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Eden Research plc
18 September 2019

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Eden Research plc ("Eden" or "the Company")

Half Yearly Report

Eden Research plc (AIM: EDEN), the AIM-listed company that develops and supplies breakthrough biopesticide products and natural microencapsulation technologies to the global crop protection, animal health and consumer products industries, announces its interim results for the six months ended 30 June 2019.

Financial highlights

- Revenue for the period of £0.58m (H1 2018: £0.68m)
- Product sales £0.45m (H1 2018: £0.68m)
- Upfront and milestone payments of £0.13m (H1 2018: £nil)
- Operating loss for the period reduced to £0.63m (H1 2018: £0.93m)
- Cash and cash equivalents of £1.36m (H1 2018: £2.62m)

Business & Operational highlights

- Eden's nematicide formulation, Cedroz, has been approved by the zonal rapporteur member state for use in the southern and indoor EU regulatory zones. Cedroz is an innovative and sustainable solution designed to fight plant parasitic nematodes, pests that are known to cause severe damage to crops globally in both open field and greenhouse growing environments, resulting in significant yield losses and increasing growers' costs.
- Emergency use authorisation granted in Italy for the treatment of nematodes on tomatoes and a range of additional crops, leading to the first commercial sales of Cedroz.
- Emergency use authorisation has been granted for the use of Mevalone to combat post harvest storage disease on apples in France. Mevalone is a terpene-based fungicide that initially targeted Botrytis, a widespread fungal disease that causes grey mould on many fruits and vegetables, leading to the rapid loss of commercially valuable crops. Treatment of apples for post harvest diseases represents an entirely new market for Mevalone.
- Appointment of Rob Cannings as Commercial Director and Felicity Lenyk as Product and Market Manager.

Lykele van der Broek, Chairman, commented:

"To date, Eden's product sales footprint has been based primarily on the southern EU zone, through sales of Mevalone, Eden's fungicide product.

"Following the successful final authorisation of Eden's second product, Cedroz, a bionematicide, in the southern and indoor crop EU regulatory zones, and the emergency approval granted in Italy, it is anticipated that the sales footprint could significantly increase.

"These elements, in addition to the emergency approval received in France for the use of Mevalone for the treatment of storage diseases on apples, mean that the growth prospects for the Company are steadily improving.

"Additionally, Eden has a number of exciting product developments underway internally, and with various commercial partners, which should see the Company build into a global player in the biopesticides industry in the medium term."

A presentation for analysts will be held today at 12pm at Powerscourt's offices, 1 Tudor Street, EC4Y 0AH.

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The information contained within this announcement (the "Announcement") is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this Announcement via Regulatory Information Service, this inside information is now considered to be in the public domain.

Eden Research plc
Chief Executive's statement for the six months ended 30 June 2019

Results
Revenue for the first half of the year was £0.58m compared to £0.68m for the same period in 2018.

Product sales decreased to £0.45m (H1 2018: £0.68m).

Overheads were marginally higher than last year at £0.68m (H1 2018: £0.67m).

Loss before tax for the period reduced to £0.65m (H1 2018: £0.94m).

Sales and Market Development
As anticipated, on account of the seasonality of our business, with the majority of our sales weighted to the second half of the year, the focus for the first half of the year was on broadening our product portfolio to include products with use cycles that typically occur earlier in the year, and to focusing on the generation of product sales in the Southern Hemisphere. Additionally, we directed our attention toward the opportunities that exist within greenhouses and other protected growing environments.

Although product sales were £0.23m less than in 2018, this reflected £0.3m expected in June that was recognised in July, due to a change of production schedule. Overall, we are pleased with product sales revenue progress so far this year, but as was the case last year, full year results for product sales (primarily from Mevalone in pre-existing territories) will be highly dependent upon late season conditions and post season sales efforts.

The pace of product sales development is inextricably tied to the pace and breadth of regulatory approvals. Globally, authorisation for the marketing and use of crop protection products by the relevant authorities, even those with positive health, safety and environmental profiles such as Eden's, is a mandatory final step prior to the development of sales in each territory for a given use (be it crop, pest or disease). We are pleased to report good progress on this front during the first half of 2019.

Regulatory progress is well-illustrated by the authorisation of Cedroz by Malta. Malta, acting as the zonal rapporteur Member State for the Southern EU agricultural zone and on behalf of a number of EU countries for indoor uses, granted its authorisation in February. Following the authorisation by Malta, the concerned Member States ("cMS") must grant their individual approvals for the sale and use of Cedroz within their jurisdictions. The pending approvals will cover Spain and Italy, for outdoor uses and will also cover France, Belgium, the Netherlands and the United Kingdom, as well as Spain and Italy, for professional greenhouse uses. Once approved, Cedroz will be the first of Eden's formulations to be sold and used in the United Kingdom, marking a milestone for the Company. Eden and its commercialisation partner for Cedroz, Eastman, look forward to receiving the cMS authorisations through the balance of 2019 and possibly into 2020. Eastman has been working hard to prepare the market for product launches in key territories as quickly as practicable after receiving the relevant authorisations.

Regulatory progress has also been well-demonstrated by the emergency authorisation of Cedroz in Italy in April. Italy has the potential to be a significant market for Cedroz and as such it is pleasing to see the regulatory authorities respond positively to Cedroz by granting an emergency authorisation. The emergency authorisation highlights the limited number of alternative products available to tackle nematodes in the Italian market and that growers need new tools to help control this damaging pest on a range of important high value crops. The receipt of the emergency authorisation triggered the first sales of Cedroz to Eastman in support of a field development campaign by Eastman, in order to secure the first commercial uses in advance of full authorisation. This has helped Eastman to prepare the market for a strong product launch campaign for the 2020 growing season, and whilst it was pleasing to realise the first sales of Cedroz, this will not contribute meaningfully to Eden's revenue in 2019, though it does support sales development in 2020.

Further regulatory progress has been demonstrated through the emergency authorisation for a new use of Mevalone in France. Apple storage diseases are a major challenge for growers in many regions of the world, and with the conventional chemical pesticides facing significant use restrictions and product removals due to regulatory actions, the grower community has been eager to find effective treatments for a range of diseases that affect produce quality. Working with our partner, SumiAgro France, Mevalone has been demonstrated to effectively control storage diseases on apples. The emergency authorisation will enable SumiAgro to demonstrate the efficacy to growers who will be able to experience what we believe is its excellent performance in disease control. Eden will pursue this large and important market with a campaign to secure full registrations for Mevalone elsewhere in Europe and further afield for this crop.

We are engaged with the US regulator and working toward authorisation for Mevalone and Cedroz in line with what we have previously communicated. Subject to the outcome of the review by EPA, we anticipate authorisation in 2019 or 2020.

Eden is working with its partners to pursue the acceptance of our registered active ingredients in Europe as allowed components of crop protection chemicals that are acceptable for use in organic agriculture. Whilst the organic market typically represents less than 10% of the overall market, it is an important and growing segment with very few acceptable solutions to problems such as disease and insect attacks. Furthermore, by securing listing as acceptable inputs for organic agriculture, we are also further differentiating our products within the much-larger conventional products market. We are encouraged by progress with the application for authorisation in this area, and we will update the market as soon as we know the definitive outcome of the EU's review process.

Commercial Partnerships

In the first half of 2019, TerpeneTech made the first sale of its headlice treatment product to its channel distribution partner. This product was shipped in bulk and has been labelled and packaged by their partner. This channel partner is now actively promoting the product to retailers across the UK. A comprehensive marketing campaign is planned in order to support retail promotion.

TerpeneTech continues efforts to secure new channel distribution partners for other key territories across Europe and also the United States. TerpeneTech believes that these efforts will be greatly aided by the first retail launches of the headlice treatment product in the UK. Therefore, TerpeneTech anticipates an acceleration of progress in Europe and the US as the UK product makes commercial progress.

As previously communicated, our work with Bayer Animal Health (covering companion animal products targeting dermatological diseases) encountered some challenges relating to one important formulation. The consequence of this is that the anticipated launch of a portfolio of Bayer products based upon Eden's encapsulation technology has been delayed. We remain actively engaged with Bayer to pursue solutions that would result in a viable product that would meet Bayer's stringent product profile requirements and we will provide an update to the market when appropriate.

It is important to note that Eden's efforts remain primarily focussed upon crop protection and our current strategy remains to direct the majority of our efforts to the successful expansion of this part of our business whilst we await full commercial validation of the efforts of our partners in the Animal Health and Consumer Products business lines. Eden continues to work with our partners in these areas to help ensure their success whilst we continuously review their progress and evaluate ways in which we can accelerate Eden sales in these promising, but as yet underdeveloped business lines.

In the Crop Protection business line, we are working actively with our current commercial partners to accelerate commercialisation, grow market share, and expand both our product and registration portfolios. Active projects include the widening of the label for Mevalone to include post-harvest disease control on a range of crops, formulation and protocol improvements to further broaden the pest and crop targets for products using Sustaine technology, and the expansion of certain rights including the rights to new territories.

We are pleased to be collaborating with a number of new partners. Though some of these are in the early stages, areas of active collaboration include insecticide formulation development, screening and optimisation, the use of Sustaine as a microencapsulation system for conventional and biological pesticides, and minor product reformulations to address new territories by optimising the product for local use. The Board is encouraged by the pace of new collaborator acquisition, and we intend to elaborate further on our progress at an appropriate time.

Team Development

As Eden's business model has evolved from technology licencing to product commercialisation, its resources have been thinly stretched. Reliance on a network of consultants, contractors and part-time employees has been useful to the Company in maintaining maximum flexibility with overhead management. However, this model is not without its shortcomings. Among those the Board is eager to address is the need for a team of skilled and experienced individuals with a focus on the advancement of Eden's business.

It is the Board's view that such experience, dedication and focus is essential in order to advance and accelerate the growth of Eden's overall business. As a consequence, we have added two new full-time roles, and we are currently actively recruiting for another key role. I am pleased to report that our new team members (Rob Cannings and Felicity Lenyk) are now engaged in helping us to achieve our objectives and have already made meaningful contributions in the management of our supply chain, the management of production and inventory planning, the implementation of our first-ever enterprise resource planning system and in refining and executing upon our commercial strategy.

Dividend

There was no dividend paid or proposed for the six-month period. The Board continues to monitor its dividend policy.

Outlook

The Board is pleased with the Company's commercial progress, especially when giving consideration to the pace of regulatory clearances and challenges with product commercialisation efforts in our secondary business lines.

We look forward to reporting on a healthy pipeline of development and commercial projects throughout the coming months. Current trading remains in line with our expectations.

We are well positioned for growth arising from the commercial agreements with our existing partners, Sipcam and Eastman, as well as growth arising from entering new territories and registering further products.

I look forward to working with the Board, our team and our partners to fully realise our ambitions this year and in the future.

Eden Research plc
Statement of Comprehensive Income for the six months ended 30 June 2019

	Six months	Six months	Year ended 31

	ended 30 June 2019 GBP'000 unaudited	ended 30 June 2018 GBP'000 unaudited	December 2018 GBP'000 audited
Revenue (note 9)	**581**	682	2,774
Cost of sales	**(250)**	(479)	(1,237)
Gross profit	**331**	203	1,537
Administrative expenses	**(681)**	(667)	(1,519)
Amortisation of intangible assets	**(242)**	(425)	(430)
Share based payments (note 8)	**(38)**	(43)	(85)
Total other operating expenses	**(961)**	(1,135)	(2,034)
Operating (loss)/profit	**(630)**	(932)	(497)
Finance costs	**(12)**	(1)	(24)
Finance income	**-**	1	2
Share of loss of equity accounted investee, net of tax (note 7)	**(3)**	(8)	(14)
(Loss)/profit before tax	**(645)**	(940)	(533)
Tax on (loss)/profit	**-**	4	198
(Loss)/profit for the financial period	**(645)**	(936)	(335)
Other Comprehensive Income:			
Items that will not be reclassified subsequently to profit or loss	**-**	-	-
Items that will be reclassified subsequently to profit or loss	**-**	-	-
Other Comprehensive Income net of tax	**-**	-	-
Total Comprehensive Income	**(645)**	(936)	(335)
Profit/(loss) per share (pence) - basic (note 4)	**(0.31)**	(0.45)	(0.16)
Profit/(loss) per share (pence) - diluted (note 4)	**(0.31)**	(0.45)	(0.16)

Eden Research plc
Consolidated Statement of Financial Position as at 30 June 2019

	30 June 2019 GBP'000 unaudited	30 June 2018 GBP'000 unaudited	31 Dec 2018 GBP'000 audited
ASSETS			
NON-CURRENT ASSETS			
Intangible assets (note 6)	**5,070**	4,748	5,016
Investments in equity accounted investee (note 7)	**794**	797	791
	5,864	5,545	5,807
CURRENT ASSETS			
Stock	**127**	-	14
Trade and other receivables	**1,068**	585	919
Cash and cash equivalents	**1,358**	2,620	2,479
	2,553	3,205	3,412
TOTAL ASSETS	**8,417**	8,750	9,219
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	**674**	1,049	875

TOTAL CURRENT LIABILITIES	**674**	1,049	875
NON-CURRENT LIABILITIES			
Trade and other payables	**67**	67	67
TOTAL NON-CURRENT LIABILITIES	**67**	67	67
TOTAL LIABILITIES	**741**	1,116	942
EQUITY			
Called up share capital	**2,072**	2,072	2,072
Share premium account	**31,290**	31,290	31,290
Merger reserve	**10,210**	10,210	10,210
Warrant reserve	**590**	611	653
Retained earnings	**(36,486)**	(36,549)	(35,948)
TOTAL EQUITY attributable to owners of the parent	**7,676**	7,634	8,277
TOTAL EQUITY AND LIABILITIES	**8,417**	8,750	9,219

Eden Research plc
Statement of Changes in Equity as at 30 June 2019

	Share capital GBP'000	Share premium GBP'000	Merger reserve GBP'000	Warrant reserve GBP'000	Retained earnings GBP'000	Total GBP'000
Six months ended 30 June 2019						
Balance at 1 January 2019 (audited)	**2,072**	**31,290**	**10,210**	**653**	**(35,948)**	**8,277**
Loss and total comprehensive income	**-**	**-**	**-**	**-**	**(645)**	**(645)**
Transactions with owners						
- Share issue	**-**	**-**	**-**	**-**	**-**	**-**
- Options granted	**-**	**-**	**-**	**38**	**-**	**38**
- Options exercised/lapsed	**-**	**-**	**-**	**(101)**	**101**	**-**
Transactions with owners	**-**	**-**	**-**	**(63)**	**101**	**38**
Balance at 30 June 2019 (unaudited)	**2,072**	**31,290**	**10,210**	**590**	**(36,486)**	**7,676**
Six months ended 30 June 2018						
Balance at 1 January 2018 as restated (audited)	2,071	31,278	10,210	592	(35,637)	8,514
Profit and total comprehensive	-	-	-	-	(936)	(936)

income						
Transactions with owners						
- Share issue	1	12	-	-	-	13
- Options granted	-	-	-	43	-	43
- Options exercised/lapsed	-	-	-	(24)	24	-
Transactions with owners	1	12	-	19	24	56
Balance at 30 June 2018 (unaudited)	2,072	31,290	10,210	611	(36,549)	7,634

Eden Research plc
Statement of cash flows for the six months ended 30 June 2019

	Six months ended 30 June 2019 GBP '000 unaudited	Six months ended 30 June 2018 GBP '000 unaudited	Year ended 31 December 2018 GBP '000 audited
Cash flows from operating activities			
Cash outflow from operations (note 5)	**(813)**	(836)	(798)
Tax credit received	**-**	4	120
Finance costs	**(12)**	(1)	(23)
Net cash used in operating activities	**(825)**	(833)	(701)
Cash flows from investing activities			
Capitalisation of development expenditure and intellectual property costs	**(296)**	(239)	(430)
Capitalisation of patents	**-**	-	(83)
Foreign exchange gains	**-**	-	-
Finance income	**-**	1	2
Net cash used in investing activities	**(296)**	(238)	(511)
Cash flows from financing activities			
Share issue costs	**-**	-	-
Issue of equity shares	**-**	13	13
Net cash from financing activities	**-**	13	13
(Decrease)/increase in cash and cash equivalents	**(1,121)**	(1,058)	(1,199)
Cash and cash equivalents at beginning of period	**2,479**	3,678	3,678
Cash and cash equivalents at end of period	**1,358**	2,620	2,479

Cash and cash equivalents comprise bank account balances.

Notes to the Interim Results

1 . The information in these financial statements does not constitute statutory accounts as defined in section 434 of the Companies Act 2006 and is un-audited. These financial statements have been prepared in accordance with the AIM rules, and IAS 34 has not been adopted. A copy of the Company's statutory accounts for the period ended 31 December 2018, prepared under International Financial Reporting Standards as adopted by the European Union, has been delivered to the Registrar of Companies and are available on the Company's website. The auditors' report on those accounts was unqualified and did not contain statements under section 498(2) or section 498(3) of the Companies Act 2006.

2. Nature of operations and general information

Eden Research is a technology development and commercialisation company with intellectual property and expertise in encapsulation, terpenes and environmentally friendly technologies to provide naturally occurring solutions for the global agrochemicals, animal health, and consumer product industries.

Eden's encapsulation technology harnesses the biocidal efficacy of naturally occurring chemicals produced by plants (terpenes) and can also be used with both natural and synthetic compounds to enhance their performance and ease-of-use. The technology uses yeast cells that are a by-product of numerous commercial production processes to deliver a slow release of natural compounds for agricultural and non-agricultural uses. Terpenes are already widely used in the food flavouring, cosmetics and pharmaceutical industries.

Historically, terpenes have had limited commercial use in the agrochemical sector due to their volatility, phytotoxicity and poor solubility. Eden's platform encapsulation technology provides a unique, environmentally friendly solution to these problems and enables terpenes to be used as effective, low-risk agrochemicals.

Eden is developing these technologies through innovative research and a series of commercial production, marketing and distribution partnerships.

3. Accounting Policies

Basis of Preparation

These interim condensed consolidated financial statements are for the six months ended 30 June 2019. They have been prepared following the recognition and measurement principles of IFRS. They do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of the company for the year ended 31 December 2018.

These financial statements have been prepared on the going concern basis and under the historical cost convention.

Going Concern

The financial statements have been prepared on a going concern basis which contemplates the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Company has reported a loss for the period after taxation of £645,000 (H1 2018: £936,000). Net current assets at 30 June 2019 amounted to £1,800,000 (30 June 2018: £2,156,000).

The directors have prepared budgets and projected cash flow forecasts, based in part on forecasts provided by Eden's commercial partners, for a period of two years from 31 December 2018 and they consider that the Company will be able to operate with the cash resources that are available to it for this period. The ability of the Company to continue as a going concern is ultimately dependent upon the amounts and timing of cash flows from the exploitation of the Company's intellectual property and the availability of additional funding to meet the short term needs of the business until the commercialisation of the Company's portfolio is reached.

The forecasts adopted only include revenue derived from existing contracts and, while there is a risk these payments might be delayed if milestones are not reached, there is also potential upside from on-going discussions and negotiations with other parties, as well as other "blue sky" opportunities.

In addition, the Company has relatively low fixed running costs and has a demonstrable ability to delay certain other costs, such as the forecast Research and Development expenditure, in the event of unforeseen cash constraints.

The directors have also considered a scenario whereby the Company receives no revenue from the date of this Report. On this basis, the directors believe that the Company has sufficient cash to cover a period of at least 12 months from the date of this Report.

The directors have been and will continue to closely monitor performance against cash flow projections that have been prepared for the period to 31 December 2020, and beyond, and are confident that the Company will be able to rely on the necessary cash resources at least at the levels referred to above.

On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result from a failure by the Company to meet these forecasts.

These condensed consolidated interim financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 31 December 2018, except for the application of the following standards at 1 January 2019:

- Annual Improvements to IFRS Standards 2015-17 Cycle (Annual Improvements)
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures
- IFRS 16 "Leases"

The adoption of these new standards has not resulted in any material changes to the financial statements.

The accounting policies have been applied consistently for the purposes of preparation of these condensed interim financial statements.

Copies of the interim statement are available from the Company at its registered office, 6 Priory Court, Priory Court Business Park, Poulton, Cirencester, Gloucestershire, GL7 5JB, as well as on the Company's website.

4. Profit/(loss) per share

	Six months ended 30 June 2019 Pence unaudited	Six months ended 30 June 2018 Pence unaudited	Year ended 31 December 2018 Pence audited
(Loss)/profit per ordinary share (pence) - basic	**(0.31)**	(0.45)	(0.16)
(Loss)/profit per ordinary share (pence) - diluted	**(0.31)**	(0.45)	(0.16)

Loss per share - basic has been calculated on the net basis on the loss after tax of £645,000 (30 June 2018: £936,000, 31 December 2018: £334,000) using the weighted average number of ordinary shares in issue of 207,189,337 (30 June 2018: 207,103,702, 31 December 2018: 207,115,707).

Loss per share - diluted has been calculated on the net basis on the loss after tax of £645,000 (30 June 2018: £936,000, 31 December 2018: £334,000) using the weighted average number of ordinary shares in issue, plus the weighted average number of ordinary shares that would be issued on conversion of all the potentially dilutive instruments into ordinary shares of 207,338,432 (30 June 2018: 207,365,489, 31 December 2018: 207,276,129).

5. Reconciliation of loss before income tax to cash used by operations

	Six months ended 30 June 2019 GBP '000 unaudited	Six months ended 30 June 2018 GBP '000 unaudited	Year ended 31 December 2018 GBP '000 audited
(Loss)/profit after tax	**(645)**	(936)	(335)
Share of associate's losses	**3**	8	14
Amortisation charges	**242**	425	430
Share based payment charge	**38**	43	85
Finance costs	**12**	1	24
Finance income	**-**	(1)	(2)
Tax credit	**-**	(4)	(198)
	(350)	(464)	18
(Decrease)/increase in trade and other receivables	**(149)**	377	149
Increase/(decrease) in trade and other payables	**(201)**	(965)	(1,157)
Decrease/(increase) in stock	**(113)**	207	192
Cash used by operations	**(813)**	(836)	(798)

6. Intangible assets

	Intellectual property GBP '000	**Licences and trademarks GBP '000**	**Development Costs GBP '000**	**Total GBP '000**
COST				
At 1 January 2018	8,888	447	3,779	13,114
Additions	-	-	240	240
At 30 June 2018	8,888	447	4,019	13,354
Additions	83	-	190	273
At 31 December 2018	8,971	447	4,209	13,627
Additions	**-**	**-**	**296**	**296**
At 30 June 2019	**8,971**	**447**	**4,505**	**13,923**
AMORTISATION				
At 1 January 2018	6,011	405	1,765	8,181
Charge for the period	240	13	172	425
At 30 June 2018	6,251	418	1,937	8,606
Charge for the period	-	(6)	11	5
At 31 December 2018	6,251	412	1,948	8,611
Charge for the period	**120**	**13**	**109**	**242**
At 30 June 2019	**6,371**	**425**	**2,057**	**8,853**
CARRYING AMOUNT				
At 30 June 2019	**2,600**	**22**	**2,448**	**5,070**
At 31 December	2,720	35	2,261	5,016

2018				
At 30 June 2018	2,637	29	2,082	4,748

7. Investment in equity accounted investee

	Six months ended 30 June 2019 GBP unaudited	Six months ended 30 June 2018 GBP unaudited	Year ended 31 December 2018 GBP audited
Percentage ownership interest			
and proportion of voting rights	**29.90%**	**29.90%**	29.90%
	£	**£**	£
Non-current assets	**623,226**	560,427	647,137
Current assets	**293,265**	139,650	222,572
Non-current liabilities	**(47,052)**	(44,493)	(44,493)
Current liabilities	**(185,207)**	(13,166)	(177,829)
Net assets (100%)	**684,232**	642,418	647,387
Company's share of net assets	**204,585**	192,083	193,569
Separable intangible assets	**177,237**	199,089	184,521
Goodwill	**412,649**	412,649	412,649
Carrying amount of interest in associate	**794,471**	803,821	790,739
Revenue	**155,104**	116,371	308,864
Profit/(loss) from continuing operations	14,331	(3,528)	1,441
Post tax profit from discontinued operations	**-**	-	-
100% of total post-tax profits	14,331	(3,528)	1,441
29.9% of total post-tax profits	4,285	(1,055)	431
Amortisation of separable intangible assets	**(7,284)**	(7,284)	(14,568)
Company's share of profit/(loss)	**(2,999)**	(8,339)	**(14,137)**
Other comprehensive income			
100%	-	-	-
29.90%	-	-	-
Company's share of other comprehensive income	**-**	-	-
Total comprehensive income (100%)	**14,331**	(3,528)	1,441
Company's share of total comprehensive income	**(2,999)**	(8,339)	(14,137)
Dividends received by the Company	**-**	-	-

8. Share based payments

Share Options

<u>Unapproved option scheme</u>

Eden Research plc operates an unapproved option scheme for executive directors, senior management and certain employees.

	Six months ended 30 June 2019		Six months ended 30 June 2018	
	Weighted average exercise price (pence)	**Number**	Weighted average exercise price (pence)	Number
Outstanding at the beginning of the period	**11**	**4,400,000**	11	5,025,000
Granted during the period	**-**	**-**	-	-
Exercised during the period	**-**	**-**	-	(125,000)
Lapsed during the period	**10**	**(2,350,000)**	-	(500,000)
	14	**2,050,000**	11	4,400,000

The exercise price of options outstanding at the end of the period ranged between 13p and 16p (30 June 2018: 8p and 16p) and their weighted average contractual life was 0.9 years (30 June 2018: 1 year). None of the options have vesting conditions.

The weighted average share price (at the date of exercise) of options that lapsed during the period was 10p (30 June 2018: nil p).

The share-based payment charge for the period was £37,554 (30 June 2018: £42,686).

Long-Term Incentive Plan ("LTIP")

Eden Research Plc operates an unapproved option scheme for executive directors, senior management and certain employees under a LTIP which it adopted in 2017.

During the period ended 30 June 2019, there were a total of 5,891,111 options granted under the LTIP, as detailed in the table below.

The share-based payment charge for the year ended 31 December 2018 and subsequent years is set out as follows:

Financial year ended 31 December	**Share based payment charge £**
2019	185,851 (H1 2018: £42,686)
2020	118,377 (H1 2019: £37,554)
2021	51,909
2022	16,959
	373,096

The following information is relevant in the determination of the fair value of options granted during the period under the unapproved options scheme under the LTIP operated by Eden Research Plc.

	2017 Award	**2018 Award**
Grant date	28/06/19	28/06/19
Number of awards	2,868,889	3,022,222
Share price	£0.115	£0.115

Exercise price	£nil	£nil
Expected dividend yield	-%	-%
Expected volatility	50.82%	50.82%
Risk free rate	0.614%	0.614%
Vesting period	2 years	3 years
Expected Life (from date of grant)	10 years	10 years

For those options and warrants which were not granted under the Company's LTIP, fair value is measured using the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural conditions.

For those options which were granted under the Company's LTIP, Monte Carlo techniques were used to simulate future share price movements of the Company to assess the likelihood of the performance criteria being met and the fair value of the awards upon vesting. The modelling calculates many scenarios in order to estimate the overall fair value based on the average value where awards vest.

Warrants

	Six months ended 30 June 2019		Six months ended 30 June 2018	
	Weighted average exercise price (pence)	**Number**	Weighted average exercise price (pence)	Number
Outstanding at the beginning of the period	**14**	**3,350,000**	14	3,350,000
Granted during the period	**-**	**-**	-	-
Lapsed during the period	**16**	**(950,000)**	-	-
	13	**2,400,000**	14	3,350,000

The exercise price of warrants outstanding at the end of the period ranged between 11p and 30p (30 June 2018: 11p and 30p) and their weighted average contractual life was 0.8 years (30 June 2018: 1.4 years).

9. Segmental reporting

IFRS 8 requires operating segments to be reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for the resource allocation and assessing performance of the operating segments has been identified as the Executive Directors as they are primarily responsible for the allocation of the resources to segments and the assessment of performance of the segments.

The Executive Directors monitor and then assess the performance of segments based on product type and geographical area using a measure of adjusted EBITDA. This is the result of the segment after excluding the share-based payment charges, other operating income and the amortisation of intangibles. These items, together with interest income and expense are not allocated to a specific segment.

The segmental information for the six months ended 30 June 2019 is as follows:

	Milestone Payments	**Evaluation Fees**	**Royalties**	**Product Sales**	**Un-allocated**	**Total**

	GBP '000	GBP '000	GBP '000	GBP '000	GBP '000	GBP '000
Human health and biocides	**-**	**-**	**-**	**-**	**-**	**-**
Animal health	**-**	**-**	**-**	**-**	**-**	**-**
Agrochemicals	**135**	**-**	**-**	**446**	**-**	**581**
TOTAL	**135**	**-**	**-**	**446**	**-**	**581**
Adjusted EBITDA*	**-**	**-**	**-**	**-**	**(350)**	**(350)**
Amortisation	**-**	**-**	**-**	**-**	**(242)**	**(242)**
Depreciation	**-**	**-**	**-**	**-**	**-**	**-**
Share Based Payments	**-**	**-**	**-**	**-**	**(38)**	**(38)**
Net Finance Costs	**-**	**-**	**-**	**-**	**(12)**	**(12)**
Income Tax	**-**	**-**	**-**	**-**	**-**	**-**
Share of Associate's loss	**-**	**-**	**-**	**-**	**-**	**-**
Loss for the Period	**-**	**-**	**-**	**-**	**(645)**	**(645)**
Total Assets	**-**	**-**	**-**	**-**	**8,417**	**8,417**
Total assets includes:						
Additions to Non-Current Assets	**-**	**-**	**-**	**-**	**296**	**296**
Total Liabilities	**-**	**-**	**-**	**-**	**(741)**	**(741)**

The segmental information for the six months ended 30 June 2018 is as follows:

	Milestone Payments	**Evaluation Fees**	**Royalties**	**Product Sales**	**Un-allocated**	**Total**
	GBP '000	**GBP '000**	**GBP '000**	**GBP '000**	**GBP '000**	**GBP '000**
Human health and biocides	**-**	**-**	**-**	**-**	**-**	**-**
Animal health	**-**	**-**	**-**	**-**	**-**	**-**
Agrochemicals	**-**	**-**	**-**	**682**	**-**	**682**
TOTAL	**-**	**-**	**-**	**682**	**-**	**682**
Adjusted EBITDA*	**-**	**-**	**-**	**-**	**(464)**	**(464)**
Amortisation	**-**	**-**	**-**	**-**	**(425)**	**(425)**
Depreciation	**-**	**-**	**-**	**-**	**-**	**-**
Share Based Payments	**-**	**-**	**-**	**-**	**(43)**	**(43)**
Net Finance Costs	**-**	**-**	**-**	**-**	**-**	**-**
Income Tax	**-**	**-**	**-**	**-**	**4**	**4**
Share of Associate's loss	**-**	**-**	**-**	**-**	**(8)**	**(8)**
Loss for the Period	**-**	**-**	**-**	**-**	**(936)**	**(936)**
Total Assets	**-**	**-**	**-**	**-**	**8,750**	**8,750**
Total assets includes:						
Additions to Non-Current Assets	**-**	**-**	**-**	**-**	**240**	**240**
Total Liabilities	**-**	**-**	**-**	**-**	**(1,116)**	**(1,116)**

The segmental information for the year ended 31 December 2018 is as follows:

	Milestone Payments	**R & D charges**	**Royalties**	**Product Sales**	**Un-allocated**	**Total**
	GBP '000	**GBP '000**	**GBP '000**	**GBP '000**	**GBP '000**	**GBP '000**
Human health and biocides	-	-	48	-	-	48
Animal health	-	-	-	-	-	-
Agrochemicals	956	113	36	1,621	-	2,726
TOTAL	956	113	84	1,621	-	2,774
Adjusted	-	-	-	-	18	18

EBITDA*						
Amortisation	-	-	-	-	(430)	(430)
Depreciation	-	-	-	-	-	-
Share Based Payments	-	-	-	-	(85)	(85)
Net Finance Costs	-	-	-	-	(22)	(22)
Income Tax	-	-	-	-	198	198
Share of Associate's loss	-	-	-	-	(14)	(14)
Loss for the Year	-	-	-	-	(335)	(335)
Total Assets	-	-	-	-	9,220	9,220
Total assets includes:						
Additions to Non-Current Assets	-	-	-	-	513	513
Total Liabilities	-	-	-	-	(943)	(943)

Adjusted EBITDA is EBITDA excluding any share based payment charge.

Geographical Reporting

	Six months ended 30 June 2019 GBP '000	**Six months ended 30 June 2018 GBP '000**	**Year ended 31 December 2018 GBP '000**
UK	**-**	-	161
Europe	**682**	1,026	2,613
	682	1,026	2,774

The revenue derived from Milestone Payments and Licensing Fees relates to agreements which cover a number of countries both in the EU and throughout the rest of the world.

All of the non-current assets are in the UK.

<u>Other notes:</u>

Eden Research is a technology development and commercialisation company with intellectual property and expertise in encapsulation, terpenes and environmentally friendly technologies to provide naturally occurring solutions for the global agrochemicals, animal health, and consumer product industries.

Eden's encapsulation technology harnesses the biocidal efficacy of naturally occurring chemicals produced by plants (terpenes) and can also be used with both natural and synthetic compounds to enhance their performance and ease-of-use. The technology uses yeast cells that are a by-product of numerous commercial production processes to deliver a slow release of natural compounds for agricultural and non-agricultural uses. Terpenes are already widely used in the food flavouring, cosmetics and pharmaceutical industries.

Historically, terpenes have had limited commercial use in the agrochemical sector due to their volatility, phytotoxicity and poor solubility. Eden's platform encapsulation technology provides a unique, environmentally friendly solution to these problems and enables terpenes to be used as effective, low-risk agrochemicals.

Eden is developing these technologies through innovative research and a series of commercial production, marketing and distribution partnerships.

The Company has a number of patents and a pipeline of products at differing stages of development targeting specific areas of the global agrochemicals industry. To date, the Company has invested in the region of £13m in developing and protecting its intellectual property and seeking regulatory approval for products that rely upon the Company's technologies. Revenues earned by the Company have been modest whilst the Company has concentrated on securing patent protection for its intellectual property, gaining regulatory approvals, identifying suitable industrial partners, and entering into commercial agreements.

In May 2013, the three actives that comprise Eden's first commercial product, Mevalone, were approved as new ingredients for use in plant protection products. This represented a major milestone in the commercialisation of Eden's technology and is a significant accomplishment for any company. To illustrate this point, one should note that in all of 2013, Eden's approvals represented 3 of only 10 new active ingredients approved by the EC.

Mevalone has been authorised for sale in Kenya, Malta, Greece, Bulgaria, Spain, Italy, France, Cyprus, Albania and Portugal.

Eden was admitted to trading on AIM on 11 May 2012 and trades under the symbol EDEN.

For more information about Eden, please visit: www.edenresearch.com.