclosures contained in the Company's Form 10-KSB for the years ended June 30, 1999 and June 30, 2000, the Company reported the range of high and low bid quotations for its Common Stock for each of the appropriate quarters. In accordance with the Securities and Exchange Commission's interpretation of its existing rules, registrants now may report high and low sales prices. Accordingly, the Company has restated the stock prices for quarters ended from June 30, 1999 until June 30, 2000 to reflect the high and low sales prices.

As of September 28, 2001, the approximate number of holders of record of the Common Stock was 303.

The Company has neither paid nor declared dividends on its Common Stock since its inception and does not plan to pay dividends on its Common Stock in the foreseeable future. The Company expects that any earnings, which the Company may realize, will be retained to finance the growth of the Company.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2001, the Company's cash balance was $14,330, and the Company had a working capital deficit of $404,770. As of June 30, 2001, the Company had a federal tax loss carry-forward of approximately $4,370,000, and a state tax loss carry-forward of approximately $3,640,000 available to offset future taxable income. There can be no assurance, however, that the Company will be able to take advantage of any or all of such tax loss carry-forwards in future fiscal years.

To date, the Company has not generated any revenues. The Company has not been profitable since inception, will incur additional operating losses in the future, and will require additional financing to continue the development and subsequent commercialization of its technology. While the Company does not expect to generate significant revenues from the sale of products in the near future, the Company may enter into licensing or other agreements with marketing

and distribution partners that may result in license fees, revenues from contract research, or other related revenue.

The Company expects its capital requirements to increase significantly over the next several years as it commences new research and development efforts, undertakes new product development, increases its sales and administration infrastructure and embarks on developing in-house business capabilities and facilities. The Company's future liquidity and capital funding requirements will depend on numerous factors, including, but not limited to, the levels and costs of the Company's research and development initiatives and the cost and timing of the expansion of the Company's sales and marketing efforts.

In October 2000, pursuant to the New Jersey Technology Tax Credit Transfer Program (the "Program"), the Company received approval from the New Jersey Economic Development Authority (the "EDA") to sell the Company's June 30, 1999 New Jersey net operating loss tax benefit of $71,296. In December 2000, the Company sold this tax benefit and received net proceeds of $60,331, pursuant to the sale of the entire New Jersey net operating loss tax benefit. The Company has applied to sell its New Jersey net operating loss tax benefit in the amount of approximately $163,000 for the year ended June 30, 2000. However, there can be no assurance that the Company will be approved, or if approved, that the Company will be able to sell all or part of the New Jersey net operating loss tax benefit.

During the year ended June 30, 2001, the Company received $35,234 from the BIRD Foundation for research and development expenses that the Company has incurred in connection with the Joint Venture. In addition, the Company anticipates receiving additional funds from the BIRD Foundation in the future to assist in funding its Joint Venture. See "Item 1. Business - Joint Venture."

During the period from July 10, 2001 through October 9, 2001, the Company issued five unsecured promissory notes (the "Notes") payable to certain directors of the Company in the aggregate principal amount of $475,000. The Notes bear interest at an annual rate equal to the prime rate on the date that the Notes were issued (5.50% to 6.75%), and such interest is payable upon maturity of the Notes. The Notes and accrued interest are due on January 15, 2002.

On May 14, 2001, the Company signed a letter of intent with Harris Moran Seed Company to enter into a worldwide exclusive license to commercialize the Company's technology in lettuce, cantaloupe and honeydew melons. The letter of intent provides that the Company would receive $4,000,000 in development payments over a multi-year period. The letter of intent also provides for royalty payments to the Company upon commercial introduction. Consistent with the Company's commercialization strategy, the Company intends to attract other companies interested in strategic partnerships or licensing the Company's technology. There can be no assurance, however, that the Company's letter of intent with Harris Moran Seed Company will result in an agreement or that the Company will be successful in attracting other companies willing to form strategic partnerships or license its technology.

The Company anticipates that, based upon it current cash balance, it will be able to fund operations until approximately the end of October, 2001. However, the Board of Directors has made an oral commitment to fund the Company's operations for a non-specified short-term period. Over the next twelve (12) months, the Company plans to fund its research and development and commercialization activities by raising additional capital through the issuance

and sale of equity securities and the consummation of licensing agreements for the Company's technology. The Company is currently in the process of negotiating the issuance and sale of equity securities with certain investors. However, there can be no assurance that the Company will be able to complete these negotiations, be able to obtain additional financing, or enter into licensing agreements in the near term on terms acceptable to the Company.

EUROPEAN MONETARY UNION

Currently, twelve (12) of the fifteen (15) member countries of the European Union have locked the exchange rates of their legacy currencies to that of the euro. As such, these participating countries have agreed to adopt the euro as their common legal currency. The twelve (12) participating countries will issue sovereign debt exclusively in euro and will redenominate outstanding sovereign debt. Euro coins are currently in circulation and euro notes will be issued on January 1, 2002. Both euro and existing legacy currencies may be used for all transactions until December 31, 2001. Thereafter, all non-cash transactions must be in euro. Existing legacy currencies may be used for cash transactions until approximately January or February 2002, depending on the particular country.

Except for the Company's Research and Development Agreement with the University of Waterloo, which is payable in Canadian dollars, the Company has no other agreements or transactions denominated in foreign currency. Thus, the Company currently does not believe that the euro conversion will have a material impact on the Company's financial condition or results of operations.

RESEARCH AND DEVELOPMENT INITIATIVES

The Company's future research and development programs focus on the discovery and development of new gene technologies whose goals are to: (i) extend shelf life; (ii) increase biomass; (iii) increase yield; (iv) increase resistance to environmental stress; and (v) confer other positive traits on fruits, flowers, vegetables and row crops. Over the next twelve (12) months, the Company plans the following research and development initiatives: (i) the isolation of new genes in the Arabidopsis plant and tomato plant at the University of Waterloo; and(ii) the isolation of new genes in the banana plant through the Joint Venture. Transformed plants that possess new beneficial traits such as drought and disease resistance will then be developed in each of these varieties. The Company also plans to expand its research and development initiative beyond these three plants into a variety of other crops. Additionally, the Company will be assessing the function of the DHS and Factor 5 genes in animals and humans through the accumulation of additional data.

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RESULTS OF OPERATIONS

Fiscal Years ended June 30, 2001 and June 30, 2000

The Company is a development stage company. From its inception of operations on July 1, 1998 through June 30, 2001, the Company had no revenues. Operating expenses consist of general and administrative expenses, research and development expenses, non-cash advertising, consulting and professional costs and sales and marketing expenses. Operating expenses for the twelve (12) month periods ending June 30, 2001 ("Fiscal 2001") and June 30, 2000 ("Fiscal 2000") were $1,971,071 and $2,447,449, respectively, a decrease of $476,378 or 19%.

General and administrative expenses consist primarily of professional salaries and benefits, depreciation and amortization, professional and

consulting services, office rent and corporate insurance. General and administrative expenses for Fiscal 2001 and Fiscal 2000 were $1,339,883 and $1,396,641, respectively, a decrease of $56,758 or 4%. This decrease was primarily the result of a decrease in professional services and investor relations, which was partially offset by an increase in employee salaries, consulting services and corporate insurance.

Research and development expenses consist primarily of professional salaries and benefits, fees associated with the Research and Development Agreement, direct expenses charged to research and development projects and allocated overhead charged to research and development projects. Research and development expenses for Fiscal 2001 and Fiscal 2000 were $479,468 and $476,456, respectively, an increase of $3,012 or 1%. This increase is a result of an increase in the research and development budget at the University of Waterloo, which was partially offset by a reduction in the amount of consulting fees incurred for Dr. Bennett due to the expiration of his consulting agreement, as well as the amount of fees paid to Dr. Sasha Vainstein due to the conclusion of his portion of the carnation research program, which was being conducted at Hebrew University.

For Fiscal 2001 and Fiscal 2000, non-cash advertising, consulting and legal costs were $151,720 and $574,352, respectively, a decrease of $422,632 or 74%. Such costs consist of non-employee stock options and warrants granted as consideration for certain professional consulting and advertising services. This decrease was primarily the result of a decrease in the amount of options and warrants issued in Fiscal 2001.

For Fiscal 2001 and Fiscal 2000, respectively, sales and marketing expenses were $0.

The Company has incurred losses since inception and had an accumulated deficit of $5,490,902 at June 30, 2001. The Company expects to continue to incur expenditures for research, product development and administrative activities.

The Company does not expect to generate significant revenues from product sales for approximately the next two (2) to three (3) years during which the Company will engage in significant research and development efforts. However, on May 14, 2001, the Company signed a letter of intent with Harris Moran Seed Company to enter into a worldwide exclusive license to commercialize the Company's technology in lettuce, cantaloupe and honeydew melons. The letter of intent provides that the Company would receive $4,000,000 in development payments over a multi-year period. The letter of intent also provides for royalty payments to the Company

upon commercial introduction. Consistent with the Company's commercialization strategy, the Company intends to attract other companies interested in strategic partnerships or licensing the Company's technology that may result in license fees, revenues from contract research, and other related revenues. There can be no assurance, however, that the Company's letter of intent with Harris Moran Seed Company will result in an agreement or that the Company will be successful in attracting other companies willing to form strategic partnerships or license its technology. Furthermore, no assurance can be given that the Company's research and development efforts will result in any commercially viable products, or that any licensing or other agreements with marketing and distribution partners will result in revenues sufficient to support the business. Successful future operations will depend on the Company's ability to transform its research and development activities into commercializable technology.

ITEM 7. FINANCIAL STATEMENTS.

The financial statements required to be filed pursuant to this Item 7 are included in this Annual Report on Form 10-KSB. A list of the financial statements filed herewith is found at "Item 13. Exhibits, List, and Reports on Form 8-K."

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT.

The information relating to the Company's directors, nominees for election as directors and executive officers under the headings "Election of Directors" and "Executive Officers" in the Company's definitive proxy statement for the 2001 Annual Meeting of Stockholders is incorporated herein by reference to such proxy statement.

ITEM 10. EXECUTIVE COMPENSATION.

The discussion under the heading "Executive Compensation" in the Company's definitive proxy statement for the 2001 Annual Meeting of Stockholders is incorporated herein by reference to such proxy statement.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The discussion under the heading "Security Ownership of Certain Beneficial Owners and Management" in the Company's definitive proxy statement for the 2001 Annual Meeting of Stockholders is incorporated herein by reference to such proxy statement.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The discussion under the heading "Certain Relationships and Related Transactions" in the Company's definitive proxy statement for the 2001 Annual Meeting of Stockholders is incorporated herein by reference to such proxy statement.

ITEM 13. EXHIBITS, LIST, AND REPORTS ON FORM 8-K.

(a) (1) Financial Statements.

Reference is made to the Index to Financial Statements on Page F-1.

(a) (2) Financial Statement Schedules.

None.

(a) (3) Exhibits.

Reference is made to the Index to Exhibits on Page 17

(b) Reports on Form 8-K.

No reports on Form 8-K were filed during the Company's fourth fiscal quarter.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized this 12th day of October 2001.

SENESCO TECHNOLOGIES, INC.

By: /s/ Bruce C. Galton

Bruce C. Galton, President and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ Ruedi Stalder Ruedi Stalder	Chairman and Director	October 12, 2001
/s/ Bruce C. Galton Bruce C. Galton	President and Chief Executive Officer (principal executive officer)	October 12, 2001
/s/ Joel Brooks	Chief Financial Officer	October 12, 2001

---------------------- Joel Brooks	and Treasurer (principal financial and accounting officer)	
/s/ John E. Thompson ---------------------- John E. Thompson	Executive Vice-President of Research and Development and Director	October 12, 2001
/s/ Christopher Forbes ---------------------- Christopher Forbes	Director	October 12, 2001
/s/ Thomas C. Quick ---------------------- Thomas C. Quick	Director	October 12, 2001
/s/ Steven Katz ---------------------- Steven Katz	Director	October 12, 2001

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EXHIBIT INDEX

Exhibit No.	Description of Exhibit
2.1	Merger Agreement and Plan of Merger dated as of October 9, 1998 made by and among Nava Leisure USA, Inc., an Idaho corporation, the Principal Stockholders (as defined therein), Nava Leisure Acquisition Corp., and Senesco, Inc. (Incorporated by reference to the Company's definitive proxy statement on Schedule 14A dated January 11, 1999.)
2.2	Merger Agreement and Plan of Merger dated as of September 30, 1999, made by and between Senesco Technologies, Inc., an Idaho corporation, and Senesco Technologies, Inc., a Delaware corporation. (Incorporated by reference to the Company's quarterly report on Form 10-QSB for the period ended September 30, 1999.)
3.1	Certificate of Incorporation of the Company filed with the State of Delaware on September 30, 1999. (Incorporated by reference to the Company's quarterly report on Form 10-QSB for the period ended September 30, 1999.)
3.2	Amended and Restated By-laws of the Company as adopted on October 2, 2000. (Incorporated by reference to the Company's quarterly report on Form 10-QSB for the period ended December 31, 2000.)
4.1	Form of Registration Rights Agreement dated as of May 11, 1999 made by and among the Company and the Purchasers (as defined therein). (Incorporated by reference to the Company's quarterly report on Form 10-QSB for the period ended March 31, 1999.)
4.2	Form of Warrant with Forbes, Inc. (Incorporated by reference to the

Company's quarterly report on Form 10-QSB for the period ended September 30, 1999.)

4.3	Form of Option Agreement with Kenyon & Kenyon (Incorporated by reference to the Company's quarterly report on Form 10-QSB for the period ended September 30, 1999.)
4.4	Form of Warrant with Parenteau Corporation (Incorporated by reference to the Company's quarterly report on Form 10-QSB for the period ended December 31, 1999.)
4.5	Form of Warrant with Strategic Growth International, Inc. (Incorporated by reference to the Company's quarterly report on Form 10-QSB for the period ended December 31, 1999.)
4.6	Form of Warrant with Fahnestock & Co. Inc., dated as of March 30, 2000. (Incorporated by reference to the Company's annual report on Form 10-KSB for the period ended June 30, 2000).
4.7	Form of Registration Rights Agreement, dated as of March 30, 2000, made by and between the Company and Fahnestock & Co. Inc. (Incorporated by reference to the Company's annual report on Form 10-KSB for the period ended June 30, 2000.)

Exhibit No.	Description of Exhibit
4.8	Form of Lock-up Agreement made by and between Fahnestock & Co. Inc. and each of the affiliates of the Company, dated as of March 30, 2000. (Incorporated by reference to the Company's annual report on Form 10-KSB for the period ended June 30, 2000.)
4.9	Form of Common Stock Purchase Agreement, dated as of May 11, 1999, made by and among the Company and the Purchasers (as defined therein). (Incorporated by reference to the Company's quarterly report on Form 10-QSB for the period ended March 31, 1999.)
4.10	Form of Registration Rights Agreement, dated as of May 11, 1999, made by and among the Company and the Purchasers (as defined therein). (Incorporated by reference to the Company's quarterly report on Form 10-QSB for the period ended March 31, 1999.)
4.11	Form of Common Stock Purchase Agreement, dated as of May 31, 2000 and June 14, 2000, respectively, made by and among the Company and the Purchasers (as defined therein). (Incorporated by reference to the Company's annual report on Form 10-KSB for the period ended June 30, 2000.)
4.12	Form of Registration Rights Agreement dated as of May 31, 2000 and June 14, 2000, respectively, made by and among the Company and the Purchasers (as defined therein). (Incorporated by reference to the Company's annual report on Form 10-KSB for the period ended June 30, 2000.)
4.13	Form of Warrant Agreement with Fahnestock & Co. Inc., dated October 2, 2000. (Incorporated by reference to the Company's quarterly report on Form 10-QSB for the period ended December 31, 2000.)

10.1*	1998 Stock Option Plan. (Incorporated by reference to the Company's definitive proxy statement on Schedule 14A dated January 11, 1999.)
10.2	Indemnification Agreement dated as of January 21, 1999 made by and between the Company and Phillip O. Escaravage. (Incorporated by reference to the Company's quarterly report on Form 10-QSB for the period ended December 31, 1998.)
10.3	Indemnification Agreement dated as of January 21, 1999 made by and between the Company and Christopher Forbes. (Incorporated by reference to the Company's quarterly report on Form 10-QSB for the period ended December 31, 1998.)
10.4	Indemnification Agreement dated as of January 21, 1999 made by and between the Company and Steven Katz. (Incorporated by reference to the Company's quarterly report on Form 10-QSB for the period ended December 31, 1998.)
10.5	Indemnification Agreement dated as of February 23, 1999 made by and between the Company and Thomas C. Quick. (Incorporated by reference to the Company's quarterly report on Form 10-QSB for the period ended March 31, 1999.)
10.6	Indemnification Agreement dated as of March 1, 1999 made by and between the Company and Ruedi Stalder. (Incorporated by reference to the Company's quarterly report on Form 10-QSB for the period ended March 31, 1999.)

Exhibit No.	Description of Exhibit
10.7*	Employment Agreement dated as of January 21, 1999 made by and between Senesco, Inc. and Phillip O. Escaravage. (Incorporated by reference to the Company's quarterly report on Form 10-QSB for the period ended December 31, 1998.)
10.8*	Employment Agreement dated as of January 21, 1999 made by and between Senesco, Inc. and Sascha P. Fedyszyn. (Incorporated by reference to the Company's quarterly report on Form 10-QSB for the period ended December 31, 1998.)
10.9	Research Agreement dated as of September 1, 1998 made by and among Senesco, Inc., Dr. John E. Thompson and The University of Waterloo, as amended. (Incorporated by reference to the Company's quarterly report on Form 10-QSB for the period ended March 31, 1999.)
10.10	Financial Advisory and Consulting Agreement, dated as of January 22, 1999, as amended, made by and between the Company and the Parenteau Corporation. (Incorporated by reference to the Company's quarterly report on Form 10-QSB for the period ended March 31, 2000.)
10.11	Placement Agent Agreement, dated as of March 30, 2000, as amended, by and between the Company and Fahnestock & Co. Inc. (Incorporated by reference to the Company's annual report on Form 10-KSB for the period ended June 30, 2000.)

10.12	Investment Banking Agreement, dated as of March 30, 2000, as amended, by and between the Company and Fahnestock & Co. Inc. (Incorporated by reference to the Company's annual report on Form 10-KSB for the period ended June 30, 2000.)
10.13*	Consulting Agreement, dated July 16, 1999, by and between the Company and Alan B. Bennett, Ph.D. (Incorporated by reference to the Company's annual report on Form 10-KSB for the period ended June 30, 2000.)
10.14*	Consulting Agreement, dated July 12, 1999, by and between the Company and John E. Thompson, Ph.D. (Incorporated by reference to the Company's annual report on Form 10-KSB for the period ended June 30, 2000.)
10.15	Investment Banking Agreement, dated as of October 2, 2000, by and between the Company and Fahnestock & Co. Inc. (Incorporated by reference to the Company's quarterly report on Form 10-QSB for the period ended December 31, 2000.)
10.16	Office lease, dated March 16, 2001, by and between the Company and Matrix/AEW NB, LLC. (Incorporated by reference to the Company's quarterly report on Form 10-QSB for the period ended March 31, 2001.)
10.17+	Form of Promissory Note issued to Directors.
21	Subsidiaries of the Registrant (Incorporated by reference to the Company's annual report on Form 10-KSB for the period ended June 30, 1999.)

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* A management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 13(a) Form 10-KSB.

+ Filed herewith.

SENESCO TECHNOLOGIES, INC.
AND SUBSIDIARY
(a development stage company)

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2001

SENESCO TECHNOLOGIES, INC. AND SUBSIDIARY
(a development stage company)

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Statement of Cash Flows F-7
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Senesco Technologies, Inc.

We have audited the accompanying consolidated balance sheet of Senesco Technologies, Inc. and Subsidiary (a development stage company) as of June 30, 2001, and the related consolidated statements of operations, stockholders' equity (deficiency), and cash flows for each of the two years in the period then ended and cumulative amounts from inception to June 30, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Senesco Technologies, Inc. and Subsidiary as of June 30, 2001, and the results of their operations and their cash flows for each of the two years in the period then ended and cumulative amounts from inception to June 30, 2001 in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has a working capital deficiency and a stockholders' deficiency that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include

any adjustments that might result from the outcome of this uncertainty.

GOLDSTEIN GOLUB KESSLER LLP
New York, New York

August 13, 2001

SENESCO TECHNOLOGIES, INC. AND SUBSIDIARY
(a development stage company)

CONSOLIDATED BALANCE SHEET

June 30, 2001	
ASSETS	
Current Assets:	
Cash	$ 14,330
Prepaid expenses and other current assets	15,554
Total current assets	29,884
Property and Equipment, at cost, net of accumulated depreciation and amortization of $36,860	78,757
Intangibles, net of accumulated amortization of $10,017	157,920
Deferred Income Tax Asset, net of valuation allowance of $1,814,000	-
Security Deposit	7,187
Total Assets	$ 273,748
LIABILITIES AND STOCKHOLDERS' DEFICIENCY	
Current Liabilities:	
Accounts payable	$ 168,922
Accrued expenses	265,732
Total current liabilities	434,654
Grant Payable	45,807
Total liabilities	480,461
Commitments	
Stockholders' Deficiency:	

Preferred stock - $.01 par value; authorized 5,000,000 shares; no shares issued	-
Common stock - $.01 par value; authorized 20,000,000 shares; issued and outstanding 7,872,626 shares	78,726
Capital in excess of par	5,469,758
Deferred compensation related to issuance of options and warrants	(264,295
Deficit accumulated during the development stage	(5,490,902
Stockholders' deficiency	(206,713
Total Liabilities and Stockholders' Deficiency	$ 273,748

See Notes to Consolidated Financial Statements

SENESCO TECHNOLOGIES, INC. AND SUBSID
(a development stage comp

CONSOLIDATED STATEMENT OF OPERAT

	Year ended June 30, 2001	2000	Cumula Amounts Incept
Operating expenses:			
General and administrative	$ 1,339,883	$ 1,396,641	$ 3,718
Research and development	479,468	476,456	1,129
Noncash advertising, consulting and legal costs	151,720	574,352	726
Total operating expenses	1,971,071	2,447,449	5,574
Sale of state income tax loss	(60,331)	-	(60
Interest income - net	(33,749)	(2,533)	(23
Net loss	$(1,876,991)	$(2,444,916)	$(5,490
Basic and diluted loss per common share	$ (.24)	$ (.39)	-
Basic and diluted weighted-average number of common shares outstanding	7,872,626	6,346,678	-

See Notes to Consolidated Financial Statements

SENESCO T

CONSOLIDATED STATEMENT OF S

Years ended June 30, 1999, 2000 and 2001

	Common Stock Number of Shares	Common Stock Amount	Capital in Excess of Par	Deficit Accumulated During the Development Stage
Common stock outstanding	1,999,796	$19,998	$ (19,998)	-
Contribution of capital	-	-	85,179	-
Issuance of common stock in reverse merger on January 22, 1999 at $.01 per share	3,400,000	34,000	(34,000)	-
Issuance of common stock for cash on May 21, 1999 for $2.63437 per share	759,194	7,592	1,988,390	-
Issuance of common stock for placement fees on May 21, 1999 at $.01 per share	53,144	531	(531)	-
Net loss	-	-	-	$(1,168,995)
Balance at June 30, 1999	6,212,134	62,121	2,019,040	(1,168,995)
Fair market value of options and warrants granted on September 7, 1999	-	-	252,578	-
Fair market value of warrants granted on October 1, 1999	-	-	171,400	-
Fair market value of warrants granted on December 15, 1999	-	-	331,106	-
Issuance of common stock for cash on January 26, 2000 for $2.867647 per share	17,436	174	49,826	-
Issuance of common stock for cash on January 31, 2000 for $2.87875 per share	34,737	347	99,653	-
Issuance of common stock for cash on February 4, 2000 for $2.924582 per share	85,191	852	249,148	-
Issuance of common stock for cash on March 15, 2000 for $2.527875 per share	51,428	514	129,486	-

Issuance of common stock for cash on June 22, 2000 for $1.50 per share	1,471,700	14,718	2,192,833	-

(continued)

See Notes to Consolidated Financial Statements

SENESCO T

CONSOLIDATED STATEMENT OF S

Years ended June 30, 1999, 2000 and 2001

	Common Stock Number of Shares	Common Stock Amount	Capital in Excess of Par	Deficit Accumulated During the Development Stage
Commissions, legal and bank fees associated with issuances for the year ended June 30, 2000	-	-	$ (260,595)	-
Net loss	-	-	-	$(2,444,916)
Balance at June 30, 2000	7,872,626	$78,726	5,234,475	(3,613,911)
Fair market value of warrants granted on October 2, 2000	-	-	80,700	-
Change in fair market value of options and warrants granted	-	-	154,583	-
Net loss	-	-	-	(1,876,991)
Balance at June 30, 2001	7,872,626	$78,726	$5,469,758	$(5,490,902)

See Notes to Consolidated Financial Statements

SENESCO TECHNOLOGIES,
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CONSOLIDATED STA

	Year ended June 30, 2001	2000
Cash flows from operating activities:		
Net loss	$(1,876,991)	$(2,444,916)
Adjustments to reconcile net loss to net cash used in operating activities:		
Noncash capital contribution		-
Issuance of stock options and warrants for services	151,720	574,352
Depreciation and amortization	24,161	18,713
(Increase) decrease in operating assets:		
Prepaid expenses and other current assets	(6,331)	3,319
Security deposit	3,676	-
Increase (decrease) in operating liabilities:		
Accounts payable	92,779	(93,590)
Accrued expenses	127,144	135,734
Net cash used in operating activities	(1,483,842)	(1,806,388)
Cash flows from investing activities:		
Patent costs	(66,403)	(58,399)
Purchase of property and equipment	(26,408)	(13,684)
Cash used in investing activities	(92,811)	(72,083)
Cash flows from financing activities:		
Proceeds from grant	35,234	10,573
Proceeds from issuance of common stock - net	-	2,476,956
Cash provided by financing activities	35,234	2,487,529
Net increase (decrease) in cash	(1,541,419)	609,058
Cash at beginning of period	1,555,749	946,691
Cash at end of period	$ 14,330	$ 1,555,749
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	$ -	$ 47

See Notes to Consolidated Financial Statements

SENESCO TECHNOLOGIES, INC. AND SUBSIDIARY
(a development stage company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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1. PRINCIPAL BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying consolidated financial statements include the accounts of Senesco Technologies, Inc. ("ST") and its wholly owned subsidiary, Senesco, Inc. ("SI") (collectively, the "Company"). All significant intercompany accounts and transactions have been eliminated in consolidation.

SI, a New Jersey corporation, was incorporated on November 24, 1998 and is the successor entity to Senesco, L.L.C., a New Jersey limited liability company, which was formed on June 25, 1998 but commenced operations on July 1, 1998. This transfer was accounted for at historical cost in a manner similar to a pooling of interests with the recording of net assets acquired at their historical book value.

The Company is a development stage company that was organized to commercially exploit technology acquired and developed in connection with the identification and characterization of genes which control the aging and other characteristics of fruits, vegetables, flowers and crops.

On January 21, 1999, Nava Leisure USA, Inc. ("Nava"), an Idaho corporation and the predecessor registrant to the Company, effected a one-for-three reverse-stock-split, restating the number of shares of common stock outstanding from 3,000,025 to 999,898. In addition, the number of authorized common stock was decreased from 50,000,000 shares, $.0005 par value, to 16,666,667 shares, $.0015 par value (the "Common Stock").

On January 22, 1999, Nava consummated a merger (the "Merger") with SI. Nava issued 1,700,000 shares of Common Stock, on a post-split basis, for all of the outstanding capital stock of SI. Pursuant to the Merger, the stockholders of SI acquired majority control of Nava, and the name of Nava was changed to Senesco Technologies, Inc. and SI remained a wholly owned subsidiary of ST. For accounting purposes, the Merger has been treated as a recapitalization of the Company with SI as the acquirer (a reverse acquisition).

On September 30, 1999, the board of directors of the Company approved the reincorporation of the Company solely for the purpose of changing its state of incorporation from Idaho to Delaware. In order to facilitate such reincorporation, the Company, an Idaho corporation, on September 30, 1999, merged with and into the newly formed Senesco Technologies, Inc., a Delaware corporation.

The Company has a working capital deficiency of $404,770, and a stockholders' deficiency of $206,713 as of June 30, 2001. These conditions raise doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon it ability to generate sufficient cash flows to meet its obligations as they come due, which management believes it will be able to do. The Company is currently in the process of raising capital, and is in discussions with several investors. Additionally, as discussed in Note 9, certain directors of the Company have provided short-term financing

to the Company.

Intangible assets consist of costs related to acquiring patents, which are being amortized using the straight-line method over 20 years.

Depreciation of property and equipment is provided for by the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the assets' useful lives or the remaining term of the lease.

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company believes that there is no significant credit risk with respect to these accounts.

Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted rates expected to apply when the differences are expected to be realized.

Research and development expenses are charged to operations when incurred.

The Company measures stock-based compensation cost using APB Opinion No. 25 as is permitted by Statement of Financial Accounting Standards ("SFAS") No. 123, Accounting for Stock-Based Compensation.

Loss per common share is computed by dividing the loss by the weighted-average number of common shares outstanding during the period. Shares to be issued upon the exercise of the outstanding options and warrants are not included in the computation of loss per share as their effect is antidilutive.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

In June 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 142, Goodwill and Other Intangibles. Under FASB No. 142, an acquired intangible asset should be separately recognized if the benefit of the

intangible asset is obtained through contractual or other legal rights, or if the intangible asset can be sold, transferred, licensed, rented or exchanged, regardless of the acquirer's intent to do so. The Company believes this pronouncement will have no significant impact on its financial position and results of operations.

Certain reclassifications have been made to the prior-year accounts to conform to the current-year's presentation.

2. PROPERTY AND EQUIPMENT:

Property and equipment, at cost, consists of the following:

		Estimated Useful Life
Equipment	$ 34,038	4 years
Leasehold improvements	22,800	5 years
Furniture and fixtures	58,779	7 years
	115,617	
Accumulated depreciation and amortization	(36,860)	
	$ 78,757	

Depreciation and amortization aggregated $18,264 and $15,345 for the years ended June 30, 2001 and 2000, respectively.

3. ACCRUED EXPENSES:

The following are included in accrued expenses at June 30, 2001:

Accrued consulting	$166,250
Accrued accounting	45,000
Accrued legal	36,443
Accrued insurance	8,000
Other accrued expenses	10,039
	$265,732

4. RELATED PARTY TRANSACTIONS:

During the year ended June 30, 1999, a director and stockholder of the Company contributed capital aggregating $85,179. This capital was used to pay expenses of the Company.

In January 1999, the Company entered into an arrangement to sublease office space from a company controlled by a director and stockholder of the Company. This sublease was

for a monthly rental of approximately $5,500 and was on a month-to-month basis. The stockholder's lease was for approximately $5,500 per month with an unrelated party. The stockholder's lease expired on April 30, 2001. Effective May 2001, the Company directly entered into a lease with an unrelated party.

5. STOCKHOLDERS' EQUITY (DEFICIENCY):

On May 21, 1999, the Company consummated a private placement of 759,194 shares of its Common Stock for cash consideration of $2,000,000 less costs of $4,018. Pursuant to the Placement Agency Agreement, the Placement Agent was to receive $140,000 in either cash or common stock, as defined. The Placement Agent received 53,144 shares of common stock valued at $2.63437 per share for its services. In connection with the Private Placement, the Company also executed a Common Stock Purchase Agreement with each purchaser of Common Stock, dated as of May 11, 1999. Pursuant to the Stock

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Purchase Agreement, the purchase price per share of Common Stock was determined by taking 80% of the average closing bid and ask prices of the Company's Common Stock during the 20 trading days ending three days prior to the closing date, as defined. The Stock Purchase Agreement also provides for price protection whereby upon issuance or sale by the Company of any additional Common Stock or Common Stock equivalents within a period of 60 days following the closing date, other than options or warrants currently outstanding as of the date of the Stock Purchase Agreement, for a consideration per share less than the purchase price provided for in the Stock Purchase Agreement (the "Reduced Purchase Price"), then the Company shall immediately issue such additional shares of Common Stock to the purchaser which each such purchaser's investment would have purchased at the Reduced Purchase Price. In addition, the Company entered into a Registration Rights Agreement with each purchaser dated May 11, 1999. The Registration Rights Agreement provides for, among other things, a demand registration right beginning after January 22, 2000, as well as piggyback registration rights for a three-year period from the closing date. Certain directors of the Company participated in the Private Placement. Specifically, such directors of the Company purchased, in the aggregate, 341,636 shares of Restricted Common Stock on the same terms and conditions as all purchasers thereunder.

On September 29, 1999, the board of directors of the Company approved and declared a 2-for-1 stock split (the "Stock Split"). Stockholders of record as of the close of business on October 8, 1999 received one additional share of the Company's Common Stock for every one share of Common Stock held on that date. The Stock Split became effective on the NASD OTC Bulletin Board on October 25, 1999. All share and

per share amounts provided in the foregoing financial statements and notes have been restated to reflect the Stock Split as of September 29, 1999.

In December 1999, the Company initiated a private placement of shares of its restricted Common Stock (the "December Private Placement"). The Company did not engage a placement agent for the sale of such securities. The Company issued an aggregate of 188,792 shares of the Company's restricted Common Stock for a net purchase price of $508,689 (which is net of $21,311 in legal fees) in connection with the December Private Placement. The Company also executed Common Stock Purchase Agreements with each purchaser of Common Stock. Pursuant to the Stock Purchase Agreements, the purchase price per share of Common Stock was equal to 80% of the average closing bid and ask prices of the Company's Common Stock during the 20 trading days ending three days prior to the Closing Date (as defined therein). In addition, the Company entered into Registration Rights Agreements with each purchaser. The Registration Rights Agreements provide for, among other things, a demand registration right beginning one year from the final Closing Date of the December Private Placement, as well as piggy-back registration rights for a three-year period from the Closing Date. Certain directors of the Company participated in the December Private Placement. Specifically, such directors of the Company purchased, in the aggregate, 52,173 shares of restricted Common Stock on the same terms and conditions as all purchasers thereunder.

In June 2000, the Company consummated a private placement of 1,471,700 shares of Common Stock for cash consideration of $2,207,551 less costs of $239,284. Pursuant to the Stock Purchase Agreements, the purchase price per share of Common Stock was equal to $1.50 per share. In addition, the Company entered into Registration Rights Agreements with each purchaser. The Registration Rights Agreements provide for, among other things, a demand registration right beginning nine months from the final Closing Date of the Placement, as well as piggy-back registration rights for a three-year period from the Closing Date. In addition, the Company has caused its directors, officers and holders of more than 5% of the outstanding shares of Common Stock of the Company to enter into Lock-up Agreements with the Placement Agent for the benefit of the Purchasers. A director and officer of the Company participated in this Private Placement. Specifically, such director and officer of the Company purchased, in the aggregate, 66,667 shares of Restricted Common Stock on the same terms and conditions as all purchasers hereunder.

In 1999, the Company adopted the 1998 Stock Incentive Plan (the "Plan") which provides for the grant of stock options

and stock purchase rights to certain designated employees and certain other persons performing services for the Company, as designated by the board of directors. Pursuant to the Plan, an aggregate of 1,000,000 shares of common stock have been reserved for issuance.

Stock option activity under the Plan is summarized as follows:

Year ended June 30,	2001		
	Shares	Weighted-average Exercise Price	Shares
Options outstanding at beginning of year	432,000	$3.56	-
Granted	60,000	2.25	432,000
Expired	(42,000)	3.43	-
Options outstanding at end of year	450,000	$3.40	432,000
Options exercisable at end of year	374,666	$3.47	307,167
Weighted-average fair value of options granted during the year	60,000	$2.25	432,000

The following table summarizes information about stock options outstanding at June 30, 2001:

	Options Outstanding			Options E
Range of Exercise Prices	Number Outstanding at June 30, 2001	Weighted-average Remaining Contractual Life (Years)	Weighted-average Exercise Price	Number Exercisable at June 30, 2000
$2.25 - $3.85	450,000	8.41	$3.40	374,666

The Company applies APB Opinion No. 25 and related interpretations in accounting for its plans. Accordingly, no compensation cost has been recognized for the stock option plans. Had compensation cost been determined based on the fair value at the grant dates for those awards consistent with the method of FASB No. 123, the Company's net loss and net loss per share would have been increased to the pro forma amounts indicated below:

Year ended June 30,	2001	2000
Net loss:		
As reported	$(1,876,991)	$(2,444,916)
Pro forma	$(2,009,235)	$(3,199,331)
Loss per share:		
As reported	$ (.24)	$ (.39)
Pro forma	$ (.26)	$ (.50)

The estimated grant date present value reflected in the above table is determined using the Black-Scholes model. The material factors incorporated in the Black-Scholes model in estimating the value of the options reflected in the above table include the following: (i) an exercise price equal to the fair market value of the underlying stock on the dates of grant; (ii) an option term of 5 and 10 years; (iii) a risk-free rate range of 5.46% to 5.73% that represents the interest rate on a U.S. Treasury security with a maturity date corresponding to that of the option term; (iv) volatility of 147.83%; and (v) no annualized dividends paid with respect to a share of Common Stock at the date of grant. The ultimate values of the options will depend on the future price of the Company's Common Stock, which cannot be forecast with reasonable accuracy.

On September 7, 1999, the Company granted to its patent counsel, as partial consideration for services rendered, options to purchase 10,000 shares of the Company's Common Stock at an exercise price equal to $3.50 per share, with 3,332 options vesting on the date of grant, 3,334 options vesting on the first

anniversary of the date of grant, and 3,334 options vesting on the second anniversary of the date of grant. Such options were granted outside of the Company's Plan.

On October 2, 2000, the Company granted to a financial

advisor, as partial consideration for services rendered, a five-year warrant to purchase 30,000 shares of common stock at an exercise price of $3.1875.

As of June 30, 2001, the Company had warrants outstanding for the purchase of 410,000 shares of Common Stock. Information on outstanding warrants is as follows:

Exercise Price	Warrants
$3.50	280,000
3.19	30,000
1.50	100,000
	410,000

For the years ended June 30, 2001 and 2000, the Company incurred a compensation charge of $151,720 and $451,506, respectively, relating to the above warrants. As of June 30, 2001, 320,000 of the above warrants are exercisable.

6. INCOME TAXES: The Company files a consolidated federal income tax return. The subsidiary files separate state and local income tax returns.

The reconciliation of the effective income tax rate to the federal statutory rate is as follows:

Year ended June 30,	2001	2000
Federal statutory rate	(34)%	(34)%
Increase in valuation allowance	34	34
	-0-	-0-

At June 30, 2001, the deferred income tax asset consists of the following:

Deferred tax asset:	
Net operating loss carryforward	$ 1,814,000
Valuation allowance	(1,814,000)
Net deferred tax asset	$ -0-

In December 2000, the Company sold its entire state net

operating loss for the year ended June 30, 1999 and received net proceeds of $60,331.

At June 30, 2001, the Company has federal and state net operating loss carryforwards of approximately $4,370,000 and $3,640,000, respectively, available to offset future taxable income expiring on various dates through 2021.

7. COMMITMENTS:

Effective September 1, 1998, the Company entered into a three-year research and development agreement with a university that a stockholder of the Company is affiliated with. Pursuant to the agreement, the university provides research and development under the direction of the stockholder and the Company. The agreement is renewable annually by the Company which has the right of termination upon 30 days' advance written notice. The total amounts due under the agreement for the three-year period will be approximately Can $1,250,000. Research and development expense under this agreement for the years ended June 30, 2001 and 2000 aggregated US $348,985 and US $300,492, respectively, and US $818,617 for the cumulative period through June 30, 2001. Effective September 1, 2001, the Company extended the research and development agreement for an additional one-year period in the amount of Can $433,700, or approximately US $280,000.

Effective May 1, 1999, the Company entered into a consulting agreement for research and development with such stockholder. This agreement provides for monthly payments of $3,000 through June 2004. The agreement shall be automatically renewable for an additional three-year term, unless either of the parties provides the other with written notice within six months of the end of the term.

The Company has employment agreements with certain employees who are also stockholders of the Company. These agreements provide for a base compensation and additional amounts, as defined. The agreements expire in January 2002. Future base compensation to be paid through January 2002 under the agreements as of June 30, 2001 is $45,600.

Effective May 18, 2001, the Company entered into a five-year lease for office space. Rent is payable in monthly installments of $2,838, subject to certain escalations. Future minimum rent payments as of June 30, 2001 are as follows:

Year ending June 30,	
2002	$ 34,056
2003	34,056
2004	34,056
2005	34,056
2006	28,380
	$164,604

Rent expense charged to operations for the years ended June 30, 2001 and 2000 is $65,726 and $69,104, respectively.

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8. JOINT VENTURE: On May 14, 1999, the Company entered into a joint venture agreement ("Joint Venture") with an Israeli partnership that is engaged in the worldwide marketing of genetically engineered banana plants. The purpose of the Joint Venture is to develop genetically altered banana plants which will result in a longer shelf life banana. The Joint Venture is owned 50% by the Company and 50% by the Israeli partnership. For the period from inception on May 14, 1999 to June 30, 2001, the Joint Venture had no revenue. The Company's portion of the Joint Venture's expenses approximated $69,000 and $57,000 for the years ended June 30, 2001 and 2000, respectively, and is included in research and development expenses.

In July 1999, the Joint Venture applied for and received a conditional grant from the Israel - United States Binational Research and Development Foundation (the "BIRD Foundation"). This agreement will allow the Joint Venture to receive $340,000 over a four-year period. Grants received from the BIRD Foundation will be paid back only upon the commercial success of the Joint Venture's technology, as defined. During the years ended June 30, 2001 and 2000, the Company received $35,234 and $10,573, respectively, from the BIRD Foundation for research and development expenses the Company has incurred which are associated with research and development efforts of the Joint Venture.

9. SUBSEQUENT EVENTS: Subsequent to June 30, 2001, the Company issued five unsecured promissory notes (the "Notes") payable to certain directors of the Company in the aggregate principal amount of $475,000. The Notes bear interest at an annual rate equal to the prime rate on the date that the Notes were issued (5.50% to 6.75%) and such interest is payable upon maturity of the Notes. The Notes and accrued interest are due on January 15, 2002.