

15 September 2015

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

**Half Yearly Report**

Eden Research plc (AIM: EDEN), the AIM listed natural micro-encapsulation company, announces its interim results for the six months ended 30 June 2015.

**Business highlights**

*Regulatory:*

- EU approval received for Eden’s first agrochemical, fungicide product, 3AEY, in Southern Europe in Malta and, after the period end, in Greece
- Further national-level authorisations expected to follow soon after the 120 day period following Malta’s approval which ends today. Eden’s advisors and licensees are now able to interact directly with the regulating authorities in order to formalise national approvals as quickly as possible.
- Maximum Residue Limit (“MRL”) exemption gained for Eden’s active substances

*Commercial:*

- Exclusive option agreement signed with Eastman Chemical’s agrochemical division for Eden’s nematocide product
- Evaluation agreement signed with Sipcam for new products
- Licence agreement signed with TerpeneTech for head-lice product, after the period end
- Robin Cridland appointed as Non-Executive Director

**Financial highlights**

- Revenue for the period of £0.16m (H1 2014: £0.02m)
- Operating Loss for the period was £0.70m (H1 2014: loss of £0.88m), £0.31m excluding amortization and share based payments (H1 2014: loss of £0.55m). Administrative expenses of £0.47m (H1 2014: £0.57m)
- Cash and cash equivalents of £0.1m (H1 2014: £0.1m), before the receipt of an upfront sum of £0.6m in connection with the TerpeneTech agreement after the period end

**Tom Lupton, Non-Executive Chairman, said:**

*“The first half of 2015 has seen continued progress and development in both the commercial and corporate activities of the Company. The much-anticipated EU approval of 3AEY has enabled continued commercialisation, with first sales of 3AEY expected in due course. The MRL exemption in itself is valuable and allows our products to be used close to harvest, which is a useful selling point for our licensees to use with their customers.*

*“In addition, partnering with Eastman Chemical is a further signal that Eden and its technologies are of interest to the global players in the agrochemical sector.*

*“Rob Cridland has joined the team as an independent Non-Executive Director, which helps to expand the Company’s experience and knowledge base and we are pleased to have him on board.*

*“I look forward to continued commercial progress in the second half of 2015 and beyond.”*

**Enquiries:**

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**Eden Research plc**

**Consolidated Statement of Comprehensive Income for the six months ended 30 June 2015**

	<b>Six months ended 30 June 2015 GBP'000 unaudited</b>	<b>Six months ended 30 June 2014 GBP'000 unaudited</b>	<b>Year ended 31 December 2014 GBP'000 audited</b>
Group Revenue	<u>160</u>	<u>18</u>	<u>100</u>
Cost of sales	<u>-</u>	<u>-</u>	<u>-</u>
Gross profit	<u>160</u>	<u>18</u>	<u>100</u>
Administrative expenses	(472)	(571)	(1,023)
Amortisation of intangible assets	(335)	(325)	(635)
Share based payments	<u>(52)</u>	<u>-</u>	<u>(188)</u>
Total other operating expenses	<u>(859)</u>	<u>(896)</u>	<u>(1,846)</u>
Operating loss	<u>(699)</u>	<u>(878)</u>	<u>(1,746)</u>
Finance costs	<u>(20)</u>	<u>(417)</u>	<u>(1,252)</u>
Loss on ordinary activities before taxation	<u>(719)</u>	<u>(1,295)</u>	<u>(2,998)</u>
Tax on loss on ordinary activities	<u>101</u>	<u>-</u>	<u>28</u>
Loss for the financial period	<u>(618)</u>	<u>(1,295)</u>	<u>(2,970)</u>
Other Comprehensive Income:			
Items that will not be reclassified subsequently to profit or loss	-	-	-
Items that will be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>
Other Comprehensive Income net of tax	<u>-</u>	<u>-</u>	<u>-</u>
Total Comprehensive Income since last Report	<u>(618)</u>	<u>(1,295)</u>	<u>(2,970)</u>
Loss per share (pence) – basic and diluted	<b>(0.40)</b>	(1.05)	(2.36)

**Eden Research plc**

## Consolidated Statement of Financial Position as at 30 June 2015

	30 June 2015 GBP'000 unaudited	30 June 2014 GBP'000 unaudited	31 Dec 2014 GBP'000 audited
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets	5,621	5,983	5,924
<b>CURRENT ASSETS</b>			
Trade and other receivables	48	142	63
Cash and cash equivalents	136	81	415
	<hr/> 184	<hr/> 223	<hr/> 478
<b>TOTAL ASSETS</b>	<hr/> <b>5,805</b>	<hr/> <b>6,206</b>	<hr/> <b>6,402</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	428	1,821	459
<b>TOTAL CURRENT LIABILITIES</b>	<hr/> <b>428</b>	<hr/> <b>1,821</b>	<hr/> <b>459</b>
<b>TOTAL LIABILITIES</b>	<hr/> <b>428</b>	<hr/> <b>1,821</b>	<hr/> <b>459</b>
<b>EQUITY</b>			
Called up share capital	1,541	1,233	1,541
Share premium account	26,014	23,278	26,014
Merger reserve	10,210	10,210	10,210
Warrant reserve	539	408	524
Retained earnings	(32,927)	(30,744)	(32,346)
<b>TOTAL EQUITY attributable to owners of the parent</b>	<hr/> <b>5,377</b>	<hr/> <b>4,385</b>	<hr/> <b>5,943</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<hr/> <b>5,805</b>	<hr/> <b>6,206</b>	<hr/> <b>6,402</b>

	Share capital GBP'000	Share premium GBP'000	Merger reserve GBP'000	Warrant reserve GBP'000	Retained earnings GBP'000	Total GBP'000
<b><u>Six months ended 30 June 2015</u></b>						
Balance at 1 January 2015	1,541	26,014	10,210	524	(32,346)	5,943
Loss and total comprehensive income	-	-	-	-	(566)	(566)
Transactions with owners						
- Options granted	-	-	-	52	(52)	-
- Options exercised/lapsed	-	-	-	(37)	37	-
Transactions with owners	-	-	-	15	(15)	-
Balance at 30 June 2015	1,541	26,014	10,210	539	(32,927)	5,377

**Six months ended 30 June 2014**

Balance at 1 January 2014 as restated	1,233	23,278	10,210	779	(29,820)	5,680
Loss and total comprehensive income	-	-	-	-	(1,295)	(1,295)
Transactions with owners						
- Options exercised/lapsed	-	-	-	(371)	371	-
Transactions with owners	-	-	-	(371)	371	-
Balance at 30 June 2014	1,233	23,278	10,210	408	(30,744)	4,385

**Eden Research plc**  
**Statement of cash flows for the six months ended 30 June 2015**

	<b>Six months ended 30 June 2015 GBP '000 unaudited</b>	Six months ended 30 June 2014 GBP '000 unaudited	Year ended 31 December 2014 GBP '000 audited
<b>Cash flows from operating activities</b>			
Cash outflow from operations	(327)	(515)	(849)
Tax credit received	101	-	28
Net finance charges paid	(20)	-	(109)
	<hr/>	<hr/>	<hr/>
Net cash used in operating activities	(246)	(515)	(930)
<b>Cash flows from investing activities</b>			
Capitalisation of development expenditure	(33)	(215)	(466)
Finance income	-	-	-
	<hr/>	<hr/>	<hr/>
Net cash used in investing activities	(33)	(215)	(466)
<b>Cash flows from financing activities</b>			
Shareholders' loan - drawdown	-	500	750
Issue of equity shares	-	-	750
	<hr/>	<hr/>	<hr/>
Net cash from financing activities	-	500	1,500
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>(279)</b>	<b>(230)</b>	<b>104</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>415</b>	<b>311</b>	<b>311</b>
	<hr/>	<hr/>	<hr/>
<b>Cash and cash equivalents at end of period</b>	<b>136</b>	<b>81</b>	<b>415</b>
	<hr/>	<hr/>	<hr/>

Cash and cash equivalents comprise bank account balances.

## Notes to the Interim Results

1. The above numbers have not been reviewed by the company's auditors.

### 2. Nature of operations and general information

Eden is an early stage revenue company with intellectual property and expertise in encapsulation, terpenes and environmentally friendly technologies to provide naturally occurring solutions to the global agrochemicals industry, the animal health industry, and consumer products. Revenues are earned by the Company through identifying suitable industrial partners and entering into licence agreements.

The financial information set out in this interim report does not constitute statutory accounts. The company's statutory financial statements for the year ended 31 December 2014 are available from the company's website. The auditor's report on those financial statements was unqualified.

### 3. Accounting Policies

#### Basis of Preparation

These interim condensed consolidated financial statements are for the six months ended 30 June 2015. 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 2014.

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

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 2014, except for the application of the following standards at 1 January 2015:

- IFRS 13 "Fair Value Measurements" (IFRS 13)
- Annual Improvements 2009-11 (Annual Improvements)

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

4. Copies of the interim statement are available from the Company at its registered office, as well as on the Company's website.

5. Loss per share

	<b>Six months ended 30 June 2015 GBP '000 unaudited</b>	Six months ended 30 June 2014 GBP '000 unaudited	Year ended 31 December 2014 GBP '000 audited
Loss per ordinary share (pence) - basic and diluted	<u><b>(0.40)</b></u>	<u><b>(1.05)</b></u>	<u><b>(2.36)</b></u>

Loss per share has been calculated on the net basis on the loss after tax of £0.62m (30 June 2014: loss £1.30m, 31 December 2014: £2.97m) using the weighted average number of ordinary shares in issue of 154,142,880 (30 June 2014: 123,277,498, 31 December 2014: 125,752,471).

Due to the loss for the period there is no dilution of the loss per share arising from options in existence.

6. Intangible assets

	Intellectual property £	Licences and trademarks £	Development Costs £	Total £
<b>COST</b>				
At 1 January 2014	8,592	447	2,513	11,552
Additions	-	-	215	215
At 30 June 2014	8,592	447	2,728	11,767
Additions	-	-	251	251
At 31 December 2014	8,592	447	2,979	12,018
<b>Additions</b>	-	-	<b>33</b>	<b>33</b>
<b>At 30 June 2015</b>	<b>8,592</b>	<b>447</b>	<b>3,012</b>	<b>12,051</b>
<b>AMORTISATION</b>				
At 1 January 2014	4,253	337	870	5,460
Charge for the period	219	18	87	324
At 30 June 2014	4,472	355	957	5,784
Charge for the period	220	(2)	93	311
At 31 December 2014	4,692	353	1,050	6,095
<b>Charge for the period</b>	<b>220</b>	<b>18</b>	<b>97</b>	<b>335</b>
<b>At 30 June 2015</b>	<b>4,912</b>	<b>371</b>	<b>1,147</b>	<b>6,430</b>
<b>CARRYING AMOUNT</b>				
<b>At 30 June 2015</b>	<b>3,680</b>	<b>76</b>	<b>1,865</b>	<b>5,621</b>
At 31 December 2014	3,899	95	1,930	5,924
At 30 June 2014	4,120	92	1,771	5,983

7. Share based payments

**Share Options**

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

	<b>Six months ended 30 June 2015</b>		Six months ended 30 June 2014	
	<b>Weighted average exercise price (pence)</b>	<b>Number</b>	Weighted average exercise price (pence)	Number
Outstanding at the beginning of the period	<b>12</b>	<b>4,650,000</b>	18	6,350,000
Granted during the period	<b>8</b>	<b>625,000</b>	-	-
Lapsed during the period	<b>18</b>	<b>(200,000)</b>	24	(2,250,000)
	<b>12</b>	<b>5,075,000</b>	13	4,100,000

The exercise price of options outstanding at the end of the period ranged between 8p and 18p (30 June 2014: 10p and 18p) and their weighted average contractual life was 1.8 years (30 June 2014: 1.4 years). 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 18p (30 June 2014: 24p).

The share based payment charge for the period was £51,524 (30 June 2014: £nil).

**Warrants**

	<b>Six months ended 30 June 2015</b>		Six months ended 30 June 2014	
	<b>Weighted average exercise price (pence)</b>	<b>Number</b>	Weighted average exercise price (pence)	Number
Outstanding at the beginning of the period	<b>13</b>	<b>3,340,000</b>	20	1,231,875
Granted during the period	<b>15</b>	<b>1,387,867</b>	-	-
Lapsed during the period	-	-	15	(246,875)
	<b>14</b>	<b>4,727,867</b>	21	985,000

The exercise price of warrants outstanding at the end of the period ranged between 11p and 30p (30 June 2014: 13p and 30p) and their weighted average contractual life was 3.6 years (30 June 2014: 3.4 years)

The weighted average share price (at the date of exercise) of warrants that lapsed during the period was nil (30 June 2014: 15p).

### **Other notes:**

Eden is an early stage revenue company with intellectual property and expertise in encapsulation, terpenes and environmentally friendly technologies to provide naturally occurring solutions to the global agrochemicals industry, the animal health industry, and consumer products.

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 hydrophobic compounds. 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, cosmetic 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.

With leading consultants in their respective fields, the Company 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 £12m 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 licence agreements.

In May 2013, the three actives that comprise Eden's first commercial product, 3AEY, were approved as new ingredients for use in plant protection products. This represents 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.

In May 2015, Eden received its first EU approval for its first product, 3AEY – a fungicidal product used primarily to treat botrytis on grapes.

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](http://www.edenresearch.com)