

24<sup>th</sup> May 2007

**Eden Research plc (“Eden” or “the Company”)  
Results for the year ended 31<sup>st</sup> December 2006**

Eden Research plc (EDEN), the leading UK agrochemical development and intellectual property company, today announces its Annual Results for the year ended 31<sup>st</sup> December 2006.

Eden seeks to develop commercial, natural solutions to agricultural and healthcare related problems where there are no current alternatives available, utilising the low risk biocidal properties of terpenes. The Company is currently undertaking the formality of regulatory testing of its active substances as well as conducting a wide variety of efficacy trials worldwide with contract research organisations, academics, and commercial partners. It has continued to attract interest from major long-term potential partners, and has concluded two significant deals in the last year.

**Highlights**

- Commercial partnerships were signed with Cheminova A/S and Zagro Singapore PTE Ltd, two leading international crop protection product manufacturers & distributors
- The excellent efficacy and cost competitiveness of Eden’s lead product (3AEY) for control of botrytis, a major disease of fruit and vegetables, was reconfirmed under tough conditions in field trials conducted in Spain, Portugal and Greece
- Excellent control of Powdery Mildew was seen in extensive glasshouse trials conducted in Spain and Greece
- Further positive results were observed in a suite of nematode control screening trials conducted in the USA, South Africa, Greece and Belgium. Following this, further field trials against nematodes were initiated
- The filing of additional pest and disease control patents
- Joint venture research projects continue in Europe, the USA, and South East Asia.
- A net loss was incurred of GBP2,587,589 (2005: GBP2,577,607), including amortisation of GBP1,111,904 (2005: GBP1,438,271)

Tim Griffiths, Chief Executive, Eden Research plc said:

*“Following the recent conclusion of a major agreement with Cheminova A/S and finalisation of earlier co-operative agreements with Xeda S.A. and Zagro pte., we move forward with renewed confidence for the Company’s next stage of development.*

*“Regulatory activities related to our lead Botryticide product (3AEY) and its active ingredients are progressing well, following successful and supportive discussions with European regulatory authorities. Early results from the statutory testing of our active ingredients in the EU have confirmed US observations about their safety, so we do not anticipate any obstacles to us completing our first EU wide regulatory dossier well before the end of 2007. This will allow a number of EU states to grant regulatory approval for the product shortly afterwards, allowing Redestos in Greece and surrounding territories, and Cheminova in the rest of Western Europe to commence sales.*

*“Achieving regulatory approval for the active substances in the botryticide product has an added benefit in that the time to market of new products showing efficacy against pests and diseases which contain the same ingredients is significantly reduced and more cost effective.*

*“I believe that our increasing commercial success confirms the validity of the independent valuation and market analysis presented to shareholders at the last two AGMs and with the progress we have made during 2006, and with our world-class partners, we believe this is an exciting time for Eden.”*

**Ends**

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## Chairman's Review

2006 saw the Company make significant progress and this has continued post period end in 2007. There have been particular developments in the following areas:

- Identifying and concluding appropriate further commercial deals to maximise the opportunities for our products in the major agricultural chemical markets of Europe, North America and East Asia
- Clearing the remaining (regulatory) hurdles required to start worldwide sale of our lead fungicide (3AEY), for control of botrytis
- Further enhancing the efficacy of our existing encapsulated terpene combinations;
- Confirming the lead products for control of nematodes
- Identifying further plant fungal disease control products
- Confirming the potential use of our products for mite control; and
- Making progress in exploiting the potential of our products for control of plant bacterial diseases

As we get closer to achieving significant volume commercial sales, we see further ways to exploit the achievements of recent years in developing our existing encapsulated terpene technology for use in agriculture. Our marketing and projects staff have recently reviewed the markets for our products, identifying new opportunities in the volume cereal, oilseed and amenity markets due to the increasing biological resistance being shown by pests and diseases to conventional crop protection products. This, combined with the growth in demand for organic products and rising global awareness on chemical pollution, is driving the demand for our intellectual property and products.

We have also identified at new ways of adapting our basic encapsulation technology, and further formulation development work will go ahead during the summer of 2007 with respect to these new target areas.

We were pleased to announce our Joint Development Agreement with Zagro Singapore PTE Ltd, a Singaporean based public company, in December. Under the agreement Eden has granted Zagro an exclusive licence for products that they trial and take to market in a number of selected territories, at the expense of Zagro. Zagro are currently

undertaking this work to develop further and adapt our products for specific uses relevant to tropical crops in their markets.

Development of products for the temperate European, North American and East Asian markets remains a key priority, and this will now be complimented by the recent conclusion of the license agreement (post period end in May 2007) with Cheminova A/S, who have particular strengths in these three regions. Suitable partners have still to be confirmed for East Asia, Australasia, Africa and the Middle East, with discussions and testing exercises in all these regions at a variety of stages.

### **Regulatory Activities**

Agrisearch International, our main regulatory contract research organisation (CRO), conducted 18 grape botrytis and 10 cucumber powdery mildew efficacy trials, as well as a variety of residue, taint and crop safety trials in Spain, Portugal and Greece during 2007. The Greek authorities were consulted about the draft results from this work, and expressed themselves satisfied with the competitiveness of our products in providing effective control of both botrytis and powdery mildew. The authorities indicated that little further work will be required for them to process our efficacy submission for registration of 3AEY, once EU-wide approval of the active substances in this formulation is given by the UK's Pesticide Safety Directorate (PSD). PSD have agreed to classify our ingredients under their Bio-pesticide Scheme, which will streamline the regulatory process.

With Europe identified as a major regional market for 3AEY, JSC International, our regulatory consultants, are presently overseeing statutory testing and preparing the crucial pan-European regulatory dossier for 3AEY and its ingredients. The dossiers will be submitted during the third quarter of this financial year. Much of the data will then be used by our commercial partners to obtain national regulatory approval in the United States and elsewhere.

### **New Innovation**

New avenues of investigation at our formulation lab at Worcester, Mass, USA identified improvements that will enable us to:

- exploit lower cost markets by increasing active ingredient concentrations in our formulations from 16% to 29%
- enhance efficacy, and potentially reduce the unit cost of our products by optimising the proportions of active ingredients in specific formulations;
- identify new formulation methods, including low cost high concentration powders, containing our encapsulated terpenes.

### **Development activities and Field Work**

A number of grape Botrytis control efficacy trials were conducted in all the main production areas of the USA. This will heighten the status of our products by reconfirming the excellent performance of 3AEY as seen in several countries in Europe.

Following last year's exciting nematode screening results, the first nematode field trial using encapsulated terpenes started on grape vines near Cape Town in South Africa, where the strategically important fruit and vine industries have a growing need for this type of product. Early indications are that good nematode population control is being achieved without any signs of phytotoxicity. In-planta and field testing against other nematode types are also going on in the UK on root crops, as well as against nematode/virus complexes known to cause problems at the time of replanting orchards in North America.

Successful trials were also conducted showing encouraging results using our products for:

- control of spider mites (on roses),
- suppression of fire blight (a devastating disease of apples and pears),
- protection against blight in potatoes,
- suppression of vineyard trunk diseases, and
- controlling botrytis and powdery mildew on a variety of other fruit and vegetable crops.

### **Partnership development programme**

During 2006 the Company continued its strategy of seeking appropriate commercial partners able to support our development programme with appropriately strong manufacturing and

distribution expertise. At this time we have four agreements in place (two agreed at the end of 2005) comprising:

- A commercial licensing agreement with Cheminova A/S for the production and distribution of 3AEY in Western Europe and North America with an option to take up distribution in the whole of the Americas , Europe (excluding the territory held by Redestos) and the CIS. This agreement provides for upfront and milestone payments with an ongoing royalty more details of which will be given in the forthcoming half year results
- A full technology license with Redestos (K & N Efthymiadis S.A.) for Greece and eight other states in South East Europe.
- A Joint Development Agreement with Zagro Singapore Pte Ltd whose strengths lie in the South East Asia region.
- A Cross Licensing and Data Access agreement with Xeda S.A. the French post harvest experts

Commercial discussions continue at various stages with several other major international distributors, with particular emphasis on the lucrative, high growth East Asian market. Most of these companies conducted co-operative testing are already partners with us, a trend that we expect to continue, with materials already dispatched this year to eight destinations, three as the result of new interest from market leaders.

The wide geographical spread of the companies showing interest in our technologies continues to be very encouraging.

## **Summary**

Commercial interest in and support for our technology from distributors, researchers, growers and most importantly regulators, reconfirms and strengthens the valuation of Eden's growing intellectual property. To date and in these Unaudited Results we have continued a conservative policy of writing down the carried forward book value of our intellectual property bank notwithstanding that we believe our commercial developments underpin the intellectual property valuation. In these Results this amortisation figure was GBP1,111,904 ( 2005: GBP1,438,271). Generally, I am please to say that our expenditure (and therefore loss) is in line with our budget and forecasts.

Our management team remains confident that new products under development and related patent applications will continue to emerge as in we saw during 2006 when claims for Plant Bacteria and Spider Mite control were filed.

Eden Research plc is proud of the significant progress made in 2006. Patented crop protection technologies rarely make such rapid progress towards commercialisation and the Eden team and their key collaborators are to be congratulated for what they have achieved by their efforts.

The products we are developing will soon be in regular use by the World's farmers and crop growers, and we have confidence that the commercial partnership strategy we have followed will provide growing value for our shareholders. We remain focused on delivering real commercial products that are safer, more efficient and more cost-efficient to use than the current chemical based alternatives these will replace.

**Chairman**

**Ken Brooks**

**UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT  
YEAR ENDED 31 DECEMBER 2006**

	Year Ended 31 Dec 06 GBP'000	Year Ended 31 Dec 05 GBP'000
<b>Turnover</b>		
Continuing operations	103	-
Cost of sales	-	-
	<hr/>	<hr/>
<b>Gross profit</b>	103	-
Administrative expenses – normal	(1,418)	(1,069)
Administrative expenses – amortisation	(1,112)	(1,439)
Other operating income	-	41
	<hr/>	<hr/>
<b>Operating Loss</b>	(2,427)	(2,467)
Interest receivable	2	-
Interest payable	(163)	(111)
	<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>	(2,588)	(2,578)
Tax on loss on ordinary activities	-	-
	<hr/>	<hr/>
<b>Loss on ordinary activities after taxation</b>	(2,588)	(2,578)
	<hr/>	<hr/>
Basic and diluted loss per share	(5.63) p	(5.76) p
	<hr/>	<hr/>

UNAUDITED CONSOLIDATED BALANCE SHEET 31 DECEMBER 2006

	<b>31 December 2006 GBP'000</b>	<b>31 December 2005 GBP'000</b>
<b>Fixed Assets</b>		
Intangible assets	7,416	8,527
Tangible assets	8	9
	<hr/> 7,424	<hr/> 8,536
<b>Current Assets</b>		
Debtors	156	68
Cash at bank	5	3
	<hr/> 161	<hr/> 71
<b>Creditors:</b> amounts falling due within one year	(3,225)	(2,209)
	<hr/> (3,064)	<hr/> (2,138)
<b>Net current liabilities</b>		
	<hr/> 4,360	<hr/> 6,398
<b>Total assets less current liabilities</b>		
	<hr/> 4,360	<hr/> 6,398
<b>Net assets</b>		
<b>Capital and reserves</b>		
Called-up equity share capital	467	447
Share premium account	10,145	9,615
Merger Reserve	10,209	10,209
Profit and loss account	(16,461)	(13,873)
	<hr/> 4,360	<hr/> 6,398
<b>Equity shareholders' funds</b>		
	<hr/> 4,360	<hr/> 6,398

**UNAUDITED CONSOLIDATED CASH FLOW STATEMENT  
YEAR ENDED 31 DECEMBER 2006**

	<b>31 Dec 06 GBP'000</b>	<b>31 Dec 05 GBP'000</b>
<b>Net cash outflow from operating activities</b>	(2,108)	(1,500)
<b>Returns on investments and servicing of finance</b>		
Interest received	2	-
<b>Net cash inflow from returns on investments and servicing of finance</b>	2	-
<b>Capital expenditure and financial investment</b>		
Purchase of intangible fixed assets	-	(34)
Purchase of tangible fixed assets	(4)	(3)
<b>Net cash outflow from capital expenditure and financial investment</b>	(4)	(37)
Net Cash Outflow before financing	(2,110)	(1,537)
<b>Financing</b>		
Issue of equity share capital	500	-
Shareholders loan - drawdown	730	683
<b>Net cash flow from financing</b>	1,230	683
<b>Decrease in cash</b>	(880)	(854)
Net debt at 1 January 2006	(1,771)	(917)
Net debt at 31 December 2006	(2,651)	(1,771)

## NOTES TO THE ACCOUNTS

### UNAUDITED RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Year Ended 31 Dec 06		Year Ended 31 Dec 05	
	GBP'000	GBP'000	GBP'000	GBP'000
Loss for the financial period		(2,588)		(2,578)
New equity share capital	20		-	
Premium on new equity share capital	530		-	
		550		-
Net reduction to funds		(2,038)		(2,578)
Opening shareholders' funds		6,398		8,976
<b>Closing Shareholders' funds</b>		<b>4,360</b>		<b>6,398</b>

1. The calculation of earnings per share is based on the loss of GBP2,587,589 (2005 : GBP2,577,607) and on the weighted average number of 45,985,127 Ordinary shares (2005 : 44,707,260) in issue.
2. The financial information set out above does not constitute the company's statutory accounts within the meaning of section 240 of the Companies Act 1985. The 2006 figures are based on unaudited accounts for the year ended 31 December 2006.
3. The 2005 comparatives are derived from the statutory accounts for 2005 which have been delivered to the Registrar of Companies and received an unqualified audit report and did not contain a statement under the Companies Act 1985, s237(2) or (3).
4. This statement will be made available online at [www.edenresearch.com](http://www.edenresearch.com) and copies will be made available at the Company's registered office, Unit 3, Manor Business Park, Witney Road, Finstock, Chipping Norton OX7 3DG.

The Directors of Eden Research plc accept responsibility for this announcement.