

**30 May 2008**

**Eden Research Plc (“Eden” or “the Company”)**

**Preliminary Results for the year ended 31 December 2007**

**Highlights**

- Eden’s lead fungicide for control of botrytis (3AEY) is near completion of the key European regulatory process required to facilitate sale of product
- Licence agreement signed with Cheminova for 3AEY’s terpene based botrytis treatment for Europe and US – later extended to additional territories of Australia, New Zealand and South Africa
- Strengthened relationships with existing commercial partners and currently identifying and developing new relationships with commercial partners, particularly in Asia
- Revenue in 2007 was £0.4 million, up from £0.1 million in 2006. Operating loss for the year was £2.5 million compared to £3.5 million (restated) for the previous year. Loss before tax was £2.5 million (restated), down from £3.7 million in 2006
- Board significantly strengthened through the appointments of Clive Newitt and Alex Abrey to the Executive Board, and Sir Ben Gill and Stephen O’Brien, MP appointed as non-executive Directors

Tim Griffiths, Chief Executive said:

“We are pleased with the progress made over this past year which is taking us closer towards commercialisation. To have taken our patented crop protection technologies from early concept to the worldwide market this year is a major achievement”.

“Eden’s first crop protection product will shortly be available to the world’s farmers and growers to help meet the growing demand for high quality low risk food. With a strengthened team, at both Board and operational level, we are confident that the safe and broad nature of our product portfolio will enable us to focus on delivering commercialisation of our products for our shareholders.”

**Ends**

Tim Griffiths, Chief Executive, Eden Research plc  
T: 01993 868844

Matthew Robinson, JM Finn Capital Markets Ltd  
T : 020 7600 1658

Jonathon Brill/Caroline Stewart, Financial Dynamics  
T: 020 7831 3113

## **Chairman's Review**

### **Overview**

The Company made good progress on delivering its core strategy of commercialising its technology during 2007. During the period, we focussed on achieving the following:

- completing the key European regulatory process required to facilitate sale of our lead fungicide (3AEY) for control of botrytis;
- further developing our products for the control of nematodes;
- developing co-encapsulation technology to utilise the properties of terpenes to complement conventional crop protection products;
- identifying further plant fungal disease applications for our terpene products;
- continuing work to exploit the potential of our products for control of plant bacterial diseases;
- strengthening our relationships with our existing commercial partners to ensure the opportunities for our products in the major agri-chemical markets are fully exploited; and
- identifying and developing new relationships with commercial partners, particularly in Asia.

### **Business Review**

#### **Progression of 3AEY to Market**

In the period we concentrated on achieving regulatory approval for our lead product 3AEY. We are therefore pleased to report that the safety testing and dossier preparation programme agreed with the UK regulatory authorities has been completed. With the safe nature of the ingredients in 3AEY confirmed in this testing programme, we are confident that approval for use of the formulation in the 27 countries of the EU will follow rapidly. This will allow our commercial partners in the region, Redestos and Cheminova, to begin test marketing, which we expect will lead to the inflow of royalties.

The collection of regulatory data for the European regulatory approved process has two further advantages:

1. It will assist our commercial partner Cheminova to acquire approval for use of 3AEY in the US and other important wine botryticide markets such as Australia, New Zealand, Chile and South Africa, assuming they exercise their option agreements; and
2. By achieving separate regulatory approval for the general use of each of 3AEY's active ingredients, Eden will be able to both accelerate and economise on regulatory requirements for any new products containing the same active substances.

Our partners have also been actively increasing the fund of efficacy data, with further comprehensive testing programmes undertaken on grapes in France, Germany and Italy during 2007. These will be repeated and expanded in 2008, with the inclusion of regulatory efficacy testing on new crops such as strawberries, oil seed rape, and soybean.

This work, coupled with Eden's own efficacy testing on grapes, has revealed that 3AEY performs as well as all of its main rivals worldwide at controlling grape botrytis, especially under high disease pressure conditions. Significantly, comparative grape quality seems to be significantly enhanced by our product, with premium quality fruit numbers being increased at grading, and the proportion of poor quality grades being reduced.

## **Nematocide**

After successful screening work conducted in the USA, South Africa, Belgium and Greece during 2005-2006, Eden concentrated in 2007 on testing the most promising terpene based products in cropped situations for the first time.

The work examined efficacy against a number of nematode types attacking crops including papaya, tomato, lettuce, grapes, stone fruit and carrots. All of these crops suffer direct economic damage from nematodes and/or are affected by diseases spread by a variety of nematode species. Results from these trials have confirmed that several of the encapsulated terpene combinations tested showed good levels of efficacy in reducing nematode counts and enhancing yields. Efficacy achieved was comparable to or better than commercial standard products, including NemaCur™ (fenamiphos) and Vydate™ (oxamyl).

Conventional nematode products are formulated from highly toxic insecticides, and there is now intense pressure from regulators, on environmental grounds, to move away from their use in soils. Therefore, significant commercial opportunities exist for the use of low risk products in this market. Eden therefore plans to place emphasis on finalising the best terpene combinations, rates and formulations in 2008, so that commercial treatment regimes can be established in this valuable market sector.

Considerable interest has been shown in the results from the programme to date by a number of suitable potential commercial partners.

## **Additional Fungicide products**

In early 2007 the Company set up a series of trials with research institutions in the UK to broaden its pipeline of new fungicidal and bactericidal products. These organisations include Rothamsted Research, The Sports Turf Research Institute, ADAS, and SAC. The projects include:

- Investigating the use of new encapsulated terpene combinations for the routine control of the complex of fungal diseases that affect wheat and oil seed rape, North West Europe's two most important crops;
- Developing products that co-encapsulate terpenes with the commonly used triazole fungicides, a process that could dramatically extend the commercial life of established active substances affected by the build-up of resistance from the diseases they control; and
- Investigating the potential use of 3AEY for the control of diseases in the lucrative sports turf market;

Results from the Wheat and Oil Seed Rape field trials will not be available until the third quarter of 2008, however triazole co-encapsulation technology and sports turf disease control have been proven in vitro, and this has led to testing under more commercial conditions on relevant crops.

## **Other developments**

In addition to our main emphasis on fungicides and nematode control products we have continued to identify the bactericidal and acaricidal potential of encapsulated terpenes by:

- Confirming the potential use of Eden's products for control of plant bacterial diseases;
- Development of the spider mite control potential of terpenes; and
- Examining the potential to exploit the bactericidal properties of Eden's encapsulated terpene products for the prevention of bovine mastitis.

Testing of products for control of mites planned for Kenya has been delayed after disruption related to the civil unrest in the country. Agreements to progress this work by moving the trials to the United States are now in place.

## **Commercial progress**

During the period our commercial partner Cheminova, under the terms of their agreement, have been progressing efficacy trials that will maximise the potential for usage of 3AEY in their territories. Elsewhere, our SE Asian partners Zagro have continued to make progress, however this has been slowed by regulatory restrictions. In the period the Company developed co-operations, under Material Testing Agreements, with two major crop protection companies in the important Japanese market. In addition, discussions with a major domestic player in India have commenced. We expect to report positive commercial partnerships in these significant markets in the next year.

This expanded interest in our technology from distributors, growers and regulators confirms the growing value of Eden's IP.

## **Management Changes**

Our Board and technical and commercial management team were strengthened during the period by a number of personnel changes:

- John Edmonds previously Global and European product development manager for a range of fungicides with Dow, Rohm & Haas and Cyanamid joined as our new R & D projects manager. John has over 15 years experience in the development of herbicide, fungicide and insecticide products used in Cereals, Oilseed Rape and various Horticultural crops. John takes over as Projects Manager from Steve Vaux, who continues with us in a part time role.
- Having been the marketing director of our subsidiary Eden Research Europe Ltd, Clive Newitt joined the board of Eden Research plc as our Business Development Director in mid 2007; Clive has a wealth of experience in the global 'agri chem' business and has proved invaluable in the exploitation of our technologies in the 'agri chem' field.
- Alex Abrey joined the board of Eden Research plc in the role of Finance Director after several years as our Chief Accountant and we feel that his in depth knowledge of the business compliments his financial and accounting skills.
- Following the sudden and untimely death of Craig Herron, we have appointed two new Non-Executive Directors – Sir Ben Gill and Hon Stephen O'Brien MP. Sir Ben is well known in the agricultural field with great experience in the European arena whilst Stephen brings a wealth of business acumen together with his knowledge of the political world and a wealth of overseas connections. Both Sir Ben and Stephen have already demonstrated their worth and we are very glad they agreed to join us.

## **Outlook**

Eden's management team can be proud of the progress made in the last few years. To take our patented crop protection technologies from early concept to the worldwide market this year is a major achievement.

We expect Eden's first crop protection product will shortly be available to the world's farmers and growers to help meet the growing demand for high quality low risk food. The safe and broad nature of our product portfolio makes us confident in Eden's future.

**Ken Brooks**  
**Chairman**

## **Financial Review**

### **Results**

Revenue in 2007 was £0.4 million, up from £0.1 million in 2006. Operating loss for the year was £2.5 million compared to £3.5 million (restated) for the previous year. Loss before tax was £2.5 million (restated), down from £3.7 million in 2006.

### **IFRS**

The Company has adopted International Financial Reporting Standards (IFRS) as adopted in the EU for the first time this year. The Board decided that it would be prudent to go through this transition now, in preparation for any potential move to a new or secondary trading market.

### **Dividends and loss per share**

No dividend payment is proposed. It is the intention of the Board to pay dividends as soon as the Company is in a position to do so. The Board is reviewing the present Balance Sheet Reserve position with a view to facilitating a dividend payment policy in due course.

The loss per share was 5.13 pence compared to 8.04 pence (restated) in 2006.

### **Trading**

Revenue in 2007 consisted of an upfront payment received from Cheminova AS, as part of the consideration of the license agreement signed in May 2007. Further payments of €1.7 million are to be paid in due course, under the same licensing agreement, in line with specific milestones.

Administrative expenses were £1.0 million, similar to 2006 (restated). This reflects the Company's adoption of IFRS 1 and IAS 38 which has resulted in the capitalisation of £0.6 million of development expenditure in the year (2006 : £0.4m), but, also shows the consistent policy of keeping a low head count in order to maintain a low level of overheads.

The Board has decided that it is an appropriate time, following the commercialisation of its lead product, 3AEY, to review and amend the Company's policy of amortising its Intellectual Property. Accordingly, amortisation is now to be written off over seventeen years (An increase from the ten years adopted in 2004), in line with the remaining life of the Company's master patent; the effect of this being to reduce the annual amortisation charge from £1.1 million to £0.5 million.

## **Financing**

During the year, the Company received £2.3 million from the issue of equity shares from the exercise of options and warrants.

Also during the year, the Company received loans from shareholders of £0.5 million and repaid £1.3 million of the convertible debt. In addition, £0.9 million of debt was converted into equity. The shareholders of the convertible loans have confirmed their on-going commitment and support to the Company for the foreseeable future.

With this on-going support and the receipt of milestone payments and royalty revenues in the near future, the Company has sufficient funds to reach commercialisation and be cash generative.

**Alex Abrey**  
**Finance Director**

**EDEN RESEARCH PLC****UNAUDITED CONSOLIDATED INCOME STATEMENT**

For the year ended 31 December 2007

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	2007 £ <u>Unaudited</u>	2006 £ Unaudited (restated)
<b>CONTINUING OPERATIONS</b>		
Revenue	360,788	102,559
Cost of sales	( 5,706)	-
	<hr/>	<hr/>
<b>GROSS PROFIT</b>	355,082	102,559
Administrative expenses		
- normal	(1,033,910)	(1,006,616)
- amortisation of intangible assets	( 455,543)	( 1,111,804)
- share based payments	(1,361,248)	(1,504,843)
	<hr/>	<hr/>
<b>TOTAL OPERATING COSTS</b>	(2,850,701)	(3,623,263)
	<hr/>	<hr/>
<b>OPERATING LOSS</b>	(2,495,619)	(3,520,704)
Finance costs	( 129,814)	( 163,067)
Finance income	3,919	1,795
	<hr/>	<hr/>
<b>LOSS BEFORE TAX</b>	(2,621,514)	(3,681,976)
Tax	157,645	-
	<hr/>	<hr/>
<b>LOSS FOR THE YEAR</b>	£(2,463,869)	£(3,681,976)
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<b>LOSS PER SHARE (PENCE)</b>		
- normal and diluted	(5.13)p	(8.04)p
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**EDEN RESEARCH PLC**

## UNAUDITED CONSOLIDATED BALANCE SHEET

As at 31 December 2007

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	2007 £ <u>Unaudited</u>	2006 £ <u>Unaudited</u> (restated)
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Intangible assets	8,149,403	8,013,805
Property, plant and equipment	3,556	8,464
	<hr/>	<hr/>
	8,152,959	8,022,269
<b>CURRENT ASSETS</b>		
Trade and other receivables	106,569	156,443
Cash and cash equivalents	663,022	4,778
	<hr/>	<hr/>
	769,591	161,221
<b>TOTAL ASSETS</b>		
	<hr/> <b>8,922,550</b>	<hr/> <b>8,183,490</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Trade and other payables	( 933,191)	( 569,480)
Financial liabilities - borrowings		
- Interest bearing loans and borrowings	(1,829,081)	(2,655,314)
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	(2,762,272)	(3,224,794)
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## EDEN RESEARCH PLC

### UNAUDITED CONSOLIDATED BALANCE SHEET

As at 31 December 2007

	2007 £ <u>Unaudited</u>	2006 £ <u>Unaudited</u> (restated)
<b>EQUITY</b>		
Called up share capital	529,158	465,210
Share premium account	12,387,217	10,146,962
Merger reserve	10,209,673	10,209,673
Warrant reserve	2,441,708	1,504,843
Retained earnings	(19,407,478)	(17,367,992)
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<b>TOTAL EQUITY</b>	£ 6,160,278	£ 4,958,696
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<b>TOTAL EQUITY AND LIABILITIES</b>	<u>8,922,550</u>	<u>8,183,490</u>

**EDEN RESEARCH PLC****UNAUDITED CONSOLIDATED CASH FLOW STATEMENT**

For the year ended 31 December 2007

	<u>Note</u>	2007 £ <u>Unaudited</u>	2006 £ <u>Unaudited</u> (restated)
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	( 260,335)	( 853,820)
Interest paid		( 129,814)	( 172)
Tax credit received		157,645	-
		<hr/>	<hr/>
Net cash from operating activities		( 232,504)	( 853,992)
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		-	-
Purchase of property, plant & equipment		-	( 4,311)
Capitalisation of development expenditure		( 591,141)	( 410,356)
Interest received		3,919	1,795
		<hr/>	<hr/>
Net cash from investing activities		( 587,222)	( 412,872)
<b>Cash flows from financing activities</b>			
Shareholders loan – repayment		(1,327,406)	-
Shareholders loan - drawdown		501,173	730,269
Issue of equity shares		2,304,203	549,999
		<hr/>	<hr/>
Net cash from financing activities		1,477,970	1,280,268
		<hr/>	<hr/>
<b>Increase in cash and cash equivalents</b>		658,244	13,404
<b>Cash and cash equivalents at beginning of year</b>	2	4,778	( 8,626)
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>	2	£ 663,022	£ 4,778
		<hr/> <hr/>	<hr/> <hr/>

# EDEN RESEARCH PLC

## NOTES TO THE UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2007

### 1. RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2007 £ <u>Unaudited</u>	2006 £ <u>Unaudited</u> (restated)
Loss before tax	(2,621,514)	(3,681,976)
Finance costs	129,814	163,067
Finance income	(3,919)	(1,795)
Depreciation charges	4,908	4,276
Decrease/(increase) in trade and other receivables	49,874	( 88,499)
Increase in trade and other payables	363,711	134,460
Equity share based payment charge	1,361,248	1,504,843
Amortisation of trademarks and intellectual property	455,543	1,111,804
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<b>Net cash outflow from operating activities</b>	<b>£( 260,335)</b>	<b>£( 853,820)</b>
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### 2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the cash flow statement in respect of cash and cash equivalents are in respect of these balance sheet amounts:

#### Year ended 31 December 2007

	31 December 2007 £ <u>Unaudited</u>	1 January 2007 £ <u>Unaudited</u> (restated)
Cash and cash equivalents	663,022	4,778
Bank overdrafts	-	-
	<hr/>	<hr/>
	<b>£ 663,022</b>	<b>£ 4,778</b>
	<hr/> <hr/>	<hr/> <hr/>

**EDEN RESEARCH PLC****UNAUDITED CONSOLIDATED RECONCILIATION OF EQUITY**

As at 1 January 2006 (Date of Transition to IFRS)

	UK GAAP	Effect of transition to IFRSs	IFRSs
	£ Audited	£ Unaudited	£ Unaudited
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Goodwill	-	-	-
Intangible assets (note i)	8,527,349	187,904	8,715,253
Property, plant and equipment	8,429	-	8,429
Deferred tax	-	-	-
	8,535,778	187,904	8,723,682
<b>CURRENT ASSETS</b>			
Trade and other receivables	67,944	-	67,944
Cash and cash equivalents	3,073	-	3,073
	71,017	-	71,017
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	( 435,020)	-	( 435,020)
Financial liabilities - borrowings			
Bank overdrafts	( 11,699)	-	( 11,699)
Interest bearing loans and borrowings	(1,762,150)	-	(1,762,150)
Tax payable	-	-	-
	(2,208,869)	-	(2,208,869)
<b>NET CURRENT LIABILITIES</b>	(2,137,852)	-	(2,137,852)
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	-	-	-
Financial liabilities - borrowings	-	-	-
Interest bearing loans and borrowings	-	-	-
	-	-	-
<b>NET ASSETS</b>	£6,397,926	£ 187,904	£6,585,830

## EDEN RESEARCH PLC

### UNAUDITED CONSOLIDATED RECONCILIATION OF EQUITY

As at 1 January 2006 (Date of Transition to IFRS)

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	UK GAAP	Effect of transition to IFRSs	IFRSs
	£ Audited	£ Unaudited	£ Unaudited
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	447,073	-	447,073
Share premium account	9,615,100	-	9,615,100
Merger reserve	10,209,673	-	10,209,673
Warrant reserve	-	-	-
Profit and loss account (note i)	(13,873,920)	187,904	(13,686,016)
	<hr/>	<hr/>	<hr/>
<b>TOTAL EQUITY AND SHAREHOLDERS FUNDS</b>	<b>£6,397,926</b>	<b>£ 187,904</b>	<b>£6,585,830</b>
	<hr/>	<hr/>	<hr/>

Effect of transition to IFRS

£

Note i	Capitalisation of development costs in accordance with IAS 38		£187,904
			<hr/>

**EDEN RESEARCH PLC**

## UNAUDITED CONSOLIDATED RECONCILIATION OF EQUITY

As at 31 December 2006

	UK GAAP	Effect of transition to IFRSs	IFRSs
	£ Audited	£ Unaudited	£ Unaudited
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Goodwill	-	-	-
Intangible assets (note ii)	7,415,545	598,260	8,013,805
Property, plant and equipment	8,464	-	8,464
Deferred tax	-	-	-
	<hr/>	<hr/>	<hr/>
	7,424,009	598,260	8,022,269
	<hr/>	<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Trade and other receivables	156,443	-	156,443
Cash and cash equivalents	4,778	-	4,778
	<hr/>	<hr/>	<hr/>
	161,221	-	161,221
	<hr/>	<hr/>	<hr/>
<b>LIABILITIES - CURRENT LIABILITIES</b>			
Trade and other payables	( 569,480)	-	( 569,480)
Financial liabilities - borrowings			
Bank overdrafts	-	-	-
Interest bearing loans and borrowings	(2,655,314)	-	(2,655,314)
Tax payable	-	-	-
	<hr/>	<hr/>	<hr/>
	(3,224,794)	-	(3,224,794)
	<hr/>	<hr/>	<hr/>
<b>NET CURRENT LIABILITIES</b>	<b>(3,063,573)</b>	<b>-</b>	<b>(3,063,573)</b>
	<hr/>	<hr/>	<hr/>
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	-	-	-
Financial liabilities - borrowings			
Interest bearing loans and borrowings	-	-	-
Deferred tax	-	-	-
	<hr/>	<hr/>	<hr/>
	-	-	-
	<hr/>	<hr/>	<hr/>
<b>NET ASSETS</b>	<b>£4,360,436</b>	<b>£ 598,260</b>	<b>£4,958,696</b>
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## EDEN RESEARCH PLC

### UNAUDITED CONSOLIDATED RECONCILIATION OF EQUITY

As at 31 December 2006

	UK GAAP	Effect of transition to IFRSs	IFRSs
	£ Audited	£ Unaudited	£ Unaudited
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	465,210	-	465,210
Share premium account	10,146,962	-	10,146,962
Merger reserve	10,209,673	-	10,209,673
Warrant reserve	1,504,843	-	1,504,843
Profit and loss account (note ii)	(17,966,252)	598,260	(17,367,992)
<b>TOTAL EQUITY AND SHAREHOLDERS FUNDS</b>	<b>£4,360,436</b>	<b>£598,260</b>	<b>£4,958,696</b>

Effect of transition to IFRS

£

Note ii	Capitalisation of development costs in accordance with IAS 38	
	- at transition	187,904
	- costs incurred in 2006	410,356
		<u>598,260</u>

## EDEN RESEARCH PLC

### UNAUDITED CONSOLIDATED RECONCILIATION OF PROFIT

For the year ended 31 December 2006

	UK GAAP	Effect of transition to IFRSs	IFRSs
	£ Audited	£ Unaudited	£ Unaudited
Revenue	102,559	-	102,559
Cost of sales	-	-	-
<b>GROSS PROFIT</b>	<b>102,559</b>	<b>-</b>	<b>102,559</b>
Other operating income	-	-	-
Administrative expenses			
- normal	(1,416,972)	410,356	(1,006,616)
- amortisation of intangible assets	(1,111,804)	-	( 1,111,804)
- share based payments	(1,504,843)	-	(1,504,843)
Finance costs	( 163,067)	-	( 163,067)
Finance income	1,795	-	1,795
<b>LOSS BEFORE TAX</b>	<b>(4,092,332)</b>	<b>410,356</b>	<b>(3,681,976)</b>
Tax	-	-	-
<b>LOSS FOR THE YEAR</b>	<b>£(4,092,332)</b>	<b>£410,356</b>	<b>£(3,681,976)</b>

# EDEN RESEARCH PLC

## NOTES TO THE PRELIMINARY ANNOUNCEMENT

For the year ended 31 December 2007

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### 1 BASIS OF PREPARATION

1. The figures for the year ended 31 December 2007 and 2006 do not constitute statutory accounts within the meaning of S.240 of the Companies Act 1985. The figures for the year ended 31 December 2007 have been extracted from the statutory accounts for that year which have yet to be delivered to the Registrar of Companies and on which the auditor has yet to issue an opinion. The figures for the year ended 31 December 2006 have been extracted from the statutory accounts for that year which have been delivered to the Registrar of Companies and on which the auditor has issued an unqualified audit report, modified to include an emphasis of matter with regard to going concern, having been restated under International Financial Reporting Standards. The auditor has indicated that a similar modified audit report will be included in the 31 December 2007 audited accounts. No statement has been made by the auditor under Section 237(2) or (3) of the Companies Act 1985 in respect of either of these sets of accounts. This announcement was approved by the board of directors on 30 May 2008.
2. The consolidated financial statements have, for the first time, been prepared in accordance with International Financial Reporting Standards adopted by the International Accounting Standards Board ('IASB') and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (together 'IFRS') as endorsed by the European Union. The information in this preliminary statement has been extracted from the unaudited financial statements for the year ended 31 December 2007 and as such, does not contain all the information required to be disclosed in the financial statements prepared in accordance with the International Financial Reporting Standards ('IFRS').

The Group has applied consistent accounting policies in preparing the preliminary financial statements for the year ended 31 December 2007, the comparative information for the year ended 31 December 2006, and the preparation of the opening IFRS balance sheet at 1 January 2006, the date of transition.

The preliminary financial information in this report has neither been audited nor reviewed by the Company's auditors.

### 2 COMPARATIVE YEAR

The corresponding amounts in the prior year ended 31 December 2006 have been reviewed for the effects of changes to accounting policies on transition to IFRS.

As a result of the transition to IFRS development expenditure that was previously written off under U.K. GAAP has been capitalised in accordance with IFRS 1 and IAS 38. Development expenditure of £187,904 has been capitalised at transition and £410,356 for the year ended 31 December 2006.

The deemed cost of the intangible assets at transition has been taken as the amortised cost under U.K. GAAP at 31 December 2005 of £8,527,349. The directors have reviewed the useful

## **EDEN RESEARCH PLC**

### NOTES TO THE PRELIMINARY ANNOUNCEMENT

For the year ended 31 December 2007

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life of the Group's intellectual property and consider it is appropriate to amortise this over its expected useful life of 17 years from 1 January 2007.

In accordance with IFRS 1 the Group has elected not to apply IFRS 3 Business Combinations retrospectively. Goodwill of £1,790,742 arising on acquisitions before transition date was fully amortised at transition date.

- 3 The directors do not recommend the payment of a final dividend (2006: £nil).
  
4. These financial statements are presented in sterling as that is the currency of the primary economic environment in which the Group operates.
  
5. Copies of the 2007 Annual Report and Accounts will be posted to shareholders in June. Further copies may be obtained by contacting the Company Secretary at the registered office.

#### **About Eden Research plc**

Eden Research plc is a UK publicly listed company on the PLUS Market, specialising in the development of agrochemical products and intellectual property through licensing and marketing agreements.

Eden is focused on developing products for the agricultural sector through the application of terpene chemistry and other patented environmentally friendly technologies. Eden is currently working alongside universities and partner companies in developing its product portfolio towards commercialisation.

For further information please visit [www.edenresearch.com](http://www.edenresearch.com).