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If you have sold or transferred all of your Ordinary Shares in Eden Research plc, please send this document as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. If you have sold part only of your holding of Ordinary Shares in Eden Research plc, you should retain this document.

Application has been made for the entire issued share capital of Eden Research plc, to be admitted to trading on AIM, a market operated by the London Stock Exchange. It is expected that Admission will become effective, and dealings in the Ordinary Shares will commence on 11 May 2012. The Ordinary Shares are currently traded on PLUS-quoted. Save for this, the Ordinary Shares are not dealt on any other recognised investment exchange and no application has been or is being made for the Ordinary Shares to be admitted to any such exchange. It is emphasised that no application is being made for the Ordinary Shares to be admitted to the Official List of the UK Listing Authority or to any other recognised investment exchange.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial advisor. Each AIM company is required, pursuant to the AIM Rules for Companies published by London Stock Exchange plc (the "AIM Rules"), to have a nominated advisor. The nominated advisor is required to make a declaration to London Stock Exchange plc on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisors. Neither the United Kingdom Listing Authority nor the London Stock Exchange plc have examined or approved the contents of this document.

Prospective investors should read the whole text of this document and should be aware that an investment in the Company is speculative and involves a high degree of risk and prospective investors should carefully consider the section entitled "Risk Factors" set out in Part II of this document. All statements regarding the Company's business, financial position and prospects should be viewed in light of these risk factors.

This copy of this document, which is drawn up as an admission document in accordance with the AIM Rules, has been issued in connection with the application for admission to trading on AIM of the entire issued ordinary share capital of Eden Research plc. This document does not constitute an offer to the public requiring an approved prospectus under section 85 of FSMA and, accordingly, this document does not constitute a prospectus for the purposes of FSMA and the Prospectus Rules and has not been pre-approved by the Financial Services Authority ("FSA") pursuant to section 85 of FSMA. Copies of this document will be available free of charge to the public during normal business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of Zeus Capital Limited, 3 Ralli Courts, West Riverside, Manchester M3 5FT and the registered office of the Company The Hawk Creative Business Park, The Hawkhill Estate, Easingwold, York, YO61 3FE from the date of this document until one month from the date of Admission in accordance with the AIM Rules.

The Company and the Directors, whose names appear on page 5 of this document, accept responsibility, both individually and collectively, for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such document.

EDEN RESEARCH PLC

(Incorporated and registered in England and Wales with registered number 03071324)

Withdrawal of the Ordinary Shares from trading on PLUS and Admission to trading on AIM

Nominated Advisor and Broker: ZEUS CAPITAL LIMITED

Expected share capital immediately following Admission

Authorised			Issued and fully paid	
<i>Number</i>	<i>Amount</i>		<i>Number</i>	<i>Amount</i>
200,000,000	£2,000,000	ordinary shares of 1 pence each	111,044,161	£1,110,441.61

Your attention is drawn to the risk factors set out in Part II of this document

Zeus Capital, which is authorised and regulated in the United Kingdom by the FSA, is acting as nominated advisor and broker to the Company in connection with the proposed admission of the entire issued share capital to trading on AIM. Its responsibilities as the Company's nominated advisor under the AIM Rules for Nominated Advisors are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document. No representation or warranty, express or implied, is made by Zeus Capital as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued). Zeus Capital will not be offering advice and will not otherwise be responsible to anyone other than the Company for providing the protections afforded to customers of Zeus Capital or for providing advice in relation to the contents of this document or any other matter.

This document does not constitute an offer to sell or an invitation to subscribe for, or solicitation of an offer to subscribe for or buy, shares to any person in any jurisdiction to whom it is unlawful to make such offer, invitation or solicitation. In particular, this document must not be taken, transmitted, distributed or sent, directly or indirectly, in, or into, the United States of America, Canada, Australia, Japan, the Republic of Ireland or the Republic of South Africa or transmitted, distributed or sent to, or by, any national, resident or citizen of such countries. Accordingly, the Ordinary Shares may not, subject to certain exceptions, be offered or sold, directly or indirectly, in, or into, the United States of America, Canada, Australia, Japan, the Republic of Ireland or the Republic of South Africa or in any other country, territory or possession where to do so may contravene local securities laws or regulations. The Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under the securities legislation of any state of the United States of America, any province or territory of Canada, Australia, Japan, the Republic of Ireland or the Republic of South Africa and they may not be offered or sold, directly or indirectly, within the United States of America or Canada, Australia, Japan, the Republic of Ireland or the Republic of South Africa or to or for the account or benefit of any national, citizen or resident of the United States of America, Canada, Australia, Japan, the Republic of Ireland or the Republic of South Africa or to any US person (within the definition of Regulation S made under the United States Securities Act 1933 as amended). The distribution of this document outside the UK may be restricted by law. No action has been taken by Eden Research plc or Zeus Capital Limited that would permit a public offer of shares in Eden Research plc or possession of this document where action for that purpose is required. Persons outside the UK who come into possession of this document should inform themselves about the distribution of this document in their particular jurisdiction. Failure to comply with those restrictions may constitute a violation of the securities laws of such jurisdictions.

Forward – looking statements

This document includes “forward-looking statements” which includes all statements other than statements of historical facts, including, without limitation, those regarding the Company’s financial position, business strategy, plans and objectives of management for future operations and any statements preceded by, followed by or that include forward-looking terminology such as the words “targets”, “believes”, “estimates” “expects”, “aims”, “intends”, “can”, “may”, “anticipates”, “would”, “should”, “could” or similar expressions or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company’s control that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company’s present and future business strategies and the environment in which the Company will operate in the future. Among the important factors that could cause the Company’s actual results, performance or achievements to differ materially from those in forward-looking statements include those factors in Part II entitled “Risk Factors” and elsewhere in this document. These forward-looking statements speak only as at the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based. As a result of these factors, the events described in the forward-looking statements in this document may not occur.

CONTENTS

ADMISSION STATISTICS	4
EXPECTED TIMETABLE OF PRINCIPAL EVENTS	4
DIRECTORS AND ADVISORS	5
DEFINITIONS	6
GLOSSARY	10
PART I LETTER FROM THE CHAIRMAN	11
PART II RISK FACTORS	22
PART III ACCOUNTANT'S REPORT	26
PART IV ADDITIONAL INFORMATION	57

ADMISSION STATISTICS

Number of Ordinary Shares in issue	111,044,161
Number of Warrants in issue at Admission	6,901,875
Number of Options in issue	6,845,000
Approximate market capitalisation of the Company at Admission*	£20.54 million
AIM symbol	EDEN
ISIN number	GB0001646941

*This is based on the middle market price of 18.5p at the close of business on 3 May 2012, the latest practicable date prior to the publication of this document and on the assumption that neither the Warrants nor the Options will be exercised. If the Warrants and Options were exercised in full then the market capitalisation at Admission would be approximately £23.09 million.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2012
Publication of this document	4 May
Admission and commencement of dealings in the Ordinary Shares on AIM	8.00 a.m. on 11 May

Notes

1. References to time in this document are to London (BST) time.
2. If any of the above times or dates should change, the revised times and/or dates will be notified to Shareholders by an announcement on an RIS.

DIRECTORS AND ADVISORS

Directors:	Sir Arthur Benjamin Norman Gill, <i>Non-Executive Chairman</i> Kenneth Williams Brooks, <i>Executive Deputy Chairman</i> Clive Roland Newitt, <i>Managing Director</i> Alexander John Abrey, <i>Chief Financial Officer</i>
Joint Company Secretary:	Robin Edward Sims and Oxford Corporate Services Limited 12 Payton Street Stratford upon Avon CV37 6UA
Registered Office:	The Hawk Creative Business Park The Hawkhill Estate Easingwold York YO61 3FE
Company website:	www.edenresearch.com
Nominated Advisor and Broker:	Zeus Capital Limited 3 Ralli Courts West Riverside Manchester M3 5FT
Auditors:	Grant Thornton UK LLP 3140 Rowan Place John Smith Drive Oxford Business Park Oxford OX4 2WB
Reporting Accountants:	Jeffreys Henry LLP Finsgate 5-7 Cranwood Street London EC1V 9EE
Solicitors to the Company:	Gowlings (UK) LLP 15th Floor 125 Old Broad Street London EC2N 1AR
Solicitors to the Nominated Advisor and Broker:	DWF LLP 1 Scott Place 2 Hardman Street Manchester M3 3AA
Financial PR Advisor:	Walbrook PR Ltd 4 Lombard Street London EC3V 9HD
Registrars:	Capita Registrars Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

“3AEY”	the proprietary fungicidal terpene formulation developed by the Company
“1985 Act”	the Companies Act 1985
“the Act”	the Companies Act 2006 (as amended)
“Admission”	admission of the Ordinary Shares to trading on AIM becoming effective in accordance with rule 6 of the AIM Rules
“Admission Agreement”	the conditional agreement dated 4 May 2012 between the Company (1), the Directors (2), and Zeus Capital (3) relating to Admission, further details of which are set out in paragraph 11.2 of Part IV of this document
“Admission document” or “document”	this document dated 4 May 2012
“Aeiforos”	Aeiforos (Ecogen) S.A
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies published by the London Stock Exchange from time to time (including, without limitation, any guidance notes or statements of practise) which govern the rules and responsibilities of companies whose shares are admitted to trading on AIM
“certificated” or “in certificated form”	recorded on the relevant register of the share or security concerned as being held in certificated form (that is not in CREST)
“Certis Europe”	Certis Europe BV
“Cheminova”	Cheminova A/S
“City Code”	The City Code on Takeovers and Mergers
“Company” or “Eden”	Eden Research plc, a company incorporated in England and Wales with company number 03071324
“Cornell”	Cornell University, Ithaca, New York, USA
“Corporate Governance Code”	the UK Corporate Governance Code published in June 2010 by the Financial Reporting Council
“CRD”	Chemicals Regulation Directorate
“CREST”	the computer based system and procedures which enable title to securities to be evidenced and transferred without a written instrument, administered by Euroclear UK & Ireland
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended from time to time)
“Directors” or “Board”	the directors of the Company, whose details are set out on page 17 of this document

“ECOstyle”	ECOstyle BV
“EFSA”	European Food Safety Authority
“EFTA”	European Free Trade Association
“ESNA”	Environmental Solutions North Africa Limited
“Euroclear UK & Ireland”	Euroclear UK & Ireland Limited, a company incorporated under the laws of England and Wales with registered number 02878738 and the operator of CREST
“Existing Warrants”	the warrants over Ordinary Shares, further details of which are set out in paragraph 4 of Part IV of this document
“FMC”	FMC Corporation
“FSA”	Financial Services Authority
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“GRAS”	compounds that are ‘Generally Regarded As Being Safe’ for human consumption or application to food crops
“Lachlan” or “Lachlan Kenya”	Lachlan Kenya Limited
“LHS”	LHS Institut für Hygieneforschung und Schädlingbekämpfung in Labor und Praxis
“Loans”	loans made to the Company
“London Stock Exchange”	London Stock Exchange plc
“MOU”	Memorandum of Understanding
“NAFTA”	The North American Free Trade Association
“Options”	the options over Ordinary Shares further details of which are set out in paragraph 4 of Part IV of this document
“Option Holders”	holders of Options
“Ordinary Shares”	ordinary shares of 1 pence each in the capital of the Company
“Patents 1 to 4”	the patents belonging to the Company and defined in this document as the following: Master Encapsulation, Nematocide, Bacterial Formulation, Insecticide Formulation
“Patents 1 to 5”	all patents belonging to the Company and defined in this document as the following: Master Encapsulation, Nematocide, Bacterial Formulation, Insecticide Formulation and Anti Lice Formulation
“Patent 1 – Master Encapsulation”	means PCT application number PCT/GB2005/002011 (published as WO2005/113128) filed on 20 May 2005, the invention relates to the terpene-containing compositions encapsulated within hollow glucan particles and methods of making and using them. Currently granted in China, Mexico, New Zealand, Singapore and South Africa, accepted in Australia, and pending in African Regional Intellectual Property Organisation, Brazil, Canada, Europe, Indonesia, India, Japan, Norway, Philippines and the United States

“Patent 2 – Nematicide”	means PCT application number PCT/GB2005/000240 (published as WO2005/070213) filed on 24 January 2005, the invention relates to the methods of killing nematodes comprising the application of a terpene component, and the methods of making such components focusing on the method of using terpenes encapsulated within hollow glucan particles. Currently granted in African Regional Intellectual Property Organisation and Australia, and pending in Brazil, Europe and the United States
“Patent 3 – Bactericide Formulation”	means PCT application number PCT/GB2006/002881 (published WO2007/063268) filed on 3 August 2006, the invention relates to the compositions and methods comprising terpene mixtures selected from Thymol, Eugenol, Geraniol, and Citral. Currently pending in African Regional Intellectual Property Organisation, Australia, Brazil, Europe, Japan, South Korea and the United States
“Patent 4 – Insecticide Formulation”	means PCT application number PCT/GB2006/002878 (published as WO2007/063267) filed on 3 August 2006, the invention relates to terpene encapsulated in hollow glucan particles for killing insects and arachnids and methods of making and using them. The main focus of the application being on mites which infest plants, especially two-spotted spider mites. Currently granted in South Africa and pending in African Regional Intellectual Property Organisation, Australia, Brazil, Europe, India, Japan, South Africa, South Korea, Mexico and the United States
“Patent 5 – Anti-Lice Formulation”	means PCT application number PCT/US99/01534 (published as WO99/37148) filed on 25 January 1999, the invention relates to formulations comprising a mixture of several terpenes which, in combination, provide insecticide to exterminate lice and lice eggs. The specific formulation protected is a mixture of redistilled limonene, beta-ionone, linalool, geraniol, eugenol and at least one of myrcene and carvone. Currently granted in Australia, Austria, Belgium, Canada, China, France, Germany, Ireland, Italy, New Zealand, Norway, Spain, Switzerland, Turkey, UK and the USA, and pending in Japan
“Phytalexin”	Phytalexin Limited
“Prospectus Rules”	the Prospectus Rules made by the FSA pursuant to sections 734(A)(1) and 3 of FSMA, as defined in section 417(1) of FSMA
“PLUS”	PLUS-quoted market operated by PLUS Markets plc
“Redestos”	Redestos S.A.
“Registrars”	Capita Registrars Limited
“RIS”	Regulatory Information Service
“Shareholder(s)”	holders of Ordinary Shares
“TerpeneTech”	TerpeneTech Limited
“TEVA”	Teva Animal Health, Inc.
“UK”	the United Kingdom of Great Britain and Northern Ireland
“UK Listing Authority”	the FSA, acting in its capacity as the competent authority for the purposes of FSMA

“UMMS”	University of Massachusetts Medical School
“the USA”	the United States of America and all of its territories and possessions
“uncertificated” or “in uncertificated form”	recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“Warrants”	the Existing Warrants and the Zeus Warrants
“Warrant Holders”	holders of Existing Warrants and/or Zeus Warrants
“Xeda”	Xeda International SA
“Zagro”	Zagro Singapore PTE Ltd
“Zeus Capital”	Zeus Capital Limited, a company incorporated in England and Wales with registered Number 04417845
“Zeus Warrants”	the warrants over Ordinary Shares to be granted to Zeus Capital, further details of which are set out in paragraph 4.2(f) of Part IV of this document
“£” or “Sterling”	British pounds sterling
“€”	Euro
“\$” or “US\$”	US dollars

GLOSSARY

“agrochemicals”	a generic term for the various chemical products used in agriculture
“arachnids”	the group of arthropods that include spiders, scorpions, ticks and mites
“arthropod”	an invertebrate animal having an external skeleton, a segmented body, and jointed appendages
“biocide”	a chemical substance capable of killing living organisms
“encapsulation”	process in which tiny particles or droplets are surrounded by a coating to give small capsules with many useful properties
“fungicide”	a chemical compound or biological organism used to kill or inhibit fungi or fungal spores
“hydrophobia”	a term used to describe chemical “aversions” of a molecule or part of a molecule
“isoprene”	a common organic compound which is a precursor to an immense variety of other naturally occurring compounds
“lipophilic”	the ability of a chemical compound to dissolve in fats, oils, lipids and non-polar solvents
“nematode”	or “roundworm”, is one of the most diverse animals, with over 28,000 identified species
“pesticide”	any substance or mixture of substances intended for preventing, destroying, repelling or mitigating any pest
“phytotoxicity”	the toxic effect by a compound on plant growth
“terpene”	naturally occurring plant defence chemicals found in plant essential oils

PART I

LETTER FROM THE CHAIRMAN

Directors:

Sir Arthur Benjamin Norman Gill, *Non-Executive Chairman*
Kenneth Williams Brooks, *Executive Deputy Chairman*
Clive Roland Newitt, *Managing Director*
Alexander John Abrey, *Chief Financial Officer*

Registered Office:

The Hawk Creative Business Park
The Hawkhills Estate
Easington
York
YO61 3FE

4 May 2012

To the holders of Ordinary Shares and, for information only, to Option Holders and Warrant Holders

Dear Shareholders,

1. Introduction

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. 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.

Eden's encapsulation technology harnesses the biocidal efficacy of naturally occurring chemicals produced by plants and also can be used with hydrophobic compounds both natural and synthetic. Work to date has focussed on the antimicrobial properties of terpenes which are naturally occurring low-toxicity botanical substances, produced by most plants as part of their defence mechanisms.

The Company has a number of patents and has 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. Revenues earned by the Company have been modest (2010: £172,000; 2011: £91,000) whilst the Company has concentrated on securing patent protection for its intellectual property, identifying suitable industrial partners and entering into licence agreements.

Historically, the Company has been partly funded by Loans from third party individuals and these have all been converted into Ordinary Shares.

Since the year end the Company has raised further funds of £950,000 by way of loans and subsequently converted these loans, and £651,717 of existing loans, each with accrued interest and finance charges, into 10,954,401 Ordinary Shares in full and final settlement. The result of this has been to reduce significantly the current liabilities of the Company and, in the Directors opinion, provide the Company with sufficient working capital for at least 12 months from the date of Admission.

The Ordinary Shares were originally admitted to trading on the OFEX market (now PLUS) in August 1996 under the name Energiser plc. Subsequently, the Company changed its name to Ximed Group plc and broadened its activities to include the use of terpene chemistry to develop natural products for agricultural, veterinary and human applications. In late 2003, the Company merged with Eden Research Inc., an American company operating in similar fields, and was renamed as Eden Research plc.

The Directors now believe that additional advantages can be achieved through a move to AIM; notably in the areas of share liquidity, visibility of the business within its industry and greater investor interest.

Under the AIM Rules, prior to Admission, the Company is required to publish this Admission document which provides Shareholders with details concerning the withdrawal of the Ordinary Shares from trading on PLUS upon the close of business on 10 May 2012 and the admission of the Ordinary Shares to trading on AIM at 8.00 a.m. on 11 May 2012.

Shareholders are asked to read the whole of this document and not just rely on the information contained in this letter. Particular consideration should be given to the fact that Eden is an early stage revenue company and the "Risk Factors" set out in Part II of this document. Your attention is also drawn to the information set out in Parts III and IV of this document.

2. Information on the Company

Based near Oxford, the Company develops natural solutions to agricultural, veterinary, human healthcare and cosmetic problems, with its primary focus being the innovative delivery of terpenes to create an array of agrochemicals. Terpenes are naturally occurring plant defence chemicals found in plant essential oils, many of which are approved in the USA as GRAS substances. Whilst research has shown that many terpenes possess qualities that make them ideal active ingredients as part of natural agricultural pesticides, commercial use of terpenes has historically been limited due to their volatility, phytotoxicity and poor solubility. Eden's patented and licensed encapsulation technology provides a solution to these historic limitations.

The Company's only employees are the Directors and its business model is built around the outsourced development of its own and licensed intellectual property, for which Eden, or its partner, then applies for the required regulatory approvals from the relevant authority. Generally, Eden intends to develop products to the point at which efficacy has been proven through early stage screening, followed by laboratory testing and where applicable initial field trials. At that point, Eden looks to licence its products and technologies to industry partners who have existing distribution channels in relevant markets. Normally the signing of each licensing agreement generates upfront payments to Eden although to date these have been modest.

At this point, the licensee would normally take on the responsibility of undertaking field trials required for registration of the products, as well as the registration itself. Usually, the Company will negotiate milestone payments as part of the process which, when reached, generate further revenues due to Eden. Once national approvals have been achieved for the product, the licensee is able to start making sales in the territories, as defined in the licence agreements, which will result in royalty payments being made to Eden.

To date, the Company has entered into eight license agreements, one option agreement and two memorandums of understanding and has received total upfront fees upon signing of £0.95m. Further information on these agreements can be found in paragraphs 11.8 to 11.29 of Part IV of this document.

As well as licensing out its own products for various applications in different territories, Eden is looking to licence the use of its proprietary encapsulation delivery technology for use in existing products that are being sold into the marketplace, although no such agreements have yet been signed. A large number of these traditional products have issues with pests becoming resistant, which is a significant problem in the agrochemical industry, as well as the regulatory problems of products being restricted in their use.

3. Technology

The technology employed in creating Eden's products comprises terpene chemistry delivered using Eden's patented encapsulation system. The first generation encapsulation technology uses a simple yeast cell encapsulation system, which is owned by Eden. The second generation encapsulation technology, which Eden exclusively licensed from UMMS in October 2011, uses bio-polymers to block the pores in yeast cells to provide a greater degree of control over the release of the active substances. Under this licence UMMS retained the right to use the patents for academic research, teaching and non-commercial patient care. Eden also has, under a licence agreement dated 15 September 2011 with Cornell, the exclusive rights to commercialise and sub-licence terpene based formulations relating to certain insecticidal applications.

Further details relating to the license agreements with Cornell and UMMS, together with details of royalties payable are contained in paragraphs 11.24 and 11.27 respectively of Part IV of this document.

Terpene Chemistry

Terpenes are part of a diverse family of compounds that share a common structural element known as an isoprene unit. Many isoprene compounds are naturally occurring and are regularly encountered within the food chain as flavour and fragrance agents.

In nature, terpene compounds function as defence mechanisms in many plant groups and are released in response to disease infection, pest attack, stress or mechanical injury. As isoprene compounds occur in the food chain, with careful selection and formulation of terpene mixtures, their associated toxicity profiles are favourable, facilitating environmental and regulatory acceptance and offering the markets a less toxic alternative to traditional chemical products. Terpenes have well-documented bactericidal and fungicidal activity, and Eden's research has also demonstrated arthropod and nematode control capability.

The Company's development strategy began with laboratory screening of terpenes, both individually and as mixtures, for antimicrobial and invertebrate-control activity against a wide range of species. This screening led the Company to use these chemicals as the basis for developing antimicrobial and invertebrate-control agents that are both effective and environmentally friendly.

Research trials indicated that terpenes could prevent or reduce the impact of a variety of plant diseases and pests currently being tackled by methods considered to be either of limited impact or unfriendly to the environment. Target-specific terpene mixtures were then identified and continue to be developed by Eden to target specific diseases or pests. The Company therefore now has intellectual property and expertise in the application of terpenes for a number of environmentally friendly uses.

Encapsulation Delivery System

Terpenes are biocidal as a result of their lipophilic characteristics, which are observed to affect the integrity of cell walls and cell membranes. However, their relatively low molecular weight for an organic oil creates two major drawbacks:

- volatility, which manifests itself in their strong aromas and fragrances; and
- hydrophobia, characterised by poor solubility in water.

Eden's proprietary and licensed patented encapsulation technology overcomes these drawbacks. This allows terpenes and other biologically active ingredients of a similar nature to be applied using conventional agricultural spraying equipment. Although initial research was focused on agricultural uses, the full potential of encapsulated terpene formulations as commercial biocides could extend to a variety of other applications in the healthcare and consumer markets.

The terpene-carrying particles can be prepared as a liquid suspension or powder formulation, which can in turn be applied to the site of infection.

4. Intellectual Property

The Board is aware of the importance of intellectual property rights and in particular patent protection and has taken steps to protect its inventions.

Eden's patent families comprise:

Patent 1 – Master Encapsulation “Terpene – Containing Compositions and Methods of Making and Using Them”

This is the Company's encapsulation platform technology and relates to terpene components encapsulated within hollow glucan particles (e.g. yeast cell walls) and methods of their manufacture and use. Patents have been granted in China, Mexico, New Zealand, Singapore and South Africa and the application has been accepted in Australia, with patents pending in a number of other countries.

Patent 2 – Nematicide “Methods of Killing Nematodes Comprising the Application of a Terpene Component”

This invention relates to methods of using terpene containing compositions to kill nematodes and to methods of making such compositions. Patents have been granted in Australia and African Regional Intellectual Property Organisation and patents are pending in a number of other countries.

Patent 3 – Bactericide Formulation “Compositions and Methods Comprising Terpene Mixtures”

This relates to formulations of more than one terpene selected from the group: thymol, eugenol, geraniol and citral. Patents are pending in a number of countries.

Patent 4 – Insecticide Formulation “Terpene – Containing Compositions and Methods of Making and Using Them”

This invention relates to the use of terpenes encapsulated in hollow glucan particles for killing insects and arachnids. The main focus of the application is on mites which infest plants, especially two-spotted mites, but there are claims directed to other methods of killing insects/arachnids, such as those on clothing or animals (including humans). Patents have been granted in a number of countries.

Patent 5 – Anti Lice Formulation “Terpene Treatments for Killing Lice and Lice Eggs”

This invention relates to formulations comprising a mixture of several terpenes which, in combination, provide an insecticide to exterminate lice and lice eggs. The specific formulation protected is a mixture of re-distilled limonene, beta-ionone, linalool, geraniol, eugenol and at least one of myrcene and carvone. Patents have been granted in a number of countries.

License Agreements

Eden has entered into eight licence agreements, one option agreement and two memorandum of understanding (“MOU’s”) with the following companies, further details of which are set out in paragraphs 11.8 to 11.29 of Part IV of this document:

<i>Company</i>	<i>Date signed</i>	<i>Agreement type</i>	<i>Licensed product</i>	<i>Sector</i>	<i>Territories</i>	<i>Upfront fees (Paid)</i>	<i>Future milestone fees</i>	<i>Royalties % of sales</i>
Redestos	Jan-06	Licence	All products	Agro-chemical	Greece and the Balkans	€150,000	N/A	15% to 17.5%
Cheminova	May-07	Licence	3AEY	Professional crop	Mainly EU, South America, USA	€600,000	€1,600,000	5% to 10%
Lachlan (Kenya)	Dec-08	Licence	All products	Agro-chemical	East African countries	\$100,000	\$150,000	10%
ESNA	May-09	Licence	All products	Agro-chemical	North African countries	£38,000	£140,000	10%
ECOstyle	Mar-10	Licence	All products	Amateur gardening	North Europe	\$25,000	\$215,000	€0.1 to €0.4 per unit
TerpeneTech	Sep-11	Licence	All products	Biocides	Worldwide	N/A	€100,000	5% to 10%
TEVA	Jan-12	Licence	All products	Animal health	USA, Canada and Mexico	\$250,000	\$800,000	4% to 6%
Phytalexin	Mar-12	Licence	All products	Head-lice	Worldwide	N/A	£100,000	20%
Certis Europe	Jun-10	Option	Nematicide	Nematodes	Europe, Asia, Middle East and Oceania	\$100,000	TBA	TBA
FMC	Feb-12	MOU (2)	Nematicide	Nematodes	The Americas	N/A	TBA	TBA

To date the company has received total upfront and milestone fees of around £0.95m. Royalty fees will only be paid upon future sales of products.

The Company is reliant on the actions of the licencees, with whom it has a common interest, to trigger future milestone fees and royalties from sales.

Product Development

3AEY

3AEY, Eden’s lead product; a terpene based fungicide, has been licensed out to a number of parties for a variety of applications:

- Ecostyle is progressing trials for registration of products within the amateur gardening market and is currently formulating Ready to Use products for garden centres;

- Redestos is awaiting the European approval process, as detailed below, to enable them to start the registration of 3AEY in Greece and the Balkans;
- Cheminova is also awaiting EU approval before progressing product registrations; and
- Lachlan has submitted an application to register 3AEY in Kenya and is awaiting the outcome of that application.

In March 2011, the European Commission confirmed the completeness of the dossiers for the three active substances submitted by Eden, under Directive 91/414/EEC. The European Food Safety Authority (EFSA) is expected to complete its review shortly at which point EFSA should then recommend inclusion of the three active substances used in 3AEY to the European Commission who will then vote for its inclusion onto the list of approved active substances.

Nematodes

In 2011, Eden and Certis Europe undertook a number of field trials to show the efficacy of Eden's nematode product which showed that Eden's product performed in line with a leading traditional chemical product and negotiations are on-going with Certis to conclude a licensing deal.

Earlier this year Eden signed a memorandum of understanding with FMC Corporation to enter into an exclusive licensing deal and later this year also expects to conclude licensing arrangements for North America.

Spider Mites and Whitefly

Eden is continuing discussions with various parties to license the rights for products relating to spider mites and whitefly. Trial work already done by Eden has shown good efficacy for these products and the intention is for prospective partners to take on the responsibility of further trials and registration.

Animal Health

In January 2012, Eden announced that Teva Animal Health, Inc. had exercised its option to enter into an exclusive licence for Eden's products and technologies in the animal health sector, following two years of trial and formulation work under the option agreement.

TEVA are keen to start producing and marketing over the counter 'Eden' products, which the Directors believe should result in sales of products later this year. An over the counter product range in the USA does not have the same regulatory process as a prescription product range and, hence, should be quicker to market.

Biocides

In September 2011, Eden entered into marketing and licensing agreements with TerpeneTech for various applications in the biocide sector. TerpeneTech is progressing with trial work and registration in both USA and Europe.

5. Summary Financial Information

The following financial information has been derived from the financial information of the Company contained in Part III of this document and should be read in conjunction with the full text of this document. Investors should not rely solely on the summarised information.

	<i>Year ended</i> 31/12/2011 £'000	<i>Year ended</i> 31/12/2010 £'000	<i>Year ended</i> 31/12/2009 £'000
Revenue	91	172	193
Administrative Expenses	(1,992)	(2,435)	(1,854)
Operating Loss	(1,831)	(2,263)	(1,636)
Loss Before Tax	(3,829)	(3,282)	(1,793)
	<i>As at</i> 31/12/2011 £'000	<i>As at</i> 31/12/2010 £'000	<i>As at</i> 31/12/2009 £'000
Intangible assets	7,810	8,198	8,757
Current assets	484	81	118
Total assets	<u>8,294</u>	<u>8,279</u>	<u>8,875</u>
Current liabilities	1,527	4,545	3,058
Non current liabilities	<u>1,381</u>	<u>1,131</u>	<u>1,061</u>
Total liabilities	<u><u>3,908</u></u>	<u><u>5,676</u></u>	<u><u>4,119</u></u>

6. Current Trading

The Company's audited results for the year ended 31 December 2011 were announced on 16 April 2012 and a copy is contained on the Company's website www.edenresearch.com. Since 31 December 2011, the Company has made the following commercial announcements:

- 6 January 2012 – TEVA has exercised its option and entered into a licence agreement with Eden under which TEVA has the exclusive rights to develop, manufacture and market products for the treatment of common bacterial, fungal, and/or parasitic pathogens in the veterinary health space in the NAFTA region. In addition to the US\$100,000 licence fee received, the agreement provides for TEVA to pay further milestone payments once sales of the products begin;
- 22 January 2012 – FMC signed an MOU for an exclusive licence for Eden's nematode product in Latin America. FMC is one of the world's foremost, diversified chemical companies with leading positions in agricultural, industrial and consumer markets;
- 24 February 2012 – Xeda has signed a Data Access and Royalty Agreement which enables Xeda to have full access to Eden's dossiers on both Geraniol and Thymol, two of the active terpene ingredients used in Eden's products. In return, Eden will receive full access to Xeda's Clove Oil data, and thereby be able to include the Clove Oil in future products. Importantly, Xeda's Clove Oil has already been included in the EFSA Annex I, the list of substances approved by the EFSA for use in pesticidal products. In return for access to its Thymol data, Eden will receive royalty payments on sales of Xeda's products which include this active ingredient. Xeda is based in France and is one of the leaders in the treatment of fruit and vegetables, post-harvest; and
- 26 April 2012 – a grant of patent received from the Commonwealth of Australia Patent Office for the Company's platform encapsulation technology.

The Board will continue to licence its existing agrochemicals for new product areas as well as looking to exploit the next generation encapsulation delivery system based on scientific research at UMMS.

In addition, since the year end the Company has raised further funds of £950,000 by way of loans and subsequently converted these loans, and £651,717 of existing loans, each with accrued interest and finance charges, into 10,954,401 Ordinary Shares in full and final settlement. The result of this has been to reduce

significantly the current liabilities of the Company and, in the Directors opinion, provide the Company with sufficient working capital for at least 12 months from the date of Admission.

7. Directors and Advisors

Directors

The Board comprises:

Sir Arthur Benjamin Norman Gill (aged 62), *Non-Executive Chairman*

Sir Ben Gill, CBE MA (Cantab). Having started his career as a farmer he first became involved with the National Farmers Union in the early 1980s and was elected its President in 1998. During his 6 years in office he had major issues to deal with such as Foot and Mouth Disease and BSE as well as the renegotiation of the Common Agriculture Policy. He was also appointed President of the Confederation of European Agriculture from 2000 – 2006 which saw the enlargement of the European Union from 15 to 25 countries; and as a member of the executive committee of the World Body: International Federation of Agricultural Producers had global influence on political change.

Sir Ben retired from the National Farmers Union in 2004 and has since established his own business Hawkhill Consultancy Ltd, which specialises in advising agrifood businesses on food and farming and also renewable energy where he has a particular interest and expertise in the use of biomass. In 2005, Sir Ben chaired the Government's Biomass Task Force which produced a comprehensive set of recommendations (which have been largely adopted by the Government) to improve the uptake of biomass as a renewable energy source. Sir Ben chairs or is a director of a number of other limited companies. Under the terms of his contract Sir Ben is contracted for 16 hours per week.

Kenneth Williams Brooks (aged 56), *Executive Deputy Chairman*

After graduating from Keble College, Oxford with a first-class honours degree in Modern History, Ken attended Guildford Law School before becoming a commercial partner at Linnells in Oxford. Subsequently he co-founded Brookstreet des Roches, a specialist commercial law practice, where he is now a commercial legal consultant. He has extensive commercial and management experience, and a strong track record in deal brokerage and mergers. He is a director of several other companies, including one listed on AIM, covering fields such as business consultancy, manufacturing, property, plastic merchanting, recycling and licensing. Under the terms of his employment contract Ken is employed for 20 hours per week.

Clive Roland Newitt (aged 55), *Managing Director*

Clive has over 30 years of experience in the agrochemical industry. Prior to joining Eden, Clive held sales and marketing and management directorships within the crop protection industry at The Dow Chemical Company and Sumitomo Corporation. He is Managing Director of Agri-Nova Technology Ltd, which is an agricultural consultancy business specialising in marketing and commercial development for clients in that field. Under the terms of his employment contract Clive is employed for 20 hours per week.

Alexander John Abrey (aged 33), *Chief Financial Officer*

Alex, a Chartered Certified Accountant, joined the Board in September 2007, having been Chief Accountant to Eden for the previous four years. He has acted as Financial Director to a diverse range of businesses including a financial and management consultancy business based in Oxfordshire, a medical waste management company and an intellectual property licensee involved in plastics manufacturing. Alex has twelve years' experience in both practice and industry. Under the terms of his employment contract Alex is employed full time.

The Company recognises the importance of appointing a further independent non executive director as the business develops and expects to make such an appointment in due course.

Further information on the Directors is set out in paragraphs 7, 8 and 9 of Part IV of this document.

Advisors

In addition to the Directors, the Company can draw on the experience and expertise of the following advisors:

John Edmonds, *Technical Adviser*

John completed his BSc in Applied Biology in 1989 and has held various roles in R&D/product development working for Cyanamid, Rohm and Haas and latterly Dow AgroSciences LLC where he was responsible for both global and european product development for a range of fungicides in potatoes as well as herbicide, fungicide and insecticide development in cereals, oilseed rape and various horticultural crops in both the UK and Europe.

This gave him great experience in the detailed processes of developing products in a range of arable and horticultural crops from early stage through to registration, including managing development programmes, dossier preparation, working with external contractors and influencers and commercial technical support.

Gary Ostroff, PhD, *Scientific Adviser*

Gary is a microbiologist with over 20 years of research and development (R&D) experience in the biopharmaceutical, functional food and dietary supplement industries. He has served as Vice President of R&D for several US companies, including Biopolymer Engineering Inc., Amerifit Nutrition Inc. and Alpha-Beta Technology.

A Professor at both the Worcester Polytechnic University, Massachusetts and the University of Massachusetts, Massachusetts, Gary's scientific accomplishments encompass the development of carbohydrate and protein therapeutics, diagnostics, target discovery, assay development and small molecule drug screening from discovery through Phase III clinical studies.

Researchers

Eden has collaborated with academics, and contracted with corporate and private researchers, to further its development programmes in a wide variety of countries across Asia, Europe, the Americas and Africa.

8. Market and Competition

Eden's products are directed towards providing natural protection to problems in the agricultural, animal and human healthcare and cosmetic markets. The majority of its product development has been focused on crop protection (specifically fungicides). More recently Eden, through its licensee, TEVA, developed products for the pet care market (flea, lice and tick treatments).

Crop Protection Market

At the distributor level, the global crop market has been recently valued at circa US\$41bn per annum of which fungicides comprise roughly 26 per cent. which means Eden's products are competing in a sector valued at US\$11bn per annum. It is anticipated that the global crop protection market will grow at a modest rate, reaching US\$43.48bn in 2013.

Two of the most economically important fungal diseases affecting cultivated plants are botrytis grey mould and powdery mildew. Both have the potential to destroy entire crops under certain environmental conditions and significant markets therefore exist for crop protection products for their prevention. Botrytis and powdery mildew are both subjects of Eden's two most advanced fungicide product development programmes. In addition, Eden is actively addressing protection for crops from pests such as nematodes, spider mites and whitefly.

Botrytis is a commercially significant problem in the cultivation of grape vines, primarily affecting grape cultivars with tight, closely-packed fruit clusters but also a problem in the storage of grapes picked for the fresh market. PharmaVentures estimates that products for the control of botrytis comprise 20 per cent. of the grape vine fungicide market, equating to an approximate market worth US\$214m in 2008.

Powdery mildew is one of the most economically important diseases of glasshouse-grown crops such as cucumbers. As with grape vine cultivation, glasshouse production represents another high-value sector of the agricultural industry. PharmaVentures has estimated that the annual worldwide market for the control of powdery mildew in glasshouse crops is worth US\$100m per annum.

Nematode populations can cause considerable damage to a wide range of high-value vegetable crops and horticultural species, particularly intensively-grown crops such as potatoes, tomatoes, carrots and grapevines

plus sugar beet and golf course turf. The Society of Nematology estimate global crop losses due to nematode infestation at \$100bn annually and in 2008 soil fumigants (used to treat nematodes) recorded sales of US\$591m. The Directors believe that Eden's B2Y31-2 product is well placed to acquire a significant share of this market.

The Directors consider that Eden's indirect competition comes from a wide range of sources which can be broadly categorised as R&D multinationals and "Green Technology" companies. The former category includes Bayer AG, BASF SE, ISK Biosciences Corporation, E.I. du Pont de Nemours and Company, Dow Agrosciences and Syngenta AG. Green Technology companies, being small and medium sized companies seeking "green" solutions to a number of Eden's development product areas, include Agraquest, ECOsmart, ECOSpray, DEvGen, Divergence and Omex Agriculture.

Animal Healthcare Market

The global animal healthcare market is valued at around US\$19bn per annum, with the North American market accounting for around 33 per cent. of that. Global sales are predicted to reach US\$24bn per annum by 2014.

The flea and tick treatments sector has benefited from changes in regulations allowing a wider distribution of treatments previously supplied by vets only.

Fleas are blood-sucking parasites that can cause symptoms including intense itching and scratching, flea allergy dermatitis, tapeworm infestation and anaemia in puppies and kittens. Fleas are a common problem, with around 1 in 5 cats and 1 in 10 dogs having fleas. Treatments are available in a number of formats (drops, collars, spray shampoos, tablets and powders).

Major manufacturers operating in the flea and worm market include Johnsons Veterinary Products Ltd., Armitage Pet Products Ltd., Bob Martin (UK) Ltd., Beaphar UK Ltd., Merial Limited (*Frontline*), Teva Animal Health Inc, Novartis Animal Health Inc., The Hatchwell Company Limited (*Canovel*) and Interpet Ltd. (*Mikki*).

9. Admission Agreement

The Company and the Directors have entered into a conditional Admission Agreement with Zeus Capital whereby Zeus Capital is to use its reasonable endeavours to assist the Company's application to join AIM. Further details of the Admission Agreement, which contains an indemnity from the Company and certain warranties from the Company and Directors to Zeus Capital which are normal for this type of agreement, are set out in paragraph 11.2 of Part IV of this document.

10. Admission, Settlement and Dealings

Application has been made to the London Stock Exchange for the Ordinary Shares to be admitted to trading on AIM. It is expected that withdrawal from trading of the Ordinary Shares on PLUS will take place at 4.30 p.m. on 10 May 2012 and that Admission will become effective and dealings in the Ordinary Shares on AIM will commence at 8.00 a.m. on 11 May 2012.

11. Lock-In and Orderly Market Arrangements

At Admission, the Directors will hold or be interested in, directly and indirectly, an aggregate of 2,302,408 Ordinary Shares, representing approximately 2.07 per cent. of the Ordinary Shares.

Each of the Directors and their relevant related parties holding Ordinary Shares has undertaken to Zeus Capital and to the Company not to dispose of any interest which they hold in the Ordinary Shares at Admission (subject to certain limited exceptions) within twelve months of Admission. Thereafter, until the second anniversary of Admission they have each undertaken neither to sell nor to dispose of any such Ordinary Shares other than through the Company's broker (subject to certain limited exceptions).

Further details of these arrangements are set out in paragraph 11.3 of Part IV of this document.

12. City Code

The City Code applies to all takeover and merger transaction, however effected, where the offeree company is, *inter alia*, a quoted or unquoted public company which has its registered office in the United Kingdom and its central management is in the United Kingdom (and to certain categories of private limited companies). The Company is such a company and its shareholders are entitled to the protection afforded by the City Code. Further details concerning the City Code are set out in paragraph 6.11 of Part IV of this document.

13. Corporate Governance

The Directors acknowledge the importance of the principles set out in the Corporate Governance Code. Although the Corporate Governance Code is not compulsory for AIM quoted companies, the Directors have applied the principles as far as practicable and appropriate for a relatively small public company as follows:

- your Board currently comprises three executive directors and one non-executive director. Your Board meets regularly to consider strategy, performance and the framework of internal controls. To enable the Board to discharge its duties, all Directors receive appropriate and timely information. Briefing papers are distributed to all Directors in advance of Board meetings. All Directors have access to the advice and services of the Company Secretary and the Chief Financial Officer, who are responsible for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with. In addition, procedures are in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense;
- the Directors have established Audit, Nomination, Remuneration and AIM Compliance Committees;
- the Audit Committee has Sir Ben Gill as Chairman, and has primary responsibility for monitoring the quality of internal controls ensuring that the financial performance of the Company is properly measured and reported on and reviewing reports from the Company's auditors relating to the Company's accounting and internal controls, in all cases having due regard to the interests of Shareholders. The Audit Committee meets at least twice a year. Kenneth Brooks is the other member of the Audit Committee;
- the Nomination Committee has Sir Ben Gill as Chairman, and will identify, and nominate for the approval of the Board, candidates to fill board vacancies as and when they arise. The Nomination Committee meets at least twice a year. Kenneth Brooks is the other member of the Nomination Committee;
- the Remuneration Committee has Sir Ben Gill as Chairman, and will review the performance of the executive directors and determine their terms and conditions of service, including their remuneration and the grant of options, having due regard to the interests of Shareholders. The Remuneration Committee meets at least twice a year. Kenneth Brooks is the other member of the Remuneration Committee;
- the AIM Compliance Committee has Sir Ben Gill as Chairman and has been formed pending Admission and will meet twice a year with the NOMAD to discuss AIM compliance and related issues. The other member of the committee is Alex Abrey; and
- the Directors comply with Rule 21 of the AIM Rules relating to Directors' dealings and there are procedures in place to ensure compliance by the Company's applicable employees. The Company has adopted a share dealing code which is appropriate for an AIM quoted company.

14. Dividend Policy

The Company has not paid a dividend. However, the Board, once it is commercially prudent to declare a dividend, intends to implement a progressive dividend policy.

15. Risk Factors

Your attention is drawn to the risk factors set out in Part II of this document and to the section entitled "Forward Looking Statements" therein. In addition to all other information set out in this document, potential investors should carefully consider the risks described in those sections before making a decision to invest in the Company.

16. Taxation

Information regarding taxation is set out in paragraph 18 of Part IV of this document. These details are intended only as a general guide to the current tax position in the UK. **If an investor is in any doubt as to his or her tax position or is subject to tax in a jurisdiction other than the UK, he or she should consult his or her own independent financial advisor immediately.**

17. Additional information

You should read the whole of this document and not just rely on the information contained in this letter. Your attention is drawn to the information set out in Parts II to IV (inclusive) of this document which contains further information on the Company.

Yours faithfully

Sir Ben Gill

Non-Executive Chairman

PART II

RISK FACTORS

Before making any investment decision, prospective investors should carefully consider all the information contained in this document including, in particular, the risk factors described below. Ordinary Shares may not be a suitable investment for all of its recipients. If you are in any doubt about the Ordinary Shares and their suitability for you as an investment, you should consult a person authorised under FSMA who specialises in advising on the acquisition of shares and other securities.

In addition to the usual risks associated with an investment in a company, the Board considers that the factors and risks described below are the most significant in relation to an investment in the Company and should be carefully considered, together with all the information contained in this document, prior to making any investment decision in respect of the Ordinary Shares. The list below is not exhaustive, nor is it an explanation of all the risk factors involved in investing in the Company and nor are the risks set out in any order of priority.

It should be noted that the risks described below are not the only risks faced by the Company and there may be additional risks that the Board currently consider not to be material or of which they are currently not aware.

If any of the events described in the following risks actually occur, the Company's business, financial condition, results or future operations could be materially affected. In such circumstances, the price of the Ordinary Shares could decline and investors could lose all or part of their investment. The information set out below is not set out in any order of priority. The Company's performance may be affected by changes in legal, regulatory and tax requirements in any of the jurisdictions in which it operates or intends to operate as well as overall global financial conditions.

Risks Specific to Eden

The following sets out some of the risks relating to Eden's business. If any of the following risks occur, the Company's business, financial condition or results of operations could be seriously affected.

Regulatory

Eden is currently registering three active substances under the EU Pesticide Directive, 91/414. Whilst the process of registration is well advanced, it is not guaranteed that approval will be granted. This could impact the ability of certain commercial partners to progress commercialisation of products which incorporate some or all of those active substances, using Eden's encapsulation technologies, within the EU.

If registration is unsuccessful this will materially impact on the Company's European partners ability to secure product sales with Europe. This registration does not relate to sales opportunities outside Europe and does not relate to the Company's encapsulation technology.

Eden's partner, Lachlan (Kenya), is currently registering 3AEY for use in Kenya. Again, the outcome of this registration process is not guaranteed at this stage. If unsuccessful, this would have an impact on Eden's expected revenues arising from sales of product into Europe.

Patents

In general, for an invention to be patentable it must be new, involve an inventive step, and be capable of industrial application. Patent Applications are subject to review by the patent office in the relevant territory before grant and there is therefore no guarantee that an application will be granted. Patents can only be enforced in a territory once granted in that territory, although following grant damages may be available in respect of the period following publication of any application. The fact that a patent has been granted does not mean that it is valid. This can only be determined by a court. Patents usually last for 20 years from the date of application although it is possible in some cases to extend this by a limited period in some territories, for example where regulatory approval is required to be able to commercialise the patented invention.

The Company understands the importance of its intellectual property and has patented its technology.

There are a number of patents pending that relate to the application of some of the Company's intellectual property. There is a possibility that some or all of these may be restricted or refused, which may adversely affect the future expected revenues from existing licensing agreements.

Notwithstanding the patents and technology belonging to the Company it is possible that competitive technology or compositions might be developed by third parties which are more effective than the technology of the Company, which might adversely affect the prospects of the Company.

It is possible that if non-encapsulated essential oils or those encapsulated in particles other than hollow glucan particles were found to be as effective as those encapsulated in hollow glucan particles such compositions would fall outside the Company's current patent protection and could be direct competitors to the Company's patents and technologies, which might adversely affect the prospects of the Company.

Technology

Whilst Eden has undertaken a significant amount of trial work and research on its encapsulation technologies and products and there is no guarantee that the technology will work or be applicable in any or all of the market sectors currently envisaged.

It is possible that licences of technology received by the Company from third parties allowing it to use technology belonging to others as part of its product offering may be terminated, which might adversely affect the prospects of the Company.

Additional Working Capital

The Company has historically generated limited revenues whilst it has concentrated on securing patent protection for its intellectual property and has been funded by long term debt and equity. The Company's ability to commercialise its intellectual property and generate sufficient revenues to fund the business may be hindered by delays in a number of factors beyond its control, including product registration, completion of licensing agreements and approval of patents. There is no guarantee that the Company would be able to raise further funds in the future should it need to do so for general working capital purposes or otherwise.

Environmental regulation

The operations and proposed activities of the Company are subject to government laws and environmental regulations. Such laws and regulations may change in a manner which requires stricter or additional standards than those currently in force. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Successful outcome of field trials

Whilst the Company engages reliable independent contractors to undertake field studies on its products, the successful outcome cannot always be guaranteed due to the unpredictable nature of pest and disease incidence.

Climate Risk

Whilst the Company undertakes field testing of its products in a range of representative locations, there may inevitably arise circumstances whereby adverse climatic conditions, such as floods, drought or storms, may damage test sites resulting in the loss of results and requiring tests to be repeated during the next available growing cycle.

Material supply

Whilst the materials used in Eden's products are currently readily available in the marketplace, there is no certainty over the on-going supply of these materials, or the price at which they can be procured, which could affect the commercial viability of the products.

Commercial agreements

Whilst all of the licence and other commercial agreements that Eden has entered into are legally binding and have been entered into in good faith with third parties, there is no guarantee that Eden and/or its partners will not seek to terminate such agreements in the future, or, seek to renegotiate the terms of such agreements.

Inward licensing agreements

Eden has acquired rights from Cornell and UMMS based on patents owned jointly with Eden, in the case of Cornell, and solely by UMMS in that case. Whilst the licensing agreements provide certain warranties from the licensors, there is no guarantee that the licensors will maintain their patents, though they are legally bound to under such agreements.

Insurance

The Company may be subject to liabilities and events which cannot be insured against adequately or at all or in relation to which it elects not to insure against due to the level of premium sought. Eden may incur liabilities to third parties in excess of such insurance or amounts paid in respect thereof (if any) arising from such matters.

Currency risk

The Company reports its results in Sterling, whilst it is expected that some of its costs and revenues will be denominated in currencies outside of its reporting currency. This may result in additions to the Company's reported costs or reductions in the Company's reported revenues.

Dependence on key personnel

The Company has a small management team and the loss of any key individual or the inability to attract appropriate personnel could impact the Company's performance.

General Risk Factors

Economic, political, judicial, administrative, taxation or other regulatory matters

In addition to the impact of the downturn of the world's economies, the Company may be adversely affected by other changes in economic, political, judicial, administrative, taxation or other regulatory or other unforeseen matters.

Current and potential investors are strongly recommended to consult an independent financial advisor authorised under FSMA who specialises in investments of this nature before making any investment decision in respect of Ordinary Shares.

Forward looking Statements

All statements other than statements of historical fact included in this document, including, without limitation, those regarding the Company's financial position, business strategy, plans and objectives of management for future operations or statements relating to expectations in relation to Shareholder returns, dividends or any statements preceded by, followed by or that include the words "targets", "estimates", "envisages", "believes", "expects", "aims", "intends", "plans", "will", "may", "anticipates", "would", "could" or similar expressions or the negative thereof, are forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results and performance to be materially different from future results and performance expressed or implied by such forward looking statements. Such forward looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future.

These forward looking statements speak only as of the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements contained herein to reflect any change in the Company's expectations with regard thereto, any new information or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by law or any appropriate regulatory authority.

Areas of Investment Risk

The prices of publicly quoted securities can be volatile. The price of securities is dependent upon a number of factors, some of which are general or market or sector specific and others that are specific to the Company.

The Ordinary Shares will not be listed on the Official List of the UK Listing Authority and although the Ordinary Shares will be traded on AIM, this should not be taken as implying that there will always be a liquid market in the Ordinary Shares. In addition, the market for shares in smaller public companies is less liquid than for larger public companies. Therefore an investment in the Ordinary Shares may be difficult to realise and the price of the Ordinary Shares may be subject to greater fluctuations than might otherwise be the case.

An investment in shares quoted on AIM may carry a higher risk than an investment in shares quoted on the Official List of the UK Listing Authority. AIM has been in existence since June 1995 but its future success cannot be guaranteed. Investors should be aware that the value of the Ordinary Shares may be volatile and may go down as well as up and investors may therefore not recover their original investment.

The price at which investors may dispose of their Ordinary Shares may be influenced by a number of factors, some of which may pertain to the Company and others which are extraneous. On any disposal of their Ordinary Shares, investors may realise less than the original amount invested.

Taxation

The attention of potential investors is drawn to paragraph 18 of Part IV of this document headed "Taxation". The tax rules and their interpretation relating to an investment in the Company may change during its life.

Any change in the Company's tax status or in taxation legislation or its interpretation could affect the value of the investments held in the Company or the Company's ability to provide returns to Shareholders or alter the post-tax returns to Shareholders. Representations in this document concerning the taxation of the Company and its investors are based upon current tax law and practice which is, in principle, subject to change.

The specific and general risk factors detailed above do not include those risks associated with the Company which are unknown to the Directors.

Although the Directors will seek to minimise the impact of the risk factors, investment in the Company should only be made by investors able to sustain a total loss of their investment. Prospective investors are strongly recommended to consult an investment advisor authorised under FSMA before making a decision to invest.

PART III

ACCOUNTANT'S REPORT ON EDEN RESEARCH PLC

4 May 2012

The Directors
Eden Research Plc
Keble House
Church End
South Leigh
Witney
Oxon
OX29 6UR

And

The Directors
Zeus Capital Limited
3 Ralli Courts
West Riverside
Manchester
M3 5FT



Chartered Accountants
Finsgate 5-7 Cranwood Street
London EC1V 9EE
Telephone 020 7309 2222
Fax 020 7309 2309
Email jh@jeffreyshenry.com
Website www.jeffreyshenry.com

Registered Auditors
Business Advisors
Tax Specialists
Financial Services
Corporate Recovery
Accounting Outsourcing
Corporate Finance

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

Introduction

We report on the financial information set out below. This financial information has been prepared for inclusion in the admission document (the “Admission document”), dated 4 May 2012 of Eden on the basis of the accounting policies set out in note 1. This report is required by item 20.1 of Annex 1 of the AIM Rules and for no other purpose. It does not constitute audited statutory accounts.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any person for any loss suffered by any such person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph (a) of Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Admission document.

Basis of preparation

The financial information set out below is based on the audited financial statements (“financial statements”) of Eden for the years ended 31 December 2011, 31 December 2010 and 31 December 2009 and have been prepared on the basis set out in note 1 below after making such adjustments, as we considered necessary.

Responsibilities

The directors of Eden are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information and in accordance with IFRS. It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Admission document, and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates

and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement, whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission document dated 4 May 2012, a true and fair view of the state of affairs of the Company as at 31 December 2011, 31 December 2010 and 31 December 2009 and of its income statements, cash flows and statements of changes in equity for the years then ended, and has been prepared in accordance with IFRS in a form that is consistent with the accounting policies set out in note 1.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the Admission document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission document in compliance with Schedule Two of the AIM Rules.

The financial information included herein comprises:

- a statement of accounting policies;
- income statements, balance sheets, statements of changes in equity, cash flow statements; and
- notes to the income statements and the balance sheets.

Yours faithfully

Jeffreys Henry LLP

1. ACCOUNTING POLICIES

1.1 General information

Eden Research plc. is a company incorporated and domiciled in the United Kingdom under the Companies Act 2006. The Company's principal activity during the period under review was the development and marketing of intellectual property, particularly in the area of terpenes and other health-related projects. The Company is quoted on the PLUS Market in London.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company has adopted the following revisions and amendments to IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Company's financial statements for the year beginning 1 January 2011.

IAS 24 – Related Party Disclosures (Amendment)

IAS 32 – Financial Instruments: Presentation – Classification of Rights Issues

IFRIC 14 – Prepayments of a minimum funding requirement

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments

Improvements to IFRSs (May 2010)

The directors have assessed that the adoption of these revisions and amendments did not have an impact on the financial position or performance of the Company.

At the date of authorisation of this financial information, the following Standards and Interpretations which have not been applied in this financial information were in issue but not yet effective:

	<i>Effective date: Periods commencing on or after</i>
IFRS 9 Financial Instruments	1 January 2013
IFRS 11 Joint Arrangements	1 January 2013
IFRS 12 Disclosure of Interests in Other Entities	1 January 2013
IFRS 13 Fair Value Measurement	1 January 2013
IAS 19 Employee Benefits (Amendment)	1 January 2013
IAS 27 Separate Financial Statements	1 January 2013
IAS 28 Investments in Associate and Joint Ventures	1 January 2013

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Company.

1.2 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

1.3 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 year ended 31 December 2011 after taxation of £3,284,000. Net current liabilities as at that date amounted to £1,043,000.

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. The directors consider that it is appropriate that the financial statements be prepared on a going concern basis

1. ACCOUNTING POLICIES (continued)

based on the loans received prior to admission on AIM, conversion of all existing loans to equity (see note 6.24) as well as expected further licensing agreements which provide the board of directors with confidence that the Company is a going concern for the foreseeable future and for a period of at least 12 months from the date of approval of this financial information.

The directors have prepared budgets and projected cash flow forecasts for a period of two years from 31 December 2011 and they consider that the Company will be able to operate within the available cash facilities that are available to it for this period.

The directors are closely monitoring performance against cash flow projections that have been prepared for the period to 31 December 2013 and beyond and are confident that the Company will be able to generate the necessary cash resources over and above those referred to above and to maintain relationships with suppliers such that they do not seek repayment in advance of the time when these items are included within the forecasts. On this basis the directors consider it appropriate to prepare the financial information on the going concern basis.

The financial information does not include any adjustments that would result from a failure by the Company to obtain adequate future funding.

1.4 Revenue recognition

Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be reliably estimated.

Revenue represents amounts receivable by the Company in respect of services rendered during the year in accordance with the underlying contract or licence, stated net of value added tax.

Royalty income and upfront payments are recognised on an accruals basis over the period in which the benefit passes to the customer. Amounts receivable under milestone agreements are recognised when the terms of the milestone are expected to be met and the relevant work has been completed as the Company has no contractual rights to the revenue until this point. Licence fee revenue is recognised up-front as a sale of the Company has discharged all of its obligations

1.5 Intangible assets

Intellectual property, including development costs, is capitalised and amortised on a straight line basis over its estimated useful economic life of 13 years at 31 December 2011 in line with the remaining life of the Company's master patent, which was originally 20 years. The useful economic life of intangible assets is reviewed on an annual basis.

1.6 Impairment of non-financial assets

The directors regularly review the intangible assets for impairment and provision is made if necessary. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

1.7 Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from the Company's development activities is recognised only if all the following conditions are met:

1. ACCOUNTING POLICIES (continued)

- the project is technically and commercially feasible;
- an asset is created that can be identified;
- the Company intends to complete the asset and use or sell it and has the ability to do so;
- it is probable that the asset created will generate future economic benefits;
- the development cost of the asset can be measured reliably; and
- there are sufficient resources available to complete the project.

Internally-generated intangible assets are amortised on a straight line basis over their useful lives. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

1.8 Financial instruments

The Company uses certain financial instruments in its operating and investing activities that are deemed appropriate for its strategy and circumstances.

Financial assets and liabilities are recognised on the Statement of Financial Position when the Company has become a party to the contractual provisions of the instrument.

Financial instruments recognised on the Statement of Financial Position include cash and cash equivalents, trade receivables, trade payables and borrowings and fixed interest convertible debt.

Cash and cash equivalents comprise cash on hand and on demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Interest bearing loans and overdrafts are recorded at the fair value received less any transaction costs. Subsequent to initial recognition such instruments are measured at amortised cost, using the effective interest method.

1.9 Financial assets

Trade receivables, loans and other receivables that have fixed or determinable payments are classified as "Loans and receivables" and are measured initially at fair value plus transaction costs and subsequently at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

Financial assets are assessed for impairment at each reporting date by considering the recoverable amount of the asset in comparison to its carrying value and any impairment recognised in the Statement of Comprehensive Income. Trade receivables are assessed for collectability and where appropriate the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account and changes in the carrying amount of the allowance account are recognised in the profit or loss in the Statement of Comprehensive Income.

1.10 Debt and equity instruments issued by the Company

Loan notes

Where loans that were not previously convertible have been converted to equity as a result of an agreement between the note holder and the Company, the value of the loan and any associated accrued interest is transferred to equity.

1. ACCOUNTING POLICIES (continued)

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities such as trade payables and loans are classified as "Other financial liabilities" and are measured initially at fair value less transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, except for short term payables when the recognition of interest would be immaterial.

Non-executory contracts are recognised when all obligations due to the Company under the terms of the contract have been met, but the company retains a financial liability. This financial liability is measured in accordance with the company's accounting policy for the measurement of financial liabilities.

1.11 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Company. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

1.12 Current and deferred income tax

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the years. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interest in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

1. ACCOUNTING POLICIES (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

1.13 Foreign currencies

Transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the Statement of Comprehensive Income for the period.

1.14 Share based payments

The Company has applied the requirements of IFRS 2 Share-Based Payment.

The Company operates an unapproved share option scheme for executive directors, senior management and certain employees.

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that ultimately the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted, as long as other vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in fair value of the options, measured immediately before and after the modification is also charged to the Statement of Comprehensive Income over the remaining vesting period.

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.

1.15 Critical accounting estimates and areas of judgement

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial reporting period are discussed below:

Capitalised development costs

The directors have considered the recoverability of the internally generated intangible asset which has a carrying value of £1.7m at 31 December 2011. The projects continue to progress in a satisfactory manner and the directors are confident that the carrying amount of the asset will be recovered in full. This situation will be closely monitored and adjustments made in future periods if future market activity indicates that such adjustments are appropriate.

The key factors which could impact on whether it remains appropriate to continue to capitalise intangible assets or on the impairment considerations include:

- The availability of the necessary finance and hence the ability of the Company to continue as a going concern.

1. ACCOUNTING POLICIES (continued)

- The assumptions surrounding the perceived market sizes for the products and the achievable market share for the Company.
- The successful conclusion of licensing arrangements will serve as an indicator as to the likely success of the projects and, as such, any need for potential impairment.
- The level of upfront, milestone and royalty receipts will also serve as a guide as to the net present value of the assets and whether any impairment is required.

Impairment of assets

The directors have considered the carrying value of the Company's Intellectual Property and are satisfied that its recoverable value exceeds the current carrying value. Furthermore, an independent valuation was undertaken in the previous the year in respect of three of the company's products which are closest to market which confirmed the Board's view.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from future markets, it is determined using the valuation technique including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required to establish fair value. The judgments include considerations of inputs such as credit risk, liquidity risk and volatility. Changes in assumptions concerning these factors could affect the reported fair value of financial instruments.

Fair value of royalty liabilities

The royalty liability is calculated based using the royalty rate inherent in the original agreement the Company signed with the licensor when they acquired the Company's main patent. This agreement requires the Company to pay a royalty of 2.5 per cent. on all future sales that incorporate the main patent to the licensor. The liability has been calculated based on the projected sales forecasts for all products incorporating the main patent over the licence period, discounted to their present value. Management have made significant estimates in determining the fair value of this liability. The most significant of these estimates management have made relate to the Company's forecast market share and the weighted average cost of capital. Further details of these are given in note 6.21.

Going concern

The directors have considered the ability of the Company to continue as a going concern and this is considered to be the most significant estimate made by the directors in preparing the financial statements.

The ability of the Company to continue as a going concern is ultimately dependent upon the amount and timing of cash flows arising from the capitalisation of the Company's intellectual property. The directors consider it is appropriate for the financial information to be prepared on a going concern basis based on the estimates they have made, which are summarised under 1.3.

Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risks), credit risk and liquidity risk. Risk management focuses on minimising any potential adverse effect on the Company's financial performance and is carried out under policies approved by the board of directors. Further detail is given in note 6.21 to the financial information - Financial Instruments.

1. STATEMENTS OF COMPREHENSIVE INCOME

		<i>Year ended 31 December 2011 £'000</i>	<i>Year ended 31 December 2010 £'000</i>	<i>Year ended 31 December 2009 £'000</i>
	<i>Notes</i>			
Revenue	6.1	91	172	193
Cost of sales		—	—	—
		<u>91</u>	<u>172</u>	<u>193</u>
Gross profit				
Administrative expenses				
– Normal		(849)	(1,335)	(836)
– Amortisation of intangible assets		(697)	(664)	(649)
– Shared based payments		(376)	(436)	(369)
Total administrative expense		<u>(1,922)</u>	<u>(2,435)</u>	<u>(1,854)</u>
Other operating income		—	—	25
		<u>(1,831)</u>	<u>(2,263)</u>	<u>(1,636)</u>
Operating loss	6.4			
Finance costs	6.3	(1,458)	(1,019)	(157)
		<u>(3,289)</u>	<u>(3,282)</u>	<u>(1,793)</u>
Loss before tax				
Tax	6.5	5	31	66
		<u>(3,284)</u>	<u>(3,251)</u>	<u>(1,727)</u>
Loss for the year and total comprehensive income				
		<u><u>(3,284)</u></u>	<u><u>(3,251)</u></u>	<u><u>(1,727)</u></u>
Loss per share				
– Basic and diluted	6.6	<u>(3.66)p</u>	<u>(5.21)p</u>	<u>(3.03)p</u>

2. BALANCE SHEETS

		<i>As at</i>	<i>As at</i>	<i>As at</i>
		<i>31 December</i>	<i>31 December</i>	<i>31 December</i>
		<i>2011</i>	<i>2010</i>	<i>2009</i>
	<i>Notes</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
ASSETS				
Non-current assets				
Intangible assets	6.7	7,810	8,198	8,757
		<u>7,810</u>	<u>8,198</u>	<u>8,757</u>
Current assets				
Trade and other receivables	6.9	95	75	36
Cash and cash equivalents	6.10	389	6	82
		<u>484</u>	<u>81</u>	<u>118</u>
Total assets		<u><u>8,294</u></u>	<u><u>8,279</u></u>	<u><u>8,875</u></u>
Liabilities				
Current liabilities				
Trade and other payables	6.11	875	1,597	1,009
Loan notes	6.13	652	2,948	2,049
Total current liabilities		<u>1,527</u>	<u>4,545</u>	<u>3,058</u>
Non-current liabilities				
Other payables	6.12	1,381	1,131	1,061
Total liabilities		<u><u>2,908</u></u>	<u><u>5,676</u></u>	<u><u>4,119</u></u>
Equity				
Called-up share capital	6.15	993	670	617
Share premium account	6.16	20,122	14,755	14,146
Merger reserve	6.17	10,210	10,210	10,210
Warrant reserve	6.17	1,435	1,253	2,186
Retained earnings	6.18	(27,374)	(24,285)	(22,403)
		<u>5,386</u>	<u>2,603</u>	<u>4,756</u>
Total Equity and Liabilities		<u><u>8,294</u></u>	<u><u>8,279</u></u>	<u><u>8,875</u></u>

3. CONSOLIDATED CASH FLOW STATEMENTS

		<i>Year ended 31 December 2011 £'000</i>	<i>Year ended 31 December 2010 £'000</i>	<i>Year ended 31 December 2009 £'000</i>
Cash flows from operating activities				
Cash outflow from operations	5.1	(1,500)	(1,017)	(498)
Tax credit received		5	29	66
Net finance charges paid		(1,133)	(763)	–
Net cash used in operating activities		<u>(2,628)</u>	<u>(1,751)</u>	<u>(432)</u>
Cash flows from investing activities				
Capitalisation of development expenditure		(308)	(105)	(203)
Net cash used in investing activities		<u>(308)</u>	<u>(105)</u>	<u>(203)</u>
Cash flows from financing activities				
Shareholders' loan – repayment		(21)	(898)	–
Shareholders' loan – drawdown		2,279	2,016	120
Issue of equity shares		1,061	662	584
Net cash from financing activities		<u>3,319</u>	<u>1,780</u>	<u>704</u>
Increase/(decrease) in cash and cash equivalents		383	(76)	69
Cash and cash equivalents at beginning of year		6	82	13
Cash and cash equivalents at end of year		<u>389</u>	<u>6</u>	<u>82</u>

Cash and cash equivalents comprise bank account balances.

4. STATEMENTS OF COMPREHENSIVE INCOME

	<i>Share capital £'000</i>	<i>Share premium £'000</i>	<i>Merger reserve £'000</i>	<i>Warrant reserve £'000</i>	<i>Retained deficit £'000</i>	<i>Total £'000</i>
Balance at 1 January 2009	563	13,116	10,210	2,120	(20,979)	5,030
Loss and total comprehensive income	–	–	–	–	(1,727)	(1,727)
Transactions with owners						
– Issue of share	54	1,030	–	–	–	1,084
– Options granted	–	–	–	369	–	369
– Options exercised/lapsed	–	–	–	(303)	303	–
Transactions with owners	<u>54</u>	<u>1,030</u>	<u>–</u>	<u>66</u>	<u>303</u>	<u>1,453</u>
Balance at 31 December 2009	<u>617</u>	<u>14,146</u>	<u>10,210</u>	<u>2,186</u>	<u>(22,403)</u>	<u>4,756</u>
Balance at 1 January 2010	617	14,146	10,210	2,186	(22,403)	4,756
Loss and total comprehensive income	–	–	–	–	(3,251)	(3,251)
Transactions with owners						
Issue of share	53	609	–	–	–	662
– Options granted	–	–	–	436	–	436
– Options exercised/lapsed	–	–	–	(1,369)	1,369	–
Transactions with owners	<u>53</u>	<u>609</u>	<u>–</u>	<u>(933)</u>	<u>1,369</u>	<u>1,098</u>
Balance at 31 December 2010	<u>670</u>	<u>14,755</u>	<u>10,210</u>	<u>1,253</u>	<u>(24,285)</u>	<u>2,603</u>
Balance at 1 January 2011	670	14,755	10,210	1,253	(24,285)	2,603
Loss and total comprehensive income	–	–	–	–	(3,284)	(3,284)
Transactions with owners						
– Issue of shares	323	5,367	–	–	–	5,690
– Options granted	–	–	–	377	–	377
– Options exercised/lapsed	–	–	–	(195)	195	–
Transactions with owners	<u>323</u>	<u>5,367</u>	<u>–</u>	<u>182</u>	<u>195</u>	<u>6,066</u>
Balance at 31 December 2011	<u><u>993</u></u>	<u><u>20,122</u></u>	<u><u>10,210</u></u>	<u><u>1,435</u></u>	<u><u>(27,374)</u></u>	<u><u>5,386</u></u>

5. NOTES TO THE STATEMENTS OF CASH FLOWS

5.1 Cash outflow from operations

	<i>Year ended 31 December 2011 £'000</i>	<i>Year ended 31 December 2010 £'000</i>	<i>Year ended 31 December 2009 £'000</i>
Loss before tax	(3,289)	(3,282)	(1,793)
Depreciation of property, plant and equipment	–	–	7
Equity share based payment charge	376	436	369
Amortisation of trademarks and intellectual property	697	664	649
Finance costs	1,458	1,019	157
Operating cash flows before movement in working capital	(758)	(1,163)	(611)
Decrease/(Increase) in trade and other receivables	(20)	(39)	142
Increase/(Decrease) in trade and other payables	(722)	185	(29)
Net cash used in operating activities	<u>(1,500)</u>	<u>(1,017)</u>	<u>(498)</u>

6. NOTES TO THE FINANCIAL INFORMATION

6.1 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 have been identified as the board of executive directors as it is primarily responsible for the allocation of the resources to segments and the assessment of performance of the segments.

The executive board of directors monitor and then assess the performance of segments based on product type and geographical area using a measure of adjusted earnings before interest, taxes, depreciation and amortisation ("EBITDA"). This is the result of the segment after excluding the one off effects of 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 year ended 31 December 2011 is as follows:

	<i>3AEY</i>		<i>Animal Health</i>	<i>Co-Encapsulation</i>		<i>Total</i> £'000
	<i>Africa</i> £'000	<i>Unallocated</i> £'000	<i>USA</i> £'000	<i>Europe</i> £'000	<i>India</i> £'000	
Total segment revenue	6	2	68	13	2	91
Inter segment revenue	–	–	–	–	–	–
Revenue from external customers	<u>6</u>	<u>2</u>	<u>68</u>	<u>13</u>	<u>2</u>	<u>91</u>
Adjusted EBITDA	–	(758)	–	–	–	(758)
Amortisation	–	(697)	–	–	–	(697)
Depreciation	–	–	–	–	–	–
Share based payments	–	(376)	–	–	–	(376)
Other operating income	–	–	–	–	–	–
Net Finance costs	–	(1,459)	–	–	–	(1,459)
Income tax	–	5	–	–	–	5
Loss for the year	<u>–</u>	<u>(3,284)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(3,284)</u>
Total assets	<u>–</u>	<u>8,293</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>8,293</u>
Total assets includes:						
Additions to non-current assets	–	308	–	–	–	308
Total liabilities	<u>–</u>	<u>2,802</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,802</u>

6.1 Segmental Reporting – continued

The segment information for the year ended 31 December 2010 is:

	3AEY			Nematodes	Data Sharing	Total £'000
	Europe £'000	Africa £'000	Unallocated £'000	USA £'000	Europe £'000	
Total segment revenue	17	38	–	80	37	172
Inter segment revenue	–	–	–	–	–	–
Revenue from external customers	17	38	–	80	37	172
Adjusted EBITDA	–	–	(1,163)	–	–	(1,163)
Amortisation	–	–	(664)	–	–	(664)
Depreciation	–	–	–	–	–	–
Share based payments	–	–	(436)	–	–	(436)
Other operating income	–	–	–	–	–	–
Net Finance costs	–	–	(1,019)	–	–	(1,019)
Income tax	–	–	31	–	–	31
Loss for the year	–	–	(3,251)	–	–	(3,251)
Total assets	–	–	8,280	–	–	8,280
Total assets includes:						
Additions to non-current assets	–	–	105	–	–	105
Total liabilities	–	–	5,676	–	–	5,676

The segment information for the year ended 31 December 2009 is:

	3AEY			Encapsulation	Total (restated) £'000
	UK £'000	Africa £'000	Unallocated £'000	USA £'000	
Total segment revenue	30	69	–	94	193
Inter segment revenue	–	–	–	–	–
Revenue from external customers	30	69	–	94	193
Adjusted EBITDA	–	–	(636)	–	(636)
Amortisation	–	–	(649)	–	(649)
Depreciation	–	–	(7)	–	(7)
Share based payments	–	–	(369)	–	(369)
Other operating income	–	–	25	–	25
Net Finance costs	–	–	(157)	–	(157)
Income tax	–	–	66	–	66
Loss for the year	–	–	(1,727)	–	(1,727)
Total assets	–	–	8,876	–	8,876
Total assets includes:					
Additions to non-current assets	–	–	203	–	203
Total liabilities	–	–	4,119	–	4,119

6.1 Segmental Reporting – continued

The segment information for the year ended 31 December 2009 is:

During 2011 there were no significant revenues derived from within the 3AEY segment.

Revenues of £nil (2010: £16,667; 2009: £30,000) are derived from a single external customer, LHS Institute, from within the 3AEY segment.

Revenues of £nil (2010: £38,000; 2009: £69,065) are derived from a single external customer, Environmental Solutions North Africa Limited, from within the 3AEY segment.

Revenues of £15,109 (2010: £nil; 2009: £nil) are derived from 2 customers from within the Co-Encapsulation segment.

Revenues of £68,387 (2010: £nil; 2009: £nil) are derived from a single external customer, TEVA, from within the Animal Health segment.

Revenues of £nil (2010: £80,518; 2009: £nil) are derived from a single customer, from within the Nematodes segments.

The Company's platform technology, yeast glucan encapsulation, is another business segment for which the company is currently negotiating with a number of potential licensing partners.

6.2 Employees and Directors

	2011 £'000	2010 £'000	2009 £'000
Directors' remuneration	327	268	75
Social security costs	16	5	7
Directors' fees	50	15	85
Compensation for loss of office	–	–	30
	<u>393</u>	<u>288</u>	<u>197</u>
Share based payment charge relating to executive directors	<u>246</u>	<u>–</u>	<u>338</u>

Staff costs, including executive directors' remuneration, are included within administrative expenditure in the Statement of Comprehensive Income. The executive directors are considered to also be the key management personnel of the Company.

The average monthly number of employees, including executive directors, during the year:

	2011	2010	2009
Management	<u>5</u>	<u>5</u>	<u>6</u>

Details of charges incurred with related parties with respect to management services are set out in note 6.20.

	2011 £'000	2010 £'000	2009 £'000
Directors' remuneration	327	268	75
Directors' fees	–	15	85
Compensation for loss of office	–	–	30
	<u>327</u>	<u>283</u>	<u>190</u>
Non-executive director's fees	<u>50</u>	<u>63</u>	<u>63</u>
Total directors' emoluments	<u>377</u>	<u>346</u>	<u>253</u>
Share based payment charge relating to all directors	<u>246</u>	<u>15</u>	<u>369</u>

6.2 Employees and Directors – continued

None of the directors are accruing benefits under Company pension schemes (2010: none; 2009: none).

During the year the remuneration of the highest paid director was £135,000 (2010: £95,413; 2009: £95,417).

6.3 Net Finance Costs

	2011 £'000	2010 £'000	2009 £'000
Finance costs:			
Exchange variance	–	3	–
Bank interest and finance fees	1,180	760	–
Interest on shareholders' loans	75	185	157
Other payables – unwinding on discount	203	71	–
Net finance costs	<u>1,458</u>	<u>1,019</u>	<u>157</u>

6.4 Operating Loss

The operating loss is stated after charging:

	2011 £'000	2010 £'000	2009 £'000
Other operating leases	–	9	8
Depreciation – owned assets	–	–	7
Profit on disposal of property, plant and equipment	–	–	(4)
Amortisation of trademarks, intellectual property, and development costs	696	664	649
Auditors' remuneration	20	20	21
Previous auditors' remuneration for non-audit work – taxation and corporate finance	–	31	11
Research and development costs	–	25	35
Directors' emoluments	377	346	253
Equity share based payment charge	<u>377</u>	<u>436</u>	<u>369</u>
	2011 £'000	2010 £'000	2009 £'000
Grant Thornton LLP fees in respect of the audit of the parent and consolidated accounts	20	20	–
Baker Tilly UK Audit LLP fees in respect of the audit of the parent and consolidated accounts	–	–	21
Total audit fees	<u>20</u>	<u>20</u>	<u>21</u>
Baker Tilly UK Audit LLP provided the following services:			
Tax services	–	4	6
Corporate finance services	–	27	5
Total non-audit fees	<u>–</u>	<u>31</u>	<u>11</u>

6.5 Tax

Analysis of the tax credit

	2011 £'000	2010 £'000	2009 £'000
Current tax:			
Research and development credit	5	31	66
Total audit fees	<u>5</u>	<u>31</u>	<u>66</u>

Corporation tax

No tax charge arises on the results for the year. Tax losses carried forward amount to approximately £17m (2010: £13.5m; 2009: £10.8m). The tax credit represents the research and development tax credit received for the year ended 31 December 2011.

Factors affecting the tax charge

The UK standard rate of corporation tax is 26.50 per cent. (2010: 28 per cent.; 2009: 28 per cent.). Current tax assessed for the financial year as a percentage of the loss before taxation is nil (2010: nil; 2009: nil).

The differences are explained below:

	2011 £'000	2011 %	2010 £'000	2010 %	2009 £'000	2009 %
Standard rate of corporation tax in the UK		27.0		28.0		29.0
Loss before tax at standard rate of tax	(872)		(919)		(502)	
Effects of:						
Losses carried forward	642	20.0	756	23.0	287	16.0
Other expenses not deductible for tax purposes	230	7.0	163	5.0	215	12.0
Research and development tax relief	<u>(5)</u>	<u>(1.0)</u>	<u>(31)</u>	<u>(1.0)</u>	<u>(66)</u>	<u>(3.7)</u>
Total current tax charge/(credit) and tax rate %	<u>(5)</u>	<u>(1.0)</u>	<u>(31)</u>	<u>(1.0)</u>	<u>(66)</u>	<u>(3.7)</u>
Deferred tax						
Unprovided deferred tax asset	<u>3,240</u>		<u>3,319</u>		<u>3,024</u>	

The unprovided deferred tax asset arises principally in respect of trading losses, together with other minor timing differences at 25 per cent. (2010: 26.5 per cent.; 2009: 28 per cent.) and has not been recognised due to the uncertainty of timing of future profits against which it may be realised.

6.6 Loss per Share

	2011	2010	2009
Loss per ordinary share (pence) – basic and diluted	<u>(3.66)</u>	<u>(5.21)</u>	<u>(3.03)</u>

Loss per share has been calculated on the net basis on the loss after tax of £3,284,000 (2010: loss £3,251,000 and 2009: £1,727,000) using the weighted average number of ordinary shares in issue of 89,641,547 (2010: 62,457,872 and 2009: 57,055,620).

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

6.7 Intangible Assets

	<i>Intellectual property</i> £'000	<i>Licences and trademarks</i> £'000	<i>Development costs</i> £'000	<i>Total</i> £'000
COST				
At 1 January 2009	9,653	290	1,752	11,695
Additions	–	–	203	203
At 1 January 2010	9,653	290	1,955	11,898
Additions	–	–	105	105
At 1 January 2011	9,653	290	2,060	12,003
Additions	–	129	179	308
At 31 December 2011	<u>9,653</u>	<u>419</u>	<u>2,239</u>	<u>12,311</u>
AMORTISATION				
At 1 January 2009	2,223	184	85	2,492
Charge for the year	495	29	125	649
At 1 January 2010	2,718	213	210	3,141
Charge for the year	495	29	140	664
At 1 January 2011	3,213	242	350	3,805
Charge for the year	496	29	171	696
At 31 December 2011	<u>3,709</u>	<u>271</u>	<u>521</u>	<u>4,501</u>
CARRYING AMOUNT				
At 31 December 2011	<u>5,944</u>	<u>148</u>	<u>1,718</u>	<u>7,810</u>
At 31 December 2010	<u>6,440</u>	<u>48</u>	<u>1,710</u>	<u>8,198</u>
At 31 December 2009	<u>6,935</u>	<u>77</u>	<u>1,745</u>	<u>8,757</u>

The amortisation charge is included within administration expenses. Intellectual property represents intellectual property in relation to use of encapsulated terpenes in agrochemicals. The remaining useful economic life of that asset is thirteen years.

An annual impairment review is undertaken by the board of directors using discounted cashflow forecasts. The result of this review was that the Intellectual Property is not impaired in respect of its carrying value.

An independent valuation was undertaken by PharmaVentures Limited in 2010 on a number of the Company's product programmes and the estimated future value exceeds the current carrying value.

The valuers used an industry-standard methodology that combines discounted cash flow projections with decision tree analysis to allow explicitly for development risk. For each programme an expected net present value was derived, which provides a measure of the programme's current economic value.

6.7 Intangible Assets – continued

The valuation was carried out on Eden's botrytis, powdery mildew and nematode products using third party information on the market sizes and based on assumptions with regard to the potential market share achievable.

The Estimated Net Present Value of 3AEY, Eden's lead botryticide product, alone exceeded the current carrying value of the Company's intellectual property.

The key assumptions used in completion of the valuation included:

- The projected market sizes for the key products which the Company is developing. These include a projected market of US\$214m for 3AEY, US\$100m for Powdery Mildew, and US\$296m for nematodes.
- The projected market share attainable by the Company. In preparing the valuation, a base projected market share growing to 5 per cent. of the relevant markets has been assumed.
- As the nature of the Company's revenue streams are a mixture of milestone payments, licence income and royalties, there are no specific projected growth rates used – the timing of the attainment of the milestones which are attainable on project by project basis is a key assumption in the forecasts.
- The discounted cash flows have assumed a discount factor of 9 per cent.
- All revenues have been projected to come from the cash generating units identified in the segmental reporting and Chairman's review, namely the key product lines of the Company.

6.8 Investments

	<i>2011</i> £'000	<i>2010</i> £'000	<i>2009</i> £'000
Carrying amount:			
At 1 January	–	100	100
At 31 December	–	100	100

The investment in subsidiary companies at book value comprises the following:

	<i>2011</i> £'000	<i>2010</i> £'000	<i>2009</i> £'000
Carrying amount:			
Eden Research Europe Limited	–	100	100
	–	100	100

The Company's investment in the capital of unlisted subsidiary and associated undertakings is as follows:

Company

Associated undertakings

Bioclinical Services Limited Dormant 30%
England

Bioclinical Services Limited is dormant and had no revenue or assets or liabilities at 31 December 2011 or 31 December 2010.

On 29 March 2011 Eden Research Europe Limited and Bioclinical Services Limited were dissolved. An impairment charge of £100 has been recognised in the financial statements.

6.9 Trade and Other Receivables

	2011 £'000	2010 £'000	2009 £'000
Current:			
Trade and other receivables	64	59	33
VAT recoverable	31	16	3
	<u>95</u>	<u>75</u>	<u>36</u>

The directors consider that the carrying value of trade and other receivables approximates to the fair value.

There are no debts impaired at 31 December 2011, 2010 or 2009. Details of debts past due but not impaired are given in note 6.21.

6.10 Cash and Cash Equivalents

	2011 £'000	2010 £'000	2009 £'000
Short term bank deposits	<u>389</u>	<u>6</u>	<u>82</u>

The carrying amount of these short term bank deposits approximates to the fair value.

6.11 Trade and Other Payables

	2011 £'000	2010 £'000	2009 £'000
Current:			
Trade payables	473	806	905
Other payables	234	652	31
Accruals and deferred income	168	139	73
	<u>875</u>	<u>1,597</u>	<u>1,009</u>

The directors consider that the carrying value of trade and other payables approximates to their fair value.

See note 6.21 for disclosure of the amount of trade payables denominated in foreign currency

The average credit period taken was 198 days in 2011, 231 days in 2010 and 396 days in 2009.

6.12 Non Current Liabilities

	2011 £'000	2010 £'000	2009 £'000
Other payables	<u>1,381</u>	<u>1,131</u>	<u>1,061</u>

Other payables relate to a non-executory contract which commits the Company to make royalty payments of 2.5 per cent. on all future sales that incorporate the main patent to the licensor. The liability has been calculated based on the projected sales forecasts for all products incorporating the main patent discounted to their present value.

6.13 Financial Assets and Liabilities

	Note	2011 £'000	2010 £'000	2009 £'000
Financial assets				
Other receivables	6.9	95	75	36
Cash and cash equivalents	6.10	389	6	82
		<u>484</u>	<u>81</u>	<u>118</u>
Financial liabilities				
Financial liabilities measured at amortised cost				
Non current:				
Other payables	6.12	<u>1,381</u>	<u>1,131</u>	<u>1,061</u>
Current:				
Loan notes	6.13	652	2,948	2,049
Trade and other payables	6.11	875	1,597	1,009
		<u>1,527</u>	<u>4,545</u>	<u>3,058</u>
		2011 £'000	2010 £'000	2009 £'000
Loan Notes				
Current:				
Loan notes:		<u>652</u>	<u>2,948</u>	<u>2,049</u>
		<u>652</u>	<u>2,948</u>	<u>2,049</u>

The debt carries an interest rate of 7.5 per cent. and there are no fixed terms for repayment.

The loan balance includes £651,717 (2010: £2,372,329; 2009: £1,153,452) which is secured by a fixed and floating charge over the Company's assets.

	£'000
Loan Notes	
Loan balance as at 1 January 2009	2,272
New loans issued in the year	120
Interest charged in the year	157
Loan notes repaid in the year	(500)
Loan balance as at 1 January 2010	2,049
New loans issued in the year	1,624
Interest charged in the year	173
Loan notes repaid in the year	(898)
Loan balance as at 31 December 2010	2,948
New loans issued in the year	2,278
Interest charged in the year	76
Loan notes repaid in the year	(21)
Loan notes converted in the year	(4,629)
Loan balance as at 31 December 2011	<u>652</u>

The loans converted during 2011 were converted into ordinary shares. In accordance with the Company's accounting policy these were converted at nil gain/nil loss.

6.14 Leasing Agreements

Minimum lease payments under operating leases recognised as an expense in the year:

	<i>2011</i> £'000	<i>2010</i> £'000	<i>2009</i> £'000
Property	<u>–</u>	<u>39</u>	<u>8</u>

At the balance sheet date the Company had outstanding commitments for future minimum lease payments under non-cancellable operating lease which full dues as follows:

	<i>2011</i> £'000	<i>2010</i> £'000	<i>2009</i> £'000
Within one year	<u>–</u>	<u>–</u>	<u>2</u>

Operating lease payments represent rentals payable by the Company for office properties.

6.15 Called up Share Capital

	<i>2011</i> £'000	<i>2010</i> £'000	<i>2009</i> £'000
Authorised 100,000,000 ordinary shares of £0.01 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Allotted and called up 99,303,596 ordinary shares of £0.01 each (2010: 67,028,351; 2009: 61,732,399)	<u>993</u>	<u>670</u>	<u>617</u>

During 2011 the following ordinary shares were issued by Eden Research plc:

<i>Date</i>	<i>Number of ordinary shares</i>	<i>Aggregate nominal value £'000</i>	<i>Issue Price £</i>	<i>Premium on issue £</i>	<i>Total share premium £'000</i>
19.01.11	4,400,000	44	0.125	0.115	506
19.01.11	1,557,849	16	0.13	0.12	187
15.02.11	10,000,000	100	0.20	0.19	1,900
30.06.11	16,317,396	163	0.18	0.17	2,774
		<u>323</u>			<u>5,367</u>

During the year the Company converted £550,000 loan notes into 4,400,000 ordinary shares in the Company at a price of 12.5p.

The number of £0.01 ordinary shares issued in the year totalled 32,275,245 (2010: 5,295,952; 2009: 5,419,125).

6.15 Called up Share Capital – continued

During 2010 the following ordinary shares were issued by Eden Research plc:

<i>Date</i>	<i>Number of ordinary shares</i>	<i>Aggregate nominal value £'000</i>	<i>Issue Price £</i>	<i>Premium on issue £</i>	<i>Total share premium £'000</i>
11.11.10	5,295,952	53	0.125	0.115	609

During 2009 the following ordinary shares were issued by Eden Research plc:

<i>Date</i>	<i>Number of ordinary shares</i>	<i>Aggregate nominal value £'000</i>	<i>Issue Price £</i>	<i>Premium on issue £</i>	<i>Total share premium £'000</i>
11.11.09	5,419,125	54	0.2	0.19	1,030

6.16 Share Premium Account

	<i>2011 £'000</i>	<i>2010 £'000</i>	<i>2009 £'000</i>
At 1 January	14,755	14,146	13,116
Premium on shares issued in the year	5,367	609	1,030
At 31 December	20,122	14,755	14,146

6.17 Reserves

	<i>Merger Reserve £'000</i>	<i>Warrant Reserve £'000</i>
At 1 January 2009	10,210	2,121
Increase – warrants/options granted	–	369
Transfer to retained earnings – warrants exercised or lapsed	–	(304)
At 1 January 2010	10,210	2,186
Increase – warrants/options granted	–	436
Transfer to retained earnings – warrants exercised or lapsed	–	(1,369)
At 1 January 2011	10,210	1,253
Increase – warrants/options granted	–	377
Transfer to retained earnings – warrants exercised or lapsed	–	(195)
At 31 December 2011	10,210	1,435

The merger reserve arose on the acquisition of a subsidiary undertaking in a prior year for which merger accounting was permitted under the Companies Act 2006. The warrant reserve represents the fair value of share options and warrants granted, and not exercised or lapsed, in accordance with the requirements of IFRS 2 Share Based Payment.

6.18 Retained Earnings

	2011 £'000	2010 £'000	2009 £'000
At 1 January	24,285	22,403	20,979
Loss for the year	3,284	3,251	1,727
Transfer from warrant reserve (note 6.17)	(195)	(1,369)	(303)
At 31 December	<u>27,374</u>	<u>24,285</u>	<u>22,403</u>

6.19 Capital Commitments

The Company had no capital commitments at 31 December 2011 (2010: £nil; 2009: £nil).

6.20 Related Party Disclosures

Related party transactions

There were no transactions between the Company and its subsidiary and associate during 2011, 2010 or 2009.

Disclosures required in respect of IAS 24 regarding remuneration of key management personnel are covered by the disclosure of directors' remuneration on note 6.2.

Transactions with other related parties are set out below:

During the year, the Company traded with A H Brooks, of which K W Brooks, a director, is a partner. The transactions in aggregate were as follows:

	2011 £'000	2010 £'000	2009 £'000
Rent	30	30	–
Provision of consulting services	62	60	38
Trade payable due at the year end	<u>19</u>	<u>5</u>	<u>15</u>

During the year, the Company traded with Battlebridge Group Limited, a shareholder, in respect of management consultancy, as follows:

	2011 £'000	2010 £'000	2009 £'000
Provision of management services	25	28	66
Trade payable due at the year end	<u>8</u>	<u>2</u>	<u>76</u>

During the year, the Company traded with Ricewood Limited, of which A Abrey, a director, is a director and shareholder, in respect of consultancy services, as follows:

	2011 £'000	2010 £'000	2009 £'000
Provision of consultancy services	15	42	15
Trade payable due at the year end	<u>17</u>	<u>34</u>	<u>4</u>

6.20 Related Party Disclosures – continued

During the year, the Company traded with Agri-Nova Technology Limited, of which C Newitt, a director, is a director and shareholder, in respect of marketing consultancy, as follows:

	2011 £'000	2010 £'000	2009 £'000
Provision of marketing consultancy	–	18	69
Trade payable due at the year end	–	–	12

During the year, the Company traded with Hawkhill Consultancy Limited, of which B Gill, a director, is a director and shareholder, in respect of director's fees, as follows:

	2011 £'000	2010 £'000	2009 £'000
Director's fees	50	52	35
Trade payable due at the year end	15	38	–

The directors regard all the transactions disclosed above as being on an arm's length basis and in the normal course of business.

At the year end, K Brooks, a director, was owed £nil (2010: £10,756; 2009: £10,000). This is for a loan that was made in 2008 that accrued interest at 7.5 per cent. but had no fixed terms for repayment. The loan and accrued interest was repaid in full during 2011.

Ricewood Limited, of which A Abrey, a director, is a director and shareholder, was owed £nil (2010: £8,100; 2009: £nil) at 31 December 2011. This was also a loan which was interest bearing at 7.5 per cent. with no fixed terms for repayment. The loan and accrued interest was repaid in full during 2011.

Liabilities include the following loans advanced by the shareholders of the Company:

	2011 £'000	2010 £'000	2009 £'000
Battlebridge Group Limited	–	516	355
Chukka Nominees Limited	–	–	22
Oxford Commercial Services Limited	–	1	1
Oxford Equities Limited	–	–	45
Oxford Capital Limited	652	2,372	1,153
Oxford Business Services Limited	–	56	52
Oxford Corporate Services Limited	–	3	3
Efford Nominees Limited	–	–	168

The 2011 figures are stated after the effect of new advances, loan repayments, interest charges and conversion of debt.

The loans carry an interest rate of 7.5 per cent. (2010: 7.5 per cent.) per annum and there are no fixed terms for repayment.

All loans with the exception of the loans received from Oxford Capital Limited are unsecured.

The Company is party to a guarantee and debenture entered into on 29 December 2008 whereby all sums due to Oxford Capital Limited are secured by a first fixed and floating charge over the assets of the Company.

6.21 Financial Risk Management, Objectives and Policies

Financial assets

	2011 £'000	2010 £'000	2009 £'000
Loan and receivables:			
Trade receivables	59	54	9
Allowance for doubtful debts	–	–	–
	<u>59</u>	<u>54</u>	<u>9</u>

Other financial assets comprise bank deposits and an immaterial amount of cash in bank current accounts.

The average credit period for sales of goods and services is 30 days. No interest is charged on overdue trade receivables. At 31 December 2011 trade receivables of £59,335 (31 December 2010: £53,741) were past due but are considered by the directors to be recoverable in full.

The Company's policy is to provide for doubtful debts based on estimated irrecoverable amounts determined by reference to specific circumstances and past default experience. At the balance sheet date the directors consider that no provision for doubtful debts is required and that there is no further credit risk.

Financial liabilities

	2011 £'000	2010 £'000	2009 £'000
Trade payables	473	806	905
Interest bearing convertible loans	652	2,948	2,049
Other loans	–	421	16
Other payables	<u>1,275</u>	<u>1,131</u>	<u>1,061</u>
	<u>2,400</u>	<u>5,306</u>	<u>4,031</u>

The carrying amount of trade payables approximates to fair value.

The average credit period on purchases of goods is 30 days. No interest is charged on trade payables. The Company has policies in place to ensure that trade payables are paid within the credit timeframe or as otherwise agreed.

The carrying amount of other payables relating to future royalty payments approximate total value. Further details are disclosed in note 6.12.

Details of the interest bearing loans are disclosed in note 6.13 to the financial information. The Company currently finances their operations partly through these borrowings. The Company borrow in pounds sterling generally at fixed interest rates.

Credit risk

As explained above, the directors consider there is no material exposure to credit risk at the reporting date.

Currency risk

The Company publishes its financial statements in pounds sterling and conducts some of its business in US dollars, Norwegian Kroner and Euros. As a result, it is subject to foreign currency exchange risk due to exchange movements, which will affect the Company's transaction costs and translation of the results. No financial instruments are utilised to manage risk and currency gains, and losses are charged to the Statement of Comprehensive Income as incurred. At the year end, the Company had the following net foreign currency balances in liabilities.

6.21 Financial Risk Management, Objectives and Policies – continued

	2011 £'000	2010 £'000	2009 £'000
US dollars	22	19	36
Euro	152	222	407
Norwegian Kroner	83	85	83
	<u>257</u>	<u>326</u>	<u>526</u>

Liquidity risk

Short-term flexibility is achieved by shareholder loans. The interest rate profile and maturity profile of financial liabilities is set out below:

The interest rate profile of the Company's financial liabilities at 31 December 2011 was:

	Total £'000	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities on which no interest is paid £'000
Sterling				
2011	2,105	–	652	1,453
2010	5,351	–	3,368	1,983
2009	3,593	–	1,815	1,778
Euro				
2011	152	–	–	152
2010	222	–	–	222
2009	407	–	250	157
US Dollars				
2011	22	–	–	22
2010	19	–	–	19
2009	37	–	–	37
Norwegian Kroner				
2011	83	–	–	83
2010	85	–	–	85
2009	83	–	–	83
		<i>Weighted average interest rate %</i>	<i>Weighted average period for which rate is fixed Years</i>	<i>Weighted average period until maturity Years</i>
Sterling				
2011		7.5	1.0	1.0
2010		7.5	1.0	1.0
2009		7.5	1.0	1.0
Euro				
2011		–	–	–
2010		–	–	–
2009		8.0	1.0	1.0

All the Euro, US Dollar and Norwegian Kroner liabilities are held with in trade creditors and are non-interest bearing.

6.21 Financial Risk Management, Objectives and Policies – continued

Maturity of financial liabilities

The maturity profile of the Company's financial liabilities at 31 December was as follows:

	2011 £'000	2010 £'000	2009 £'000
In one year or less, or on demand	2,970	4,181	2,970
In more than one year but not more than two years	7	23	7
In more than two years but not more than five years	228	461	228
In more than five years	826	641	826
	<u>4,031</u>	<u>5,306</u>	<u>4,031</u>

Liquidity risk is managed by regular monitoring of the Company's undrawn borrowing facilities, levels of cash and cash equivalents, and expected future cash flows, and availability of loans from shareholders.

Market price risk

The Company's exposure to market price risk comprises interest rate and currency risk exposures. It monitors these exposures primarily through a process known as sensitivity analysis. This involves estimating the effect on results before tax over various periods of a range of possible changes in interest rates and exchange rates. The sensitivity analysis model used for this purpose makes no assumptions about any interrelationships between such rates or about the way in which such changes may affect the economies involved. As a consequence, figures derived from the Company's sensitivity analysis model should be used in conjunction with other information about the Company's risk profile.

The Company's policy towards currency risk is to eliminate all exposures that will impact on reported results as soon as they arise. This is reflected in the sensitivity analysis, which estimates that five and ten percentage point increases in the value of sterling against all other currencies would have had minimal impact on results before tax.

On the other hand, the Company's policy is to accept a degree of interest rate risk as long as the effects of various changes in rates remain within certain prescribed ranges. On the basis of the Company's analysis, the only financial liabilities held by the Company are loans which are subject to a fixed rate of interest. As such it is considered that any increases in interest rates would not have had an impact on the Company's loss before tax for the year.

Capital risk management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Company seeks to enhance shareholder value by capturing business opportunities as they develop. To achieve this goal, the Company maintains sufficient capital to support its business.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions.

The Company looks to maintain a reasonable debt position by repaying debt or issuing equity, as and when it is deemed to be required.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2011, 2010 and 2009.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio between 20 per cent. and 35 per cent. The Company includes within net debt, interest bearing loans and borrowings, a loan from a venture partner, trade and other payables, less cash and cash equivalents.

6.21 Financial Risk Management, Objectives and Policies – continued

	2011 £'000	2010 £'000	2009 £'000
Borrowings	652	2,948	2,049
Less: Cash and cash equivalents	(389)	(6)	(81)
Net debt	263	2,942	1,968
Total equity	5,385	2,603	4,756
Total capital	5,648	5,545	6,724
Gearing ratio	5%	53%	29%

The decrease in gearing ratio at 31 December 2011 resulted from the decreased borrowings and increase in cash.

6.22 Share Based Payment

Share Options

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

	2011 <i>Weighted average exercise price (pence)</i>	2011 <i>Number</i>	2010 <i>Weighted average exercise price (pence)</i>	2010 <i>Number</i>	2009 <i>Weighted average exercise price (pence)</i>	2009 <i>Number</i>
Outstanding at the beginning of the year	26	3,370,000	28	5,725,612	34	6,141,974
Granted during the year	14	4,200,000	10	470,000	26	2,600,000
Exercised during the year	–	–	–	–	–	–
Lapsed during the year	18	(725,000)	27	(2,825,612)	38	(3,016,362)
	<u>20</u>	<u>6,845,000</u>	<u>26</u>	<u>3,370,000</u>	<u>28</u>	<u>5,725,612</u>

The exercise price of options outstanding at the end of the year ranged between 9p and 60p (2010: 9p and 60p) and their weighted average contractual life was 3.1 years (2010: 2.6 years; 2009: 2.7 years). None of the options have vesting conditions.

The weighted average share price (at the date of exercise) of options exercised during the year was nil p (2010: nil p; 2009: nil p).

The weighted average fair value of each option granted during the year was 14p (2010: 10p; 2009: 26p).

The share based payment charge for the year was £375,919 (2010: £436,084; 2009: £369,269).

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

	2011	2010	2009
Equity-settled			
Option price model used	Black Scholes	Black Scholes	Black Scholes
Weighted average share price at grant date (pence)	14	12	28
Exercise price (pence)	20	26	26
Weighted average contractual life (days)	1,147	951	1,825
Expected volatility	64.4%	64.4%	73.6%
Expected dividend growth rate	–	–	–
Risk-free interest rate	4.43%	4.43%	4.43%

Expected volatility is calculated based on historic share price movements.

6.22 Share Based Payment – continued

Warrants

	2011		2010		2009	
	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)	Number
Outstanding at the beginning of the year	15	7,757,849	21	3,330,582	26	5,680,582
Granted during the year	17	802,431	14	6,582,849	–	–
Exercised during the year	14	(2,113,405)	–	–	–	–
Lapsed during the year	25	(350,000)	30	(2,155,582)	20	(2,350,000)
	<u>15</u>	<u>6,096,875</u>	<u>15</u>	<u>7,757,849</u>	<u>21</u>	<u>3,330,582</u>

The exercise price of warrants outstanding at the end of the year ranged between 13p and 21p (2010:13p and 25p; 2009:18p and 37p) and their weighted average contractual life was 1.5 years (2010: 2.4 years; 2009: 0.6 years). None of the warrants have vesting conditions.

The weighted average share price (at the date of exercise) of warrants exercised during the year was 14p (2010: nil p; 2009: nil p).

The weighted average fair value of each warrant granted during the year was 17p (2010: nil p; 2009: nil p).

6.23 Reconciliation of Movement in Equity

	2011 £'000	2010 £'000	2009 £'000
Loss for the financial year	(3,284)	(3,251)	(1,727)
Issued share capital	323	53	54
Share premium arising on new share capital subscribed	5,367	609	1,030
Increase in Warrant reserve on grants in the year	377	436	369
Net additions/(deductions) from equity	<u>2,783</u>	<u>(2,153)</u>	<u>(274)</u>
Opening equity	2,603	4,756	5,030
Closing equity	<u>5,386</u>	<u>2,603</u>	<u>4,756</u>
Equity interests	<u>5,386</u>	<u>2,603</u>	<u>4,756</u>

6.24 Subsequent Events

On 16 April 2012, the Company announced that it had raised an additional £950,000 by way of convertible loans post 31 December 2011.

On 25 April 2012, the Company converted all outstanding loans, which at that date amounted to £1,601,717 together with accrued interest and finance charges of £589,163 into 10,954,401 ordinary shares at a price of 20p per ordinary share.

On 25 April 2012, the Company issued 786,164 ordinary shares to the University of Massachusetts Medical School, USA in accordance with the Global Licence agreement dated 27 October 2011.

PART IV

ADDITIONAL INFORMATION

1. The Company

- 1.1 The Company is incorporated and trades under the name Eden Research plc.
- 1.2 The Company is domiciled in the United Kingdom and was incorporated and registered in England and Wales on 22 June 1995 as a private limited company with the name Energiser Limited and registered number 3071324. The Company re-registered as a public limited company with the name Energiser plc on 30 May 1996. On 27 July 1998, the name of the Company was changed to XIMED Group plc, and on 27 November 2003 the name of the Company was changed to Eden Research plc.
- 1.3 The liability of the members of the Company is limited.
- 1.4 The Company was incorporated under the 1985 Act and is governed by the Act.
- 1.5 The Company's registered office is located at The Hawk Creative Business Park, The Hawkhills Estate, Easingwold, York YO61 3FE. The Company uses Keble House, Church End, South Leigh, Witney, Oxfordshire, OX29 6UR as its head office. The telephone number of the Company's head office is +44 (0) 1993 862761.
- 1.6 The Company has no administrative, management or supervisory bodies other than the Board, the remuneration committee, the audit committee, and the AIM compliance committee the nominations committee, all of whose members are Directors.
- 1.7 The Company's auditors for the year ended 31 December 2009 were Baker Tilly Audit LLP and for the two years ended 31 December 2011 were Grant Thornton UK LLP, both firms being chartered accountants registered with the Institute of Chartered Accountants in England and Wales.

2. Securities being admitted

- 2.1 The Ordinary Shares are ordinary shares of 1 pence each in the capital of the Company and were issued in Sterling.
- 2.2 The Ordinary Shares may be held in certificated form or under the CREST system, which is a paperless settlement procedure enabling securities to be evidenced and transferred, otherwise than by a written instrument in accordance with the CREST Regulations. The Registrars are responsible for keeping the Company's register of members.
- 2.3 The voting rights and dividend rights attaching to the Ordinary Shares, are set out in paragraphs 6.2 and 6.9 (respectively) of this Part IV.
- 2.4 Section 561 of the Act gives the Shareholders pre-emption rights on any issue of shares by the Company to the extent not disapplied by a special resolution passed pursuant to section 570 of the Act. Details of the current section 570 of the Act disapplication are set out in paragraph 2.8 below.
- 2.5 The Ordinary Shares have no right to share in the profits of the Company other than through a dividend, distribution or return of capital; further details of which are set out in paragraph 6.9 below.
- 2.6 Each Ordinary Share is entitled on a *pari passu* basis with all other issued Ordinary Shares to share in any surplus on a liquidation of the Company.
- 2.7 The Ordinary Shares have no redemption or conversion provisions.

- 2.8 The Directors are currently authorised to allot and issue shares pursuant to:
- (a) an ordinary resolution passed on 21 June 2011 authorising the Directors pursuant to section 551 of the Act to allot Ordinary Shares with an aggregate nominal value of up to £1,170,138; and
 - (b) a special resolution passed on 21 June 2011 authorising the Directors pursuant to section 570 of the Act to allot ordinary shares for cash pursuant to the authority referred to in 2.8(a) above as if section 561(1) of the Act did not apply to such allotment,

such authorities to expire at the conclusion of the next annual general meeting of the Company.

- 2.9 The Ordinary Shares are freely transferable provided that such shares are fully paid, the Company has no lien over such shares, the instrument of transfer is duly stamped, is in favour of not more than four joint transferees and is in respect of only one class of shares.
- 2.10 The Ordinary Shares will be subject to the City Code. Under Rule 9 of the City Code ("**Rule 9**"), any person, or group of persons acting in concert, who acquires, whether by a series of transactions over a period of time or not, an interest in shares which taken together with shares in which persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the City Code, or any person who, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, is normally required by the Panel to make a general offer in cash to acquire the remaining shares in the company to all its shareholders at not less than the highest price paid by him or any persons acting in concert with him within the preceding twelve months. Rule 9 is subject to a number of dispensations.
- 2.11 In addition, in the event an offeror acquires at least nine-tenths in value of the issued share capital of the Company to which the offer relates the offeror may in accordance with the procedure set out in section 979 of the Act require the holders of any shares he has not acquired to sell them subject to the terms of the offer, and such Shareholders may in turn require the offeror to purchase such shares on the same terms.
- 2.12 No person has made a public takeover bid for the Company's issued share capital in the financial period to 31 December 2011 or in the current financial period.
- 2.13 Each Shareholder is required pursuant to Disclosure and Transparency Rule 5 of the Disclosure and Transparency Rules of the FSA, to notify the Company when he acquires or disposes of a major proportion of the voting rights of the Company equal to or in excess of 3 per cent. of the nominal value of that share capital.

3. Share Capital of the Company

- 3.1 The authorised and issued share capital of the Company as at 31 December 2011 was as follows:

<i>Authorised share capital</i>		<i>Issued and fully paid up share capital</i>	
£	<i>Number of Ordinary Shares</i>	£	<i>Number of Ordinary Shares</i>
2,000,000	200,000,000	993,035.96	99,303,596

- 3.2 The authorised and issued share capital of the Company as at the date of this document and at Admission is as follows:

<i>Authorised share capital</i>		<i>Issued and fully paid up share capital</i>	
£	<i>Number of Ordinary Shares</i>	£	<i>Number of Ordinary Shares</i>
2,000,000	200,000,000	1,110,441.61	111,044,161

- 3.3 The par value of each Ordinary Share is 1 pence.

- 3.4 The Company has no issued Ordinary Shares that are not fully paid up.
- 3.5 During the period covered by the financial information set out in Part III of this document the Company made the following allotments of Ordinary Shares:
- (a) On 11 November 2009 the Company issued and allotted 5,419,125 Ordinary Shares of 1 pence each at a share premium of £0.19 per share.
 - (b) On 11 November 2010 the Company issued and allotted 5,295,952 Ordinary Shares of 1 pence each at a share premium of £0.125 per share.
 - (c) On 19 January 2011 the Company issued and allotted 4,400,000 Ordinary Shares of 1 pence each at a share premium of £0.125 per share.
 - (d) On 19 January 2011 the Company issued and allotted 1,557,849 Ordinary Shares of 1 pence each at a share premium of £0.13 per share.
 - (e) On 15 February 2011 the Company issued and allotted 10,000,000 Ordinary Shares of 1 pence each at a share premium of £0.20 per share.
 - (f) On 29 June 2011 the Company issued and allotted 16,317,396 Ordinary Shares of 1 pence each at a share premium of £0.18 per share.
 - (g) On 25 April 2012 the Company issued and allotted 11,740,565 Ordinary Shares of 1 pence each at a share premium of £0.19 per share.
- 3.6 Save as disclosed in paragraphs 3, 4 and 11 of this Part IV:
- (a) no share or loan capital of the Company has been issued or is proposed to be issued;
 - (b) there are currently no outstanding convertible securities, exchangeable securities or securities with warrants issued by the Company;
 - (c) there are no shares in the Company not representing capital;
 - (d) there are no shares in the Company held by or on behalf of the Company itself or by subsidiaries of the Company;
 - (e) there are no acquisition rights and/or obligations over authorised but unissued share capital of the Company and the Company has made no undertaking to increase its share capital;
 - (f) no person has any preferential or subscription rights for any share capital of the Company;
and
 - (g) no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.

4. Terms of the Options and Warrants

4.1 Options by the Company

As at the date of this document, the total number of Ordinary Shares in respect of which Options were granted which have not lapsed and remain outstanding is 6,845,000, representing 6.16 per cent. of the issued share capital of the Company following Admission, the details of which are set out below:

<i>Option Holder</i>	<i>Option in respect of no. of Ordinary Shares</i>	<i>Exercise Price</i>	<i>Date of Grant</i>	<i>Option Period Date</i>
<i>Directors</i>				
A Abrey	450,000	£0.26	19/05/2009	19/05/2014
	1,050,000	£0.13	17/01/2011	16/01/2016
B Gill	100,000	£0.26	19/05/2009	19/05/2014
	500,000	£0.13	17/01/2011	16/01/2016
K Brooks	900,000	£0.26	19/05/2009	19/05/2014
	1,100,000	£0.13	17/01/2011	16/01/2016
C Newitt	450,000	£0.13	17/01/2011	16/01/2016
	150,000	£0.26	19/05/2009	19/05/2014
<i>Others</i>				
J Edmonds	50,000	£0.47	17/07/2008	17/07/2012
W Juhasz	250,000	£0.60	07/02/2008	07/02/2013
P Kendall	150,000	£0.60	01/07/2008	01/07/2013
S O'Brien	100,000	£0.26	19/05/2009	19/05/2014
	200,000	£0.18	17/08/2011	19/05/2014
R Sims	25,000	£0.34	19/10/2006	19/10/2012
T Murphy	20,000	£0.10	01/11/2010	01/11/2013
C Livingston	350,000	£0.13	17/01/2011	16/01/2016
G Ostroff	550,000	£0.18	01/03/2011	01/03/2014
	450,000	£0.10	06/10/2010	06/10/2014

The principal terms of the standard form agreements pursuant to which the Options were granted are as follows:

- (a) Save as otherwise provided in the option agreement an Option may be exercised at any time in whole or in part during the option period and to the extent that an Option remains unexercised at the end of the option period, it shall forthwith lapse and cease to be exercisable.
- (b) In order to exercise an Option the Executive (as defined in the option agreement) must, during the option period, have provided to the Company:
 - (i) a duly completed option notice served at the Company's registered office (or such other address as the Company has notified in writing to the Executive);
 - (ii) a cheque or bankers draft for the aggregate price payable in respect of all the Options to which the option notice relates (being the number of Ordinary Shares specified in the option notice multiplied by the option price).
- (c) An Option shall be deemed not to have been exercised in respect of any Ordinary Shares until the Company has received both an option certificate, an option notice and payment in full of the price payable in respect of such Ordinary Shares.
- (d) Where an option is exercised in part only an option certificate for the balance of Ordinary Shares will be issued by the Company to the Executive.
- (e) The Company shall as soon as practicable after the exercise of an Option allot and issue the relevant Ordinary Shares to the Executive.

- (f) The rights attaching to Ordinary Shares issued pursuant to the option agreement shall be governed by the Company's Articles and save as may be provided therein such shares shall rank *pari passu* in all respects with the ordinary shares then already in issue.
- (g) The Company shall at all times maintain sufficient unissued Ordinary Shares to satisfy its obligations under the option agreements.

4.2 Warrants

As at the date of this document, the total number of Ordinary Shares in respect of which Existing Warrants were granted by the Company which have not lapsed and remain outstanding is 6,501,875 representing approximately 5.86 per cent. of the issued share capital of the Company following Admission, details of which are set out below:

<i>Existing Warrant Holder</i>	<i>Existing Warrants in respect of no. of Ordinary Shares</i>	<i>Grant Date</i>	<i>Exercise period expiry date</i>	<i>Exercise Price</i>
R Marffy	75,000	21/10/2007	21/10/2013	£0.21
R Keeler	25,000	21/10/2007	21/10/2013	£0.21
R Norman	225,000	21/10/2007	21/10/2013	£0.21
White Alp JF	375,000	21/10/2007	21/10/2013	£0.21
R Norman	150,000	31/12/2007	31/12/2012	£0.13
T Griffiths	250,000	01/07/2010	31/12/2012	£0.20
S Reel	250,000	30/04/2010	30/04/2013	£0.20
Intellectuals AS	1,000,000	30/09/2010	30/06/2013	£0.125
Investments AS	500,000	30/09/2010	30/06/2013	£0.125
White Knight	3,000,000	30/09/2010	30/06/2013	£0.15
S Reel	200,000	08/02/2011	08/02/2014	£0.15
M Rowan	46,875	15/03/2011	15/03/2014	£0.16
C Goodfellow	50,000	01/01/2012	01/08/2014	£0.20
White Alp Nominees	125,000	01/01/2012	01/08/2014	£0.20
K Watkins	35,000	01/01/2012	01/08/2014	£0.20
J Nichols	20,000	01/01/2012	01/08/2014	£0.20
D Purdie	50,000	01/01/2012	01/08/2014	£0.20
A Law	25,000	01/01/2012	01/08/2014	£0.20
R Keeler	60,000	01/01/2012	01/08/2014	£0.20
G Bell	40,000	01/01/2012	01/08/2014	£0.20

The principal terms of the warrant deeds pursuant to which the Existing Warrants were granted are as follows:

- (a) The Existing Warrants granted shall be exercisable in whole or part or in parts at any time and from time to time up to the third anniversary of the date of the warrant deed. To the extent that the Existing Warrant has not been exercised by such third anniversary of the date of the warrant deed, it shall lapse.
- (b) The Existing Warrants shall be exercised in whole or in part or parts at any time and from time to time during its exercise period by giving to the secretary of the Company a written notice exercising the Existing Warrant (in the form of the notice of exercise) signed on behalf of the Existing Warrant Holder specifying the number of Ordinary Shares in respect of which the Existing Warrant is to be exercised and accompanied by the aggregate exercise price of the Ordinary Shares in respect of which the Existing Warrant is being exercised.
- (c) Upon such exercise the Company shall issue to the Existing Warrant Holder the Ordinary Shares in respect of which the Existing Warrant has been exercised within 5 working days of receipt by the Company of the notice of exercise. Such shares shall on issue rank *pari passu* in all respects with the Company's existing Ordinary Shares save as regards any rights attaching by reference to a record date prior to the receipt of the relevant notice of exercise. The Company shall make application for trading and/or listing for the Ordinary Shares so issued

on all stock exchanges (if any) on which its other issued ordinary share capital is then traded and/or listed with effect from the earliest practicable date after the date of issue.

- (d) The Company shall at all times keep available sufficient unissued Ordinary Shares to satisfy the valid exercise of the Existing Warrants granted under the warrant deeds.
- (e) The Existing Warrants may not be assigned by the Existing Warrant Holders in whole or in part.
- (f) The Company has agreed, conditional on Admission, to grant to Zeus Capital, Zeus Warrants to subscribe for 200,000 Ordinary Shares at a price of 20p per Ordinary Share and 200,000 Ordinary Shares at a price of 30p per Ordinary Share exercisable for a period of 10 years from Admission. Further details relating to the Zeus Warrants are contained in paragraph 11.7 of Part IV of this document.

5. The Company

- 5.1 To the best of the knowledge of the Company, there are no persons who directly or indirectly control the Company, where control means owning 30 per cent. or more of the voting rights attaching to the share capital of the Company.
- 5.2 The Company is not aware of any arrangements which may at a subsequent date result in a change in control of the Company.
- 5.3 As at the date of this document, the Company has no subsidiaries (as defined in s1162 of the Act).
- 5.4 In consideration for entering into the Phytalexin licence agreement, summarised at paragraph 11.29 of this Part IV, the Company was granted a right to be issued with shares representing up to 20 per cent. of the entire enlarged issued share capital of Phytalexin. As at the date of this document, such shares have not been issued.

6. Memorandum and Articles of Association

The Company's Articles of Association include provisions, *inter alia*, to the following effect:

6.1 Objects

The principal object and purpose is to carry out the business of a general commercial company. The Company's objects and purposes are set out in full in Clause 4 of the Memorandum of Association of the Company.

6.2 Votes of Members

Subject to any rights or restrictions as to voting attached to any class of shares, at any general meeting, on a show of hands, every member who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative, not being himself a member entitled to vote, has one vote and, in the case of a poll, every member present in person or by proxy has one vote for every share of which he is the holder.

No member is entitled to vote at a general meeting either personally or by proxy, in respect of any share held by him unless all moneys payable by him in respect of the shares have been paid.

6.3 General meetings of Shareholders

All general meetings which are not annual general meetings are deemed general meetings. General meetings may be called by Directors whenever they think fit or within 28 days of receipt of a requisition of members served in accordance with the Act. If there are insufficient Directors in the UK to form a quorum, any Director or two members may convene a general meeting, in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

An annual general meeting and a general meeting for the passing of a resolution requiring special notice shall be called by twenty-one clear days' notice at least and all other general meetings shall be called by at least fourteen days' notice.

6.4 **Class rights**

The special rights attached to any class of shares may, subject to any applicable law, be altered or cancelled with the sanction of a special resolution passed at a separate general meeting of the holders of shares of that class.

The provisions of the Articles applicable to general meetings apply mutatis mutandis to class meetings but the necessary quorum is two persons holding or representing by proxy not less than one third of the issued shares of that class except for an adjourned general meeting or where there is only one holder of the relevant class of shares in which case the quorum shall be that holder.

6.5 **Changes to share capital**

The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its shares into shares of a larger amount, cancel any shares not taken or agreed to be taken by any person and sub-divide its shares into shares of a smaller amount.

6.6 **Reduction of share capital**

Subject to the provisions of the Act, the Company may by special resolution (and, with court approval where required) reduce its issued share capital or any capital redemption reserve and any share premium account in any way subject to authority required by law. Subject to Part 18 of the Act, the Company may purchase its own shares.

6.7 **Directors**

- (a) The amount of any fees payable to Directors shall be such sum as may from time to time be approved by ordinary resolution. The Directors are also entitled to be repaid all expenses properly incurred by them respectively in the performance of their duties.
- (b) The Directors may establish and maintain or procure the establishment and maintenance of any non-contributory or contributory pension or superannuation funds for the benefit of, and give donations, gratuities, pensions, allowances or emoluments to, any persons who are or were at any time in the employment or service of the Company or any other company which is a subsidiary of the Company or is allied to or associated with the Company or any such subsidiary of any such other company ("**associated companies**") and the families and dependants of any such persons and the Directors shall have power to purchase and maintain insurance against liability for any persons who are or were at any time Directors, officers, employees or auditors of the Company, its associated companies and for trustees of any pension fund in which employees of the Company or its associated companies are interested.
- (c) The Directors may from time to time appoint one or more of their body to be the holder of any executive office (including the office of Chairman, Deputy Chairman, Managing Director or Chief Executive) on such terms and for such period as they may determine.
- (d) Subject to the provisions of applicable law and provided that he has disclosed to the Directors the nature and extent of any material interest of his, a Director notwithstanding his office:
 - (i) may be a party to, or otherwise interested in, any contract, transaction or arrangement with the Company or in which the Company is otherwise interested;
 - (ii) may be a Director or other officer of, or employed by, or a party to, any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested;
 - (iii) may hold any other office or place of profit under the Company (except that of auditor or auditor of a subsidiary of the Company) in conjunction with the office of Director and may act in a professional capacity to the Company on such terms as to remuneration and otherwise as the Directors may arrange; and
 - (iv) shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such contract, transaction or arrangement or from any interest in any such body corporate, and no such contract,

transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit.

- (e) A Director may vote and be counted in the quorum at the meeting in relation to any resolution in respect of any contract, transaction or arrangement or any other proposal whatsoever in which he has any material interest.
- (f) The Directors are not authorised by the Articles of Association for the purposes of section 175 of the Act to authorise any matter which would or might otherwise constitute or give rise to a breach of duty of a Director.
- (g) The Directors are not required to retire by rotation.

6.8 **Transfers of Ordinary Shares**

All transfers of Ordinary Shares may be effected by transfer in any usual form or in any other form acceptable to the Directors and shall be executed by or on behalf of the transferor and, if the Ordinary Share is partly paid, the transferee.

6.9 **Dividends**

There are no fixed dates on which a dividend entitlement arises. The Company may by ordinary resolution from time to time declare dividends to be paid to Shareholders, although the amount of the dividend cannot exceed the amount recommended by the Directors. In addition the Directors may pay interim dividends if justified by the profits of the Company available for distribution.

The dividend payment to each Shareholder shall be calculated proportionately to the amounts paid up on each issued Ordinary Share. All dividend payments shall be non-cumulative.

All unclaimed dividends may be used for the benefit of the Company until claimed and shall not attract interest. Any dividend which remains unclaimed twelve years after the date the dividend becomes due for payment shall, at the option of the Directors, be forfeited and shall revert to the Company.

There are no dividend restrictions attaching to the Ordinary Shares, provided they are fully paid up. Payments of dividends may be made by any method the Directors consider appropriate and on a cash dividend there are no special arrangements for non-resident Shareholders. The Directors may make such arrangements as they consider expedient in connection with a dividend payment in shares to deal with any legal or other difficulties that may arise in any territory in which non-resident shareholders are present.

6.10 **Rights of shares**

The Ordinary Shares rank *pari passu* as a class in terms of preference, restriction and all other rights.

6.11 **Takeovers**

Section 983 of the Act provides that if, within certain time limits, an offer is made for the Ordinary Shares of the Company, the offeror is entitled to acquire compulsorily any remaining Ordinary Shares if it has, by virtue of acceptances of the offer, acquired or unconditionally contracted to acquire not less than 90 per cent. in value of the Ordinary Shares to which the offer relates and in a case where the Ordinary Shares to which the offer relates are voting shares, not less than 90 per cent. of the voting rights carried by those Ordinary Shares. The offeror would effect the compulsory acquisition by sending a notice to outstanding Shareholders telling them that it will compulsorily acquire their Ordinary Shares and, six weeks from the date of the notice, pay the consideration for the Ordinary Shares to the Company to hold on trust for the outstanding Shareholders. The consideration offered to Shareholders whose Ordinary Shares are compulsorily acquired under the Act must, in general, be the same as the consideration available under the takeover offer.

Section 983 of the Act permits a minority Shareholder to require an offeror to acquire its Ordinary Shares if the offeror has acquired or contracted to acquire Ordinary Shares in the Company which amount to not less 90 per cent. in value of all the voting shares in the Company and carry not less

than 90 per cent. of voting rights. Certain time limits apply to this entitlement. If a Shareholder exercises its rights under these provisions, the offeror is bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

7. Directors' and Other Interests

- 7.1 As at the date of this document and as expected to be immediately following the Admission, the holdings of the Directors and their families in the share capital of the Company (i) which would have been required to be notified by the Company pursuant to Rule 17 of the AIM Rules for Companies; or (ii) which are holdings of a person connected (within the meaning of section 252 of the Act) with a Director which would, if the connected person were a Director, be required to be disclosed under (i) above and the existence of which is known to or could with reasonable diligence be ascertained by the Directors are as follows:

<i>Name</i>	<i>Number of Ordinary Shares</i>	<i>% of the issued ordinary share capital</i>	<i>Options</i>	<i>Existing Warrants</i>
Alex Abrey	155,940	0.14	1,500,000	Nil
Kenneth Brooks	1,486,566	1.34	2,000,000	Nil
Sir Ben Gill	469,181	0.42	600,000	Nil
Clive Newitt	179,095	0.16	600,000	Nil
Oxford Commercial Services Limited ¹	11,626	0.01	Nil	Nil

¹ Kenneth Brooks, a Director, is a director and shareholder of Oxford Commercial Services Limited.

- 7.2 As at 3 May 2012 (being the latest practicable date prior to the date of this document) and following Admission, save as disclosed in paragraph 7.1 above, the Company is not aware of any holding (within the meaning of the AIM Rules) in the Company's issued ordinary share capital which amounts or would, immediately following Admission, amount to 3 per cent. or more of the Company's issued ordinary share capital other than the following:

<i>Name</i>	<i>Number of Ordinary Shares</i>	<i>% of the issued ordinary share capital</i>
J M Finn Nominees Limited	10,442,695	9.40

- 7.3 The voting rights of the shareholders set out in paragraphs 7.1 and 7.2 do not differ from the voting rights held by other Shareholders.
- 7.4 Save as disclosed in the financial information set out in Part III of this document, there are no outstanding loans granted or guarantees provided by the Company to or for the benefit of any of the Directors, nor are there any outstanding loans or guarantees provided by the Directors to or for the benefit of the Company.
- 7.5 Save as disclosed in this paragraph 7 and in the financial information set out in Part III, no Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company during the current or immediately preceding financial year, or during any earlier financial year and which remains in any respect outstanding or unperformed.
- 7.6 Save as otherwise disclosed in this document, none of the Directors nor any member of their respective families nor any person connected with the Directors (within the meaning of section 252 of the Act) has any holding, whether beneficial or otherwise, in the Ordinary Shares of the Company.
- 7.7 None of the Directors nor any member of a Director's family is dealing in any related financial product (as defined in the AIM Rules for Companies) whose value in whole or in part is determined directly or indirectly by reference to the price of the Ordinary Shares, including a contract for differences or a fixed odds bet.

8. Directors' Service Agreements/Letters of Appointment

- 8.1 Pursuant to a contract of employment effective from 1 February 2010, Sir Ben Gill was appointed as the Company's Chairman with a salary of £50,000 per annum based on 16 hours per week. The notice period under this contract is 6 months and there is a possible discretionary bonus.
- 8.2 Pursuant to an amended contact of employment effective from 1 September 2011, Clive Newitt was appointed as the Company's Managing Director with a salary of £33,333 per annum based on 20 hours per week. The notice period under this contract is 6 months and there is a possible discretionary bonus.
- 8.3 Pursuant to an amended contact of employment effective from 1 September 2011, Kenneth Brooks was appointed as the Company's Executive Deputy Chairman with a salary of £60,000 per annum based on 20 hours per week. The notice period under this contract is 6 months and there is a possible discretionary bonus.
- 8.4 Pursuant to an amended contact of employment effective from 1 January 2011, Alex Abrey was appointed as the Company's Chief Financial Officer with a salary of £75,000 per annum based on 40 hours per week. The notice period under this contract is 6 months and there is a possible discretionary bonus.
- 8.5 Save as disclosed in paragraphs 8.1 to 8.4 above, there are no other service contracts, existing or proposed, between any Director and the Company.
- 8.6 Details of each Director who was in office during the Company's last financial year are set out below. The Directors are not required to retire by rotation.

<i>Name</i>	<i>Commencement of Period of Office</i>
Kenneth Brooks	25 June 1996
Alex Abrey	17 September 2007
Clive Newitt	17 September 2007
Sir Ben Gill	13 December 2007

9. Additional Information on the Board

- 9.1 The directorships (other than of the Company) and partnerships held by each of the Directors at the date of this document and in the past five years preceding the date of this document are as follows:

<i>Name</i>	<i>Current Directorships/Partnerships</i>	<i>Past Directorships/Partnerships</i>
Alex Abrey	Joken Limited 3DM Research Limited Ricewood Limited	Battlebridge Nominees Limited Battlebridge Telecommunications Limited Chukka Nominees Limited Clean Value Plastics Limited Lapley Nominees Limited Medical Waste Solutions Limited New Record Nominees Limited Optimum Security Services Limited Oxford Capital Limited R Network Solutions Limited WWC Securities Limited

<i>Name</i>	<i>Current Directorships/Partnerships</i>	<i>Past Directorships/Partnerships</i>
Kenneth Brooks	Ashken Limited Environmental Recycling Technologies Plc Fischer Education Project Limited Fischer Medical Project Limited Kenal Investments Limited Liberty Europe Network Limited Napier Property Limited Oxford Commercial Services Limited Oxford Maritime Limited Philip Tyler Plastics Limited Philip Tyler Polymers Limited Saccary Real Estate Limited Set4Success Limited Systems Biology Laboratory UK CIC	3DM Construction Limited 3DM Research and Development Limited 3DM Technologies Limited Advanced Digital Components Limited Battlebridge Capital Limited Bioclinical Services Limited Buccaneer Europe Limited Camco Corporation Limited Cognitive Enhancement Limited Eden Research Europe Limited Emissions Trading Worldwide Limited ERG Estates Limited Icon Biometrics Limited Insight Medical Writing Limited Interactive Mobile Limited Island Hospice and Bereavement Service (UK) K W Brooks & Co Limited Malo Inventions Limited Mediterranean Real Estate Company Limited Multimedia Television Limited OC Private Equity Limited Liability Partnership Oxford Business Group Limited Oxford Business Solutions Limited Oxford Capital Group Limited Oxford Health Limited Oxford Health Project Limited Oxford Innovative Ventures Limited Oxford Wine Investments Limited Saccary Insurance Consultancy Services Limited Springrise Solutions Limited TQP Technology Limited West Oxfordshire Estates Limited White Knight Capital Limited White Ocean UK Limited Winford KT Limited Worldwide Carbon Tax Trading Limited
Sir Ben Gill	Cawood Scientific Limited Countrywide Farmers Plc English Apples and Pears Limited Hawkhills Consultancy Limited Herefordshire 20/20 John Innes Foundation Hereford 20/20 Ltd. Meritas Developments Limited The Hawk Creative Business Park Limited Visit Herefordshire Ltd	Emissions Trading Worldwide Limited

<i>Name</i>	<i>Current Directorships/Partnerships</i>	<i>Past Directorships/Partnerships</i>
Clive Newitt	Agri-Nova Technology Limited Anadiag UK Limited Gaia RDV Limited TerpeneTech Limited Zea Sciences Limited	Eden Research Europe Limited Natrocell Shareholders Limited Natrocell Technologies Limited

9.2 Save as disclosed above or in paragraphs 9.3 to 9.6 none of the Directors has:

- (a) any unspent convictions in relation to indictable offences;
- (b) had any bankruptcy order made against him or entered into any voluntary arrangements;
- (c) been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;
- (d) been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
- (e) been the owner of any assets or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
- (f) been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or
- (g) been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a Company.

9.3 Alex Abrey was appointed as a director of Medical Waste Solutions Limited ("MWS") on 30 July 2007 and resigned on 29 January 2009. MWS was placed into administration on 17 April 2009 and creditors voluntary liquidation on 6 August 2009.

9.4 Kenneth Brooks was appointed as a director of Medical Waste Solutions Limited ("MWS") on 3 August 2007 and resigned on 16 March 2009. MWS was placed into administration 17 April 2009. Mr Brooks was appointed as a director of Medipharma plc on 14 July 1998 and resigned on 17 October 2003. Medipharma was placed into administration on 12 December 2003.

9.5 On 18 November 2009, Environmental Recycling Technologies plc ("Environmental") was censured by the AIM Disciplinary Committee of the London Stock Exchange. Kenneth Brooks was a director of Environmental at the time of the censure and remains a director.

The censure was imposed on Environmental in respect of breaches of the AIM Rules during the period from July 2007 to June 2008 (the "Relevant Period"). The relevant breaches can be summarised as follows:

- Environmental raised funds in July 2007 by way of a placing for the purpose of paying off a significant loan (for the purposes of this section only, the "Loan"). Prior to this date, the Loan had been paid down by issuing shares to the lender, resulting in the dilution of existing shareholdings and market impact as the issued shares were sold by the lender following their issuance.
- Due to uncertainty as to the outstanding amount of the Loan and Environmental's failure to meet its trading expectations in 2007, Environmental did not in fact use the fundraising proceeds to pay off the Loan. Instead, Environmental used the funds raised for working capital purposes and to pay off pre-existing debt (unrelated to the Loan); and continued to pay down the Loan via share issuances.
- Throughout the Relevant Period, Environmental failed to inform the market of the material underperformance of its business (compared with the prior financial period and its internal

expectations), the alternative use of the placing proceeds or the continued share expectations), the alternative use of the placing proceeds or the continued share issuances to pay down the Loan. Environmental also made certain announcements which misleadingly suggested that the Loan would be or had been repaid, when in reality the funds raised for that purpose were used for other purposes.

- The Company failed to submit the required applications or to liaise appropriately with the London Stock Exchange regarding the admission of the issued shares to trading on AIM or to make associated announcements required under the AIM Rules.
- Environmental failed to liaise appropriately with its nominated adviser in respect of the above matters during the Relevant Period.

9.6 Clive Newitt was appointed as a director of Natrocell Shareholders Limited (“NSL”) on 9 December 2008 and resigned on 22 June 2009. NSL was placed into administration on 24 June 2009. Mr Newitt was appointed as a director of Natrocell Technologies Limited (“NTL”) on 24 May 2007 and resigned on 22 June 2009. NTL was placed into administration on 17 August 2009 and creditors voluntary liquidation on 23 August 2010.

10. Employees

As at 30 December 2011, and save for the Directors details of whose employment are set out in paragraphs 8.1 to 8.4, the Company had no employees and has no employees at the date of this document.

11. Material Contracts

11.1 The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company prior to the date of this document and are, or may be, material (or contain provisions under which the Company has an entitlement or obligation which is material).

11.2 Admission Agreement

An agreement dated 4 May 2012 between the Company (1), the Directors (2) and Zeus Capital (3) (the “Admission Agreement”). The Admission Agreement is conditional upon, *inter alia*, Admission taking place on 11 May 2012 (or such later time and or date as the Company and Zeus may agree being not later than 31 May 2012).

The Admission Agreement contains certain warranties from the Company, from the Directors and an indemnity from the Company in favour of Zeus Capital together with provisions which enable Zeus Capital to terminate the Admission Agreement in certain circumstances prior to Admission including circumstances where any warranties are found to be untrue or inaccurate in any material respect. The liability of the Directors for breach of warranty is limited.

11.3 Lock-In and Orderly Marketing Agreement

A Lock-in and Orderly Marketing Agreement (“Lock-in”) dated 4 May 2012 has been entered into between the Company, Zeus Capital and Sir Ben Gill, Kenneth Brooks, Clive Newitt, Alex Abrey and Oxford Commercial Services Limited, pursuant to which they have each agreed with the Company and Zeus Capital that, save in certain limited circumstances allowed for under the AIM Rules, they shall not dispose of any interest in their Ordinary Shares for a period of 12 months from the date of Admission (the “Lock-In Period”). The Lock-in also contains certain provisions relating to the disposal of any interest in Ordinary shares for the 12 month period following the Lock-In Period.

11.4 Nomad Agreement

A nominated adviser agreement dated 4 May 2012 between the Company (1), the Directors (2) and Zeus Capital (3) pursuant to which the Company irrevocably and unconditionally appointed Zeus Capital to act as its nominated adviser (“NOMAD Agreement”) for the purposes of the AIM Rules. The Company agreed to pay Zeus Capital an annual retainer fee of £35,000 plus VAT for its services as nominated adviser. The fee is payable quarterly in advance together with any reasonable out-of-pocket expenses. The agreement contains standard warranties, undertakings and indemnities given

by the Company to Zeus Capital as well as various undertakings given by the Directors to Zeus Capital and the Company. The agreement is for a fixed period of one year from the date of the agreement and is terminable thereafter by either party on giving to the other not less than 3 months' notice in writing. The agreement also contains a list of various events which entitle each party to terminate the appointment forthwith on written notice.

11.5 **Broker Agreement**

A broker agreement dated 4 May 2012 between the Company (1), the Directors (2) and Zeus Capital (3) pursuant to which the Company irrevocably and unconditionally appointed Zeus Capital to act as its broker for the purposes of the AIM Rules. The Company agreed to pay Zeus Capital an annual retainer fee which is included in the fee detailed in the NOMAD Agreement (see paragraph 11.4 above). The agreement contains standard warranties, undertakings and indemnities given by the Company to Zeus Capital as well as various undertakings given by the Directors to Zeus Capital and the Company. The agreement is for a fixed period of one year from the date of the agreement and is terminable thereafter by either party on giving to the other not less than 3 months' notice in writing. The agreement also contains a list of various events which entitle each party to terminate the appointment forthwith on written notice.

11.6 **Zeus Capital Engagement Letter**

A letter of engagement dated 16 February 2012 from Zeus Capital to the Company confirming the basis on which Zeus Capital is to provide services to the Company in respect of the Admission. The Company has agreed to pay Zeus Capital the following fees: a corporate finance fee of £100,000 payable as to £10,000 per calendar month with the balance contingent upon and payable on Admission, together with the issue of warrants to Zeus Capital to subscribe (a) for 200,000 Ordinary Shares in the Company at a price of 20 pence per Ordinary Share, and (b) for 200,000 Ordinary Shares at a price of 30 pence per Ordinary Share.

The Company has also agreed to reimburse Zeus Capital for all usual costs, charges and other out of pocket expenses of, or incidental to, or incurred in connection with the engagement. Zeus Capital has agreed not to engage any professional advisers or incur any other costs, except with the prior agreement of the Company. In the event that consent to engage such third party is not agreed, Zeus Capital shall have the right to terminate the letter of engagement forthwith and in such circumstances all fees due to Zeus Capital accrued to the date of termination shall be payable.

The full corporate finance fee shall be payable by the Company to Zeus Capital if at any time whilst the letter of engagement remains in force and for a period of 12 months after it has come to an end by way of termination or otherwise the Company completes the Admission.

Zeus Capital may terminate the letter of engagement at any time if it concludes that the Company is not a suitable applicant for AIM. The engagement may also be terminated by either party on giving to the other not less than 1 month's prior written notice. The engagement will be terminated if the Admission has not completed within 12 months of the date of the letter.

11.7 **Zeus Warrant Deed**

A Warrant deed dated 4 May 2012 between the Company and Zeus Capital ("Zeus Warrant Deed") pursuant to which the Company granted 200,000 series A warrants and 200,000 series B warrants to Zeus Capital. The exercise prices of the series A and series B warrants are 20 pence per share and 30 pence per share respectively.

The Zeus Warrant granted shall be exercisable in whole or part or in parts at any time and from time to time from the date of Admission up to the tenth anniversary of the date of Admission. To the extent that Zeus Warrant has not been exercised by such tenth anniversary of the date of Admission, it shall lapse.

The Zeus Warrant shall be exercised in whole or in part or parts at any time and from time to time during its exercise period by giving to the Company a written notice exercising the Zeus Warrant (in the form of the notice of exercise specified in the Zeus Warrant Deed) signed on behalf of the Warrant Holder specifying the number of Ordinary Shares in respect of which the Zeus Warrant is to be

exercised and accompanied by the aggregate exercise price of the Ordinary Shares in respect of which the Zeus Warrant is being exercised.

Upon such exercise the Company shall issue to the Warrant Holder the Ordinary Shares in respect of which the Zeus Warrant has been exercised within 5 working days of receipt by the Company of the notice of exercise. Such shares shall on issue rank *pari passu* in all respects with the Company's Ordinary Shares save as regards any rights attaching by reference to a record date prior to the receipt of the relevant notice of exercise. The Company shall make application for trading and/or listing for the Ordinary Shares so issued on all stock exchanges (if any) on which its other issued ordinary share capital is then traded and/or listed with effect from the earliest practicable date after the date of issue.

The Company shall at all times keep available sufficient unissued Ordinary Shares to satisfy the valid exercise of the Zeus Warrant granted under the Zeus Warrant Deed.

The Zeus Warrant may be assigned by the Warrant Holder in whole or in part to any member of the Zeus Capital group of companies or to any employee or officer of or consultant to Zeus Capital.

- 11.8 An assignment dated 21 April 2004 entered into between the Company (1) and Dr Gary Ostroff ("GO") (2) pursuant to which GO assigned all rights relating to an invention entitled "Stabilization and Activation of Terpenes by loading into Yeast Glucan Particles" (for the purposes of this paragraph only, ("the Invention")), including the right to apply for and be granted a patent or patents in the Company's own name anywhere in the world. The Company agreed to pay GO, in consideration for the assignment, royalties of either 2.5 per cent. of sales of products incorporating the Invention by the Company or where such products incorporating the Invention are sold by a third party, 2.5 per cent. of royalties received by the Company from such third parties. Such royalties are payable provided any patent applications are pending or in force.
- 11.9 A tri-partite agreement dated 26 January 2006 entered into between the Company (1), Redestos (2) and Aeiforos (3) (the "TPA"), pursuant to which Aeiforos assigned the benefit of an option agreement dated 2 December 2005 entered into between the Company and Aeiforos to Redestos.
- 11.10 A licence agreement dated 26 January 2006 entered into between the Company (1) and Redestos (2) (the "Redestos LA") pursuant to which the Company granted Redestos an exclusive licence to use, *inter alia*, the methods claimed in Patents 1 to 5 for the production of terpenes and use of terpenes in the treatment of plant diseases and soil infestations in various countries (for the purposes of this paragraph only, the "Territory") (for the purposes of this paragraph only, the "Process") Redestos has permission to perform trials and register, *inter alia*, the products sold by them which have been manufactured utilising the Process (for the purposes of this paragraph only, "the Products") in the Territory, subject to the Redestos JDA (see paragraph 11.11 of this Part IV), and an exclusive licence to manufacture, use, sell or otherwise deal in the Products manufactured pursuant to the trials carried out in the Territory.

From the date of the commercial sales launch of each of the Products in each state within the Territory, Redestos shall pay to the Company a royalty of 17.5 per cent. of the net sales value of each Product during the first five years, and thereafter at a rate of 15 per cent. of the net sales value. The Redestos LA will terminate on the later of 21 December 2020 and the date on which the last of the Patents expires. The Company may also terminate the Redestos LA after five years, if Redestos fails to meet the minimum royalty levels for two consecutive years.

- 11.11 A joint development agreement dated 26 January 2006 between the Company (1) and Redestos (2) (the "Redestos JDA") pursuant to which both parties agreed to co-operate in the organisation of field trials and the registration of the Products in the Territory (as such terms are defined in paragraph 11.10 of this Part IV).

The Redestos JDA shall continue indefinitely as long as the Products are jointly developed.

- 11.12 A research collaboration agreement dated 4 December 2006 entered into between the Company (1) and Zagro (2) (the "RCA") pursuant to which the Company granted Zagro an exclusive licence to use certain intellectual property rights held by the Company as at the date of the RCA.

All intellectual property discovered or developed by the parties shall be owned jointly by the parties. The RCA will terminate on the earlier of 4 December 2026 or the life of the intellectual property rights. The Company can terminate the RDA or convert it to a non-exclusive licence on 60 days written notice if Zagro has not, within three years, commercialised any product arising out of their research.

- 11.13 A licence agreement dated 11 May 2007 between the Company (1) and Cheminova (2) (the "Cheminova LA") pursuant to which the Company granted Cheminova a sole and exclusive licence to use, *inter alia*, the methods claimed in Patents 1 to 4 for the production of terpenes and use of terpenes in the professional crop fungicidal applications of the formulation 3AEY (for the purposes of this paragraph only, "the Process") in certain countries (for the purposes of this paragraph only, "the Territory"), permission to perform trials and register, *inter alia*, the products sold by Cheminova which have been manufactured utilising the Process (for the purposes of this paragraph only, "the Products") in the Territory, and to manufacture, use, sell, distribute, market or otherwise deal in the Products anywhere in the Territory.

Cheminova has a right of first refusal to be granted an exclusive or non-exclusive licence or distribution rights in the Territory in respect of any agro chemical (excluding 3AEY) that has been developed or acquired by the Company within the Field of Use, and excluding nematicide applications.

Cheminova paid to the Company €500,000 upon the execution of the Cheminova LA, and €100,000 upon the occurrence of the completion of a study which demonstrated that the use of the Company's proprietary terpene formulation '3AEY' caused no appreciable taint to grape juice. Further milestone payments of €400,000 each (€1,600,000 in aggregate shall be paid to Eden) on completion of the registration by Cheminova of 3AEY in certain territories.

From the date of the commercial sales launch of each of the Products in each state within the Territory, Cheminova shall pay to the Company a country specific royalty of between 5 and 10 per cent. of the net sales value of each Product. The Cheminova LA will terminate on the later of 31 December 2022 and the date on which the last of the Patents 1 to 4 expires.

- 11.14 A geraniol data sharing agreement dated 3 December 2007 made between the Company (1) RCS Vienne (2) and LHS (3) ("DS Agreement") pursuant to which the parties agreed to share data accumulated by the Company which is considered necessary for the purpose of the inclusion of the geraniol as an active substance in the relevant annexes of the Plant Protection Products Directive ("PPPD") and the Biocidal Products Directive. The parties agreed subject to the terms and conditions set out below that the Company provides shared data and RCS Vienne and LHS purchase shared data for a range of fees as defined in the DS Agreement. The receiving parties have undertaken not to make the shared data available to any third parties without the written agreement of the Company. The parties have agreed that RCS Vienne and LHS have the right but not the obligation to purchase the shared data. The obligations in the DS Agreement expire on the agreement's tenth anniversary.

- 11.15 A licence agreement dated 4 December 2008 between the Company (1) and Lachlan (Kenya) (2) (the "LKL LA") pursuant to which the Company granted Lachlan (Kenya) an exclusive licence to use, *inter alia*, the methods claimed in Patents 1 to 4 for the production of terpenes and use of terpenes as professional applications and treatments for use in Food Crop Production and Floriculture (for the purposes of this paragraph only, "the Process") in certain countries (for the purposes of this paragraph only, "the Territory"), permission to perform trials and register, *inter alia*, the products sold by Lachlan (Kenya) which have been manufactured utilising the Process (for the purposes of this paragraph only, "the Products") in the Territory, and an exclusive licence to manufacture, use, sell or otherwise deal in the Products anywhere in the Territory.

Lachlan (Kenya) paid to the Company US\$100,000 upon the execution of the LKL LA, and will pay further milestone payments of US\$150,000 in total.

From the date of the commercial sales launch of each of the Products in each state within the Territory, Lachlan (Kenya) shall pay to the Company a country specific royalty of 10 per cent. of the net sales value of each Product. The LKL LA will terminate on the later of 4 December 2018 and the date on which the last of the Patents 1 to 4 expires. The Company can terminate the LKL LA if Lachlan (Kenya) becomes insolvent, has a change of control or if after the first year Lachlan (Kenya) fails to meet the minimum royalty levels for any year.

- 11.16 A guarantee and debenture dated 8 December 2008, made between the Company (1), Eden Research Europe Limited (a former subsidiary of the Company now dissolved) (2), (together the “Chargors”), and Oxford Capital Limited (3) (the “Lender”) pursuant to which each Chargor covenanted to pay or discharge to the Lender on demand any or all of the secured liabilities owing or incurred by such Chargor; and guaranteed to pay or discharge to the Lender on demand any or all of the secured liabilities owing or incurred by each other company (except as a Guarantor for the Chargor giving this covenant); and in either case to pay interest to the Lender upon any sum so demanded until payment (both before and after any judgement) at 3 per cent. above the rate applicable to that sum immediately before demand (or, if there was no such applicable rate, at 10 per cent. per annum).
- 11.17 A licence agreement dated 20 May 2009 between the Company (1) and ESNA (2) (the “ESNA LA”) pursuant to which the Company granted ESNA an exclusive licence to use, *inter alia*, the methods claimed in Patents 1 to 4 for the production of terpenes and use of terpenes for all professional crop applications of 3AEY or other terpene formulations as developed by the Company meaning all outdoor, and/or protected agricultural and/or horticultural crops (for the purposes of this paragraph only, “the Process”) in certain countries (for the purposes of this paragraph only, “the Territory”), permission to perform trials and register, *inter alia*, the products sold by ESNA which have been manufactured utilising the Process (for the purposes of this paragraph only, “the Products”) in the Territory, and an exclusive licence to manufacture, use, sell, or otherwise deal in the Products in the Territory.

ESNA paid to the Company £38,000 upon the execution of the ESNA LA, and was invoiced £38,000 upon the Chemical Regulations Directorate passing their final report and recommendation on 3AEY to the European Food Safety Authority and a further £34,000 upon the registration of any of the Products in the Territory for the first three registrations.

From the date of the commercial sales launch of each of the Products in each state within the Territory, ESNA shall pay to the Company a country specific royalty of 10 per cent. of the net sales value of each Product. The ESNA LA will terminate on the later of 20 May 2019 and the date on which the last of the Patents 1 to 4 expires. The Company can terminate the ESNA LA if ESNA becomes insolvent, has a change of control or if after the first year ESNA fails to meet the minimum royalty levels for any year.

- 11.18 A development option and licence agreement dated 16 December 2009 between the Company (1), TEVA (2), and Eden Research Europe Limited (3) (the “DOLA”) pursuant to which the Company granted TEVA an exclusive licence (“Development Licence”) within North America to develop medicated shampoo, topical spray and otic rinse/flush (for the purposes of this paragraph only, “the Products”) in the field of common bacteria, fungal and/or parasitic pathogens in canine, feline, bovine, swine or ovine, using the know-how of the Company and the certain of the Company’s patents (for the purposes of developing a commercially viable product).

The Company also granted TEVA an exclusive option to a licence to make, have made, use, sell offer or sale, import, export, commercial and market the Products in North America and in any one or more countries in the rest of the world. TEVA has paid to the Company an option fee of US\$150,000 and exercise fee of US\$100,000.

TEVA agreed to pay further milestones totaling US\$800,000.

From the date of the commercial sales launch of each of the Products, TEVA shall pay to the Company a country specific royalty of between 4 per cent. and 6 per cent. of the gross sales of each Product.

- 11.19 A licence agreement dated 12 March 2010 between the Company (1) and ECOstyle (2) (the “ECO LA”) pursuant to which the Company has granted ECOstyle an exclusive licence to use, *inter alia*, the methods claimed in the European and Norwegian members of Patent 1, the European member of Patent 3 and the European member of Parent 5 for the production of terpenes and use of terpenes in amateur gardening (hobby gardening) applications using 3AEY (for the purposes of this paragraph only, “the Process”) in certain countries (for the purposes of this paragraph only, “the Territory”), permission to perform trials and register, *inter alia*, the products sold by ECO LA which have been manufactured utilising the Process (for the purposes of this paragraph only, “the Products”) in the

European Union including EFTA, and an exclusive licence to manufacture, use, sell, or otherwise deal in the Products in the Territory.

ECOstyle paid to the Company US\$25,000 upon the execution of the ECO LA, and will pay further milestones totaling US\$215,000. From the date of the commercial sales launch of each of the Products, in any Territory, ECOstyle shall pay to the Company between €0.10 and €0.40 per sales unit of each Product on the first 100,000 units sold, and thereafter €0.10 per sales unit. The ECO LA will terminate on the later of 20 May 2024 and the tenth anniversary of the date of the first registration of a Product. The Company can terminate the ECO LA if ECOstyle becomes insolvent or if there is a change of control of ECOstyle.

11.20 A consultancy agreement dated 11 June 2010 between the Company (1) and Intellectuals AS (2) (“IAS”) (“IAS Consultancy”) whereby IAS is engaged to provide assistance and advice on strategic development, business development and commercial exploitation and negotiations. In return IAS receives 10 per cent. of all the Company’s gross turnover from all non-agrochemical receipts. The IAS Consultancy can be terminated by 3 months written notice after 1 January 2017.

11.21 An option agreement made between the Company (1) and Certis Europe (2) dated 22 June 2010 (“Certis Option Agreement”) pursuant to which in consideration of payment of the option grant price of US\$100,000 by Certis Europe to the Company, the Company granted Certis Europe an option to obtain an exclusive licence to the rights to develop, manufacture and market products in agreed territories. The products are those relating to agrochemical applications using the Company’s technology for nematocidal applications in outdoor protected crop production.

If Certis Europe fails to exercise its option properly within one year of the date of the agreement or fails through its default to enter into a licence within the time allowed the Certis Option Agreement shall terminate and the Company may retain the option grant price, and if paid, the option exercise price and shall have no further obligation to Certis Europe. This term was subsequently extended by an extension agreement to end on 31 December 2011 and informally extended after that date, pending negotiations.

11.22 A consultancy Agreement dated 1 February 2011, pursuant to which Gary Ostroff was engaged to provide the service of a scientific consultant to the Company.

Under the agreement Gary Ostroff will advise the Company in such a manner and at such times as the Company may reasonably require in return for a retainer of US\$1,000 per month. The consultancy agreement has a duration of 36 months.

11.23 An evaluation licence agreement dated 27 June 2011 made between the Company (1) and FMC (2) (“Evaluation Licence 1”) pursuant to which the Company agreed for a 12 month term to supply FMC with its nematocidal products and allow them to evaluate and develop those products in North America.

11.24 A licence agreement dated 15 September 2011 made between the Company (1) and Cornell (2) (“Cornell Agreement”) pursuant to which Cornell granted to the Company an exclusive licence under patent rights to make and have made, to use and have used, to sell and have sold, to offer for sale and to import and have imported licence products and to practice licensed methods in the field (plant disease control) worldwide during the term (which will end on the expiration of the longest-lived patent).

The Company paid Cornell a licence issue fee of US\$5,000 upon execution of the Cornell Agreement and agreed to pay a licence maintenance fee of US\$1,000 starting from 2013 and each subsequent year thereafter, as well as an earned royalty of 1 per cent. of net sales of licensed products by the Company and/or its affiliates. The Company agreed to pay royalties on all products that are either sold or produced under the granted licence regardless of whether such products are produced prior to the effective date or sold after the termination of the Cornell Agreement.

If notice of termination is sent to the Company the agreement will automatically terminate on the effective date of that notice. Termination will not relieve the Company of its obligation to pay any fees owed at the time of termination and will not impair any accrued right of Cornell. The Company has

the right at any time and for any reason to terminate the agreement upon 90 day's written notice to Cornell. The said notice must state the Company's reason for terminating the agreement.

- 11.25 A licence agreement dated 22 September 2011 made between the Company (1) and TerpeneTech (2) ("TERP Licence Agreement") pursuant to which the Company granted to TerpeneTech within the field of use (consumer biocide and agro-industrial biocide products limited to the applications listed in schedule 2 of the agreement), permission to proceed worldwide with trials and the registration of each product which is covered by the licence agreement, an exclusive licence to use the process worldwide to manufacture products and an exclusive licence to use, sell or otherwise deal in products manufactured under the licence anywhere worldwide in the field use.

TerpeneTech agreed to pay the Company a royalty on net sales of between 5 per cent. and 10 per cent. Unless terminated earlier, the TERP Licence Agreement will expire on the date of the last to expire of the patents, being 20 May 2024.

- 11.26 A marketing agreement dated 22 September 2011 made between the Company (1) and TerpeneTech (2) ("TERP Marketing Agreement") pursuant to which the Company granted to TerpeneTech permission to use the Company's dossier data for geraniol, eugenol and thymol for use in obtaining registration of their products worldwide within the field of use.

In consideration for access to the dossier data, TerpteneTech agreed to pay the Company 2.5 per cent. of TerpeneTech's total European Union net sales of the products and 1 per cent. on non European Union net sales of the products. Commission will be paid in respect only of those sales invoices of TerpeneTech which have been paid in full by purchasers except that where payment for purchases were made in instalments, the Company shall be entitled to be paid or allowed a proportion the commission on receipt by TerpeneTech of each such instalment.

Unless renewed the TERP Marketing Agreement is valid for ten years from the earlier of sales of the products or registration on a biocides list.

- 11.27 An exclusive licence agreement dated 19 October 2011 made between the Company (1) and UMMS (2) ("UM Agreement") pursuant to which UMMS granted the Company an exclusive worldwide royalty bearing licence in the patent rights to make, use and sell licence products in the field (the use of glucan particles for the delivery of terpenes in agricultural chemistry, animal health, household and beauty and hygiene applications including the delivery of terpenes as an active or coactive agent). UMMS retained the right to use the patent rights for academic research (including sponsored research), teaching and non-commercial patient care without payment of compensation to the Company. In partial consideration of the rights granted to the Company under the UM Agreement, the Company paid UMMS a licence fee of US \$200,000.

In terms of a royalty fee, the Company agreed to pay UMMS in respect of each royalty period a royalty of 2.5 per cent. on net sales made in each royalty period with a minimum royalty payment. This minimum payment is fixed at US\$100,000 on the 2nd anniversary of the UM Agreement and rises by US\$50,000 each subsequent year up to the 6th anniversary where the minimum payment will be \$300,000.

On or after the 7th anniversary of the UM Agreement, UMMS may terminate the agreement upon sixty days' written notice to the Company if actual annual royalties received by UMMS in the prior 12 months total in the aggregate less than US\$300,000. However, the Company has the right to keep the agreement in full force and effect upon payment to UMMS of US\$500,000 in cash or equity within 60 days of receipt of said termination notice.

The Company may terminate the UM Agreement for any reason upon 90 days' prior written notice to UMMS.

- 11.28 An evaluation licence agreement dated 7 February 2012 made between the Company (1) and FMC (2) ("Evaluation Licence 2") pursuant to which the Company agreed for an 18 month term to supply FMC with its nematocidal products with its nematocidal products and allow them to evaluate and develop those products in Latin America.

11.29 A licence agreement dated 19 March 2012, between the Company (1) and Phytalexin (2) (“Phytalexin Agreement”) pursuant to which the Company granted to Phytalexin, in relation to those products affecting humans only, permission to proceed worldwide with trials and the registration of each product which is covered by the Phytalexin Agreement, an exclusive licence to use the process worldwide to manufacture products and an exclusive licence to use, sell or otherwise deal in products manufactured under the licence anywhere worldwide.

Phytalexin agrees to pay the Company a royalty on net sales of 20 per cent. from the date of any commercial sales launch of the products covered by the Phytalexin Agreement until the later of 20 years from 14 March 2012, and the expiry of the last of the patents covered by the Phytalexin Agreement.

The Company paid £1 for the right to be issued with shares representing a 20 per cent. shareholding in Phytalexin, to be subject to an agreement in Phytalexin’s articles of association that such holding by the Company may not be diluted without the Company’s consent, such consent not to be unreasonably withheld.

Unless terminated earlier, the Phytalexin Agreement will expire on the later of 14 March 2032 and the expiry of the last to expire of the patents covered by the Phytalexin Agreement.

12. Environmental Issues

Save as otherwise set out in this document, neither the Company nor the Directors are aware of any environmental issues or risks affecting the Company.

13. Intellectual Property

Save as set out in paragraph 11 of Part IV of this document, the Company is not dependent on any patents, licences, industrial, commercial or financial contracts, the loss of which would have a material adverse effect on the Company’s business or profitability.

14. Related Party Transactions

Save as disclosed in Part III, for the years ended 31 December 2009 to 31 December 2011 (being the period covered by the historical financial information until the last practicable date prior to publication of this document) the Company has not entered into any related party transactions.

15. Litigation

There are no governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Company is aware) in which the Company is involved which may have or have had in the twelve months preceding the date of this document, a significant effect on the Company’s financial position or profitability.

16. No Significant Change

Save as disclosed in this document there has been no significant change in the financial or trading position of the Company since the end of the last financial period for which audited financial information has been published.

17. Working Capital

The Directors are of the opinion, having made due and careful enquiry that following Admission, the Company will have sufficient working capital for at least 12 months from the date of Admission.

18. Taxation

18.1 The following paragraphs are intended as a general guide only for Shareholders who are resident and ordinarily resident in the United Kingdom for tax purposes, holding Ordinary Shares as investments

and not as securities to be realised in the course of a trade, and are based on current legislation and UK Inland Revenue practice. They do not constitute advice and any prospective purchaser of Ordinary Shares who is in any doubt about his tax position, or who is subject to taxation in a jurisdiction other than the UK, should consult his own professional advisor immediately.

- 18.2 To the extent that a Shareholder acquires Ordinary Shares allotted to him, the Ordinary Shares so allotted will, for the purpose of tax on chargeable gains, be treated as acquired on the date of allotment. The amount paid for the Ordinary Shares will constitute the base cost of a Shareholder's holding.

If a Shareholder disposes of all or some of his Ordinary Shares, a liability to tax on chargeable gains may, depending on his circumstances, arise.

- 18.3 Unquoted ordinary shares representing minority interests in certain trading companies may be eligible for 100 per cent. business property relief which gives up to 100 per cent. exemption from Inheritance Tax. Therefore, where an investor makes a lifetime gift of shares or dies while still owner of the shares, there may be no inheritance tax payable in respect of the value of the shares, provided certain conditions are met. In particular the investor is required to have held the shares for two years before the date of transfer or death.

- 18.4 No stamp duty or stamp duty reserve tax ("SDRT") will generally be payable on the issue of the Ordinary Shares.

- 18.5 Under current UK legislation, no tax is withheld from dividend payments by the Company and consequentially, the Company accepts no responsibility for withholding taxes at source.

Dividends paid by the Company carry a tax credit of one ninth of the cash dividend or 10 per cent. of the aggregate of the cash dividend and associated tax credit. The rate of income tax payable on such dividends by a UK individual shareholder whose total income, including the dividend and the associated tax credit, falls within the threshold for basic rate tax is 10 per cent. Accordingly, the tax credit will discharge such shareholder's liability to UK income tax on the dividend. To the extent that the tax credit exceeds that shareholder's liability to UK income tax, such shareholder will not be entitled to claim payment of the excess from HM Revenue and Customs.

The rate of income tax payable on such dividends by a UK individual shareholder, whose total income, including the dividend and associated tax credit, falls within the 40 per cent. income tax band, is 32.5 per cent., which taking into account the 10 per cent. tax credit gives an effective rate of tax of 25 per cent. on the actual received dividend. For UK individuals in the 50 per cent. income tax band the effective rate is approximately 36 per cent.

A UK resident corporate shareholder should not be liable to corporation tax or income tax in respect of dividends received from the Company unless that company is carrying on a trade of dealing in shares.

Persons who are not resident in the UK should consult their own tax advisers on the possible application of such provisions and on what relief or credit may be claimed for any such tax credit in the jurisdiction in which they are resident.

These comments are intended only as a general guide to the current tax position in the UK as at the date of this Document. The comments assume that Ordinary Shares are held as an investment and not as an asset of financial trace.

If you are in any doubt as to your tax position, or are subject to tax in a jurisdiction other than the UK, you should consult your professional adviser.

19. General

- 19.1 The entire issued share capital of the Company was admitted to trading on PLUS on 7 August 1996. Other than the current application for Admission, the Ordinary Shares have not been admitted to

dealings on any recognised investment exchange nor has any application for such admission been made nor are there intended to be any other arrangements for dealings in the Ordinary Shares.

- 19.2 Jeffreys Henry LLP has given and not withdrawn its written consent to the inclusion in this document of reference to its name in the form and context in which it appears.
- 19.3 Zeus Capital Limited has given and not withdrawn its written consent to the inclusion in this document of reference to its name in the form and context in which it appears.
- 19.4 Where information has been sourced from a third party this information has been accurately reproduced. So far as the Company and the Directors are aware and are able to ascertain from information provided by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 19.5 The accounting reference date of the Company is 31 December.
- 19.6 Save as disclosed above no person directly or indirectly (other than the Company's professional advisors and trade suppliers or save as disclosed in this document) in the last twelve months has received or is contractually entitled to receive, directly or indirectly, from the Company on or after Admission (excluding in either case persons who are professional advisors otherwise than as disclosed in this document and persons who are trade suppliers) any payment or benefit from the Company to the value of £10,000 or more or securities in the Company to such value or any other benefit to such value nor has any such person or entered into any contractual arrangements to receive the same from the Company at the date of Admission.

20. Availability of Admission document

Copies of this document are available free of charge from the Company's registered office and at the offices of Zeus Capital Limited, 3 Ralli Courts, West Riverside, Manchester M3 5FT during normal business hours on any weekday (Saturdays and public holidays excepted) and shall remain available for at least one month after Admission for inspection at the Company's registered office.

Dated: 4 May 2012

