

The logo for Eden Research PLC features the word "EDEN" in a bold, black, sans-serif font. The letter "E" on the left and the "E" on the right are stylized with a green, wavy line passing through them, resembling a leaf or a natural element. The letter "D" is a standard block letter, and the "N" is also a standard block letter.

RESEARCH PLC

THE NATURAL SOLUTION

**EDEN**  
RESEARCH PLC  
THE NATURAL SOLUTION





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## COMPANY INFORMATION

### FOR THE YEAR ENDED 31 DECEMBER 2014

DIRECTORS:	A J Abrey K W Brooks T G Lupton S M Smith
SECRETARY:	Oxford Corporate Services Limited
REGISTERED OFFICE:	The Hawk Creative Business Park The Hawkhill Estate Easingwold York North Yorkshire YO61 3FE
REGISTERED NUMBER:	03071324 (England and Wales)
INDEPENDENT AUDITORS:	UHY Hacker Young 130 Aztec Aztec West Bristol BS32 4UB
BANKERS:	The Royal Bank of Scotland Plc Southern Corporate Office P O Box 391 40 Islington High Street London N1 8JX
SOLICITORS:	Gowlings (UK) LLP 15th Floor 125 Old Broad Street London EC2N 1AR
CORPORATE ADVISORS:	WH Ireland 24 Martin Lane London EC4R 0DR



## CHAIRMAN'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

### Introduction

2014 was another eventful year at Eden. It started positively with the announcement of a licensing agreement with Daymsa of Spain whereby Eden has granted access to its active substance dossiers to enable them to register their own insecticidal products. This is the first data sharing agreement that Eden has entered into which allows a third party to create products using the valuable data that we have generated in order to register our first agrochemical product, 3AEY, a Botryticide formulation. We believe that this agreement is the first of many which will provide a useful revenue stream and gives an indication of the inherent value of this data not only to us, but to others too.

Springtime saw the launch of the first products using Eden's GO-E micro-encapsulation technology in the biocides sector with our licensee, TerpeneTech, selling odour neutraliser and pet products into the personal use sector.

In May we said goodbye to my predecessor, Sir Ben Gill, who sadly passed away following a battle with cancer.

In August, Eden signed an evaluation agreement for its nematicide product with (now) Eastman Chemicals (formerly Taminco). Eastman is a significant entity and it is pleasing to see that Eden has caught the attention and imagination of such a well-known company.

The year ended in a flurry of activity, following the appointment of Sean Smith as Chief Executive Officer, with two exclusive licensing agreements being signed with Sumi-Agro France and Sipcam Italia/Iberia for 3AEY. Again, it is quite an accomplishment for a company of Eden's size to be taken seriously by companies that are part of the Sumitomo Corporation, a business which turns over \$3 billion.

In addition, the Company successfully completed a fund-raising and debt conversion which has resulted in Eden being debt free and with money in the bank.

I shall now provide you with a brief update on Eden's various commercial activities.

### EU approval process

In May 2013 the three active substances used in the Company's lead product, 3AEY, were approved for use in plant protection products by the European Commission under Regulation (EC) No. 1107/2009 within the EU and this approval came into effect on 1st December 2013.

Whilst the EU granted approval for Eden's three active substances, certain additional confirmatory data were requested to be submitted and this work is on-going and is due to be completed by 30th November 2015.

Separate to this, Eden applied in October 2013 to have 3AEY approved in the southern EU zone. In November 2014, Eden received the first draft of the review of that application from the authorities in Malta. It is expected that the approval of 3AEY will be granted imminently in Malta, which will then provide the other southern EU zone member states 120 days within which to grant their approvals.

Clearly these approvals are very significant to Eden as it will be the culmination of a number of years' work and will allow our licensees Sumi-Agro France, Sipcam and Lachlan (once the Kenyan authorities have granted their approval following the approval in Malta) the ability to sell 3AEY to their customers.



## CHAIRMAN'S REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

### 3AEY

3AEY, Eden's lead product; a terpene based fungicide, has been out-licensed to a number of parties for a variety of applications throughout the world.

The rights to 3AEY have been licensed, on an exclusive basis, to Sumi-Agro France (France) and Sipcarn (Italy and Spain). As has previously been announced, other Sumitomo group companies have also shown an interest in taking rights to 3AEY for certain territories and it is expected that further announcements will be made during the current year.

Once Malta has given its approval of 3AEY, Lachlan will be in a position to receive approval from the Kenyan authorities. This will allow sales there, primarily in the cut flower industry.

### Nematodes

Eden is currently in negotiations with a number of interested parties who are looking to take the rights to Eden's nematocidal product. The lead candidate is Eastman, with whom Eden is discussing terms for an agreement. It is expected that we will soon be able to update shareholders.

### Earlier stage Products

Eden is working with several potential partners to exploit early stage leads identified for the control of insect pests, such as Whitefly and Spider mites together with fungicidal applications to minimise post-harvest losses from spoilage organisms. Since the approval of its core three active substances, there have been renewed discussions with various parties to license these rights.

### Animal Health – Bayer

Eden continues to work closely with Bayer Animal Health to complete the development of GO-E, terpene-based products for the American pet care market. As reported last year, it is expected that these products will be available for sale in 2015 and we are pleased to report good progress has been made in achieving this target.

### Biocides

In 2014, TerpeneTech announced that it had successfully launched its first product, an odour neutraliser initially into the French market. TerpeneTech has made significant advances in the development and commercialisation of GO-E products since it signed its licence agreement with Eden and by the end of 2014 had launched a number of other products this year into the market.

The product sales by TerpeneTech have given rise to the first royalty payments to Eden, which were received in early 2015. Clearly this is a key milestone for a licensing company.

### Human health

Work is on-going to further develop and commercialise the Eden head-lice product. Other human health opportunities are being explored with potential licensing partners.



## CHAIRMAN'S REPORT

### (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

#### Encapsulation

GO-E continues to draw interest from a number of different market sectors and we are currently exploring a number of those opportunities. The likely benefits that GO-E brings to existing products in terms of patent protection, resistance management and sustained delivery of active substances are clear to see, which is why the Eden Intellectual Property (IP) base is inherently very valuable.

#### Intellectual Property ("IP")

A further four patents were granted in 2014 in Norway, South Korea, Canada and Mexico, which further strengthens our IP portfolio.

Eden also filed two new patents in 2014. The first is for the use of terpenes as preservatives and the second is for a sugar bait/terpene composition for use against mosquitos.

We are keen not only to maintain and exploit fully our existing IP portfolio, but, also to expand it where opportunities arise.

#### The Senior Management

During 2014 the management committee comprised:

Sir Ben Gill - Non-Executive Chairman (deceased 8th May 2014)

Tom Lupton - Non-Executive Director (Chairman with effect from 9th May 2014)

Ken Brooks - Executive Deputy Chairman (Non-Executive Director with effect from 1st September 2014)

Sean Smith – Chief Executive Officer (Appointed 1st September 2014)

Clive Newitt – Managing Director (Business Development Director with effect from 1st September 2014, deceased 16th February 2015)

Alex Abrey - Chief Financial Officer

Ken Brooks has given notice of his intention to retire from the Board at this years' AGM. We will have the opportunity at the AGM to thank Ken for his contribution to the Company over the last nineteen years.

#### Outlook

This year has already seen further changes at Eden. First, we were surprised and saddened by the untimely death of Clive Newitt who passed away on 16th February 2015. Clive was a key member of the Eden team and had been involved with us since 2005, before becoming a director in 2007. It is of great regret that he didn't get to see the conclusion of the regulatory approval and subsequent sales of 3AEY for which he worked so hard to help us achieve. He will be greatly missed by us all at Eden.

Moving forward, Eden has its new CEO, Sean Smith, who comes with a wealth of experience in both IP and the chemicals industry and who, I'm sure, will steer Eden to commercial success. Already, Sean has successfully overseen the conclusion of two important license agreements with Sumi-Agro France and Sipcam and the fund-raising and conversion of debt at the end of 2014 and he continues to bring opportunities to Eden which I believe will help to make 2015 a very successful year for your Company.

I wish him and all of his team at Eden every success and am confident that he will enable Eden to meet the high expectations that have been set.

**T G Lupton**  
**Chairman**  
**26th March 2015**



## REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2014

### DIVIDENDS

The loss for the year after taxation amounted to £2,969,468 (2013: £1,587,909). The directors are unable to recommend any dividend (2013: £nil).

### RESEARCH AND DEVELOPMENT

An indication of research and development activities is included within the Chairman's Review.

### FUTURE DEVELOPMENTS

An indication of future developments is included within the Chairman's Review.

### DIRECTORS

The directors during the year under review were:

K W Brooks  
 A J Abrey  
 C Newitt (Deceased 16th February 2015)  
 A B N Gill (Until his death on 8th May 2014)  
 T G Lupton  
 S M Smith (Appointed 1st September 2014)

At 31 December 2014 the directors had the following interests in share option schemes:

Date of grant	Expiry date	Exercise price £	Number at 1 January 2014	Granted in year	Exercised in year	Lapsed in year	Number at 31 December 2014
<b>KW Brooks</b>							
19/05/2009	19/05/2014	0.26	900,000	-	-	(900,000)	-
17/01/2011	16/01/2016	0.13	1,100,000	-	-	-	1,100,000
14/08/2014	19/05/2019	0.12	-	900,000	-	-	900,000
			2,000,000	900,000	-	(900,000)	2,000,000
<b>A J Abrey</b>							
19/05/2009	19/05/2014	0.26	450,000	-	-	(450,000)	-
17/01/2011	16/01/2016	0.13	1,050,000	-	-	-	1,050,000
14/08/2014	19/05/2019	0.12	-	450,000	-	-	450,000
			1,500,000	450,000	-	(450,000)	1,500,000
<b>C Newitt</b>							
19/05/2009	19/05/2014	0.26	150,000	-	-	(150,000)	-
17/01/2011	16/01/2016	0.13	450,000	-	-	-	450,000
14/08/2014	19/05/2019	0.12	-	150,000	-	-	150,000
			600,000	150,000	-	(150,000)	600,000
<b>A B N Gill</b>							
19/05/2009	19/05/2014	0.26	100,000	-	-	(100,000)	-
17/01/2011	16/01/2016	0.13	500,000	-	-	(500,000)	-
			600,000	-	-	(600,000)	-



## REPORT OF THE DIRECTORS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

### 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:

The Board currently comprises two executive directors and two non-executive directors. The 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 Tom Lupton as Chairman who 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. Ken Brooks is the other member of the Audit Committee; the Nomination Committee has Tom Lupton as Chairman 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. Ken Brooks is the other member of the Nomination Committee; the Remuneration Committee has Tom Lupton as Chairman 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. Ken Brooks is the other member of the Remuneration Committee; the AIM Compliance Committee has Tom Lupton 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.

	Revised Total Holdings	% of Enlarged Share Capital
Ken Brooks	2,319,269	1.50%
Clive Newitt	323,947	0.21%
Alex Abrey	528,160	0.34%
Tom Lupton	403,333	0.26%



## REPORT OF THE DIRECTORS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### AUDITORS

A resolution to reappoint UHY Hacker Young will be proposed at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

**A J Abrey - Director**  
**26th March 2015**



## STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

### REVIEW OF BUSINESS

The review of this year's business activities is as set out in the Chairman's Report.

The key performance indicators of the business are that of the development of the Company's products and the management of its cash position.

The registration of the Company's first product, 3AEY, for use as a pesticide in Europe will not only be a key milestone in terms of its commercialisation but also of future products as the three active substances that are being registered are the basis of Eden's future product portfolio.

Further commercialisation of Eden's products and encapsulation technologies through licensing and option agreements also serve as a key indicator to the Company's performance.

Successful trial results are also significant in the showing the commerciality of the intellectual property.

The Company has capitalised £0.5m (2013: £0.2m) of development expenditure in the year which is a reflection of the continued development of the Company's products.

Cash is managed by tightly controlling the Company's creditor position and through the provision of convertible shareholder loans.

The decrease in the shareholder loans during the year reflects the on-going management of the Company's cash position.

The progress of the development of the Company's products is measured against internally set timescales as well as against the regulatory process which will result in the registration of products. The Chairman's Review contains an update regarding this progress.

### KEY FINANCIAL PERFORMANCE INDICATORS

Revenue in 2014 consisted of charges made for samples and consultancy to other existing and potential licenses. Revenue in 2014 was £0.10 million in comparison to £0.08 million in 2013. The operating loss for the year was £1.7 million compared to £1.6 million for the previous year. The loss before tax for 2014 was £3.0 million, an increase from £1.6 million in the previous year (as restated) due mainly to an increase in finance costs to £1.3m (2013: £0.4m).

The loss per share for 2014 was 2.36 pence compared to 1.30 pence in 2013 (as restated).

Administrative expenses for the year (excluding the amortisation of intangible assets and share based payments charge) were £1.0 million (2013: £1.0 million). Aside from additional costs relating to external consultants, the Company maintains a policy of keeping a low head count in order to maintain a low level of overheads.

Intellectual property, including development expenditure, is written off over eleven years in line with the remaining life of the Company's master patent.

### FINANCING

During the year, the Company received a further loan from shareholders of £0.75m (2013: £0.36 million). The debt, including finance charges, totalling £2.3m (2013: £nil) was converted into equity.

### OTHER KEY FINANCIAL PERFORMANCE INDICATORS

The company does not currently monitor any non-financial performance indicators.



## STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

### PRINCIPAL RISKS AND UNCERTAINTIES

The Company's prime risk is the on-going commercialisation of the Company's intellectual property, which involves testing of the Company's products, obtaining regulatory approval and reaching a commercially beneficial agreement for each product to be taken to market. This is measured by comparing actual results with forecasts that have been agreed by the Company's Board of directors.

The Company's credit risk is primarily attributable to its trade receivables. Credit risk is managed by running credit checks on customers and by monitoring payments against contractual agreements.

The Company monitors cash flow as part of its day to day control procedures. The Board considers cash flow projections at its meetings and ensures that appropriate facilities are available to be drawn down upon as necessary.

Due to the nature of the business, there is inherent risk of infringement of Eden's intellectual property rights by third parties. The risk of infringement is managed by taking the relevant legal advice as and when required.

### EMPLOYEE DIVERSITY AND INCLUSION

The Board remains committed to developing further a culture that encourages the inclusion and diversity of all of the Company's employees through respecting and appreciating their differences and to promoting the continuous development of employees through skills enhancement and training programmes. The Company's employment policies are designed to attract, retain, train and motivate the very best people, recognising that this can be achieved only through offering equal opportunities regardless of gender, race, religion, age, disability, sexual orientation or any other aspect of diversity. Applications from disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. It is the policy of the Company that the training, career development and promotion

of disabled persons (including those who become disabled whilst employees of the Company) should, as far as reasonably possible, be identical to that of other employees.

### INDEMNITY COVER

The Company purchases insurance cover for Directors and Officers to protect the directors from third party claims.

### ENVIRONMENT

The Company has an environment policy and acknowledges that environmental considerations form an integral part of its corporate social responsibility. The Company wide environment committee meets to discuss ways in which the business can contribute more to their local environments by getting involved in local initiatives and also to look at ways of promoting environmental well-being amongst the staff. Employees are actively encouraged to ensure conservation of energy and resource through awareness campaigns and positive action.

ON BEHALF OF THE BOARD:

**A J Abrey - Director**

**26th March 2015**



## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF EDEN RESEARCH PLC

We have audited the financial statements of Eden Research Plc for the year ended 31 December 2014 on pages twelve to forty two. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on pages eight and nine, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/apb/scope/UKP.cfm](http://www.frc.org.uk/apb/scope/UKP.cfm).

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **John Griffiths FCA (Senior Statutory Auditor)**

for and on behalf of UHY Hacker Young  
Statutory Auditor, Chartered Accountants  
Bristol

**27th March 2015**



## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

		2014	2013
	Note	£	£
<b>CONTINUING OPERATIONS</b>			
Revenue	2	99,855	80,223
Amortisation of intangible assets		(635,035)	(630,269)
Other administrative expenses		(1,022,836)	(1,034,878)
Share based payments		(187,621)	-
<b>OPERATING LOSS</b>		<b>(1,745,637)</b>	<b>(1,584,924)</b>
Finance costs	4	(1,252,295)	(43,590)
Finance income	4	117	316
<b>LOSS BEFORE INCOME TAX</b>	5	<b>(2,997,815)</b>	<b>(1,628,198)</b>
Income Tax	6	28,347	40,289
<b>LOSS FOR THE YEAR</b>		<b>(2,969,468)</b>	<b>(1,587,909)</b>
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>(2,969,468)</b>	<b>(1,587,909)</b>
Prior year adjustment	8	-	712,044
<b>TOTAL COMPREHENSIVE INCOME SINCE LAST ANNUAL REPORT</b>			<b>(875,865)</b>
Earnings per share expressed in pence per share:	7		
Basic		-2.36	-1.30
Diluted		-2.36	-1.30

**STATEMENT OF FINANCIAL POSITION**

AS AT 31 DECEMBER 2014

		<b>2014</b>	2013
	<b>Note</b>	<b>£</b>	£
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets	9	<b>5,923,740</b>	6,092,586
<b>CURRENT ASSETS</b>			
Trade and other receivables	10	<b>62,535</b>	129,768
Cash and cash equivalents	11	<b>414,980</b>	311,347
		<b>477,515</b>	441,115
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	<b>458,302</b>	451,493
Financial liabilities - borrowings			
Interest bearing loans and borrowings	13	-	402,600
		<b>458,302</b>	854,093
<b>NET CURRENT LIABILITIES</b>		<b>19,213</b>	(412,978)
<b>NET ASSETS</b>		<b>5,942,953</b>	5,679,608
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	15	<b>1,541,430</b>	1,232,776
Share premium	16	<b>26,014,049</b>	23,277,511
Merger reserve	16	<b>10,209,673</b>	10,209,673
Warrant reserve	16	<b>524,154</b>	779,485
Retained earnings	16	<b>(32,346,353)</b>	(29,819,837)
<b>TOTAL EQUITY</b>		<b>5,942,953</b>	5,679,608

The financial statements were approved by the Board of Directors on 26th March 2015 and were signed on its behalf by:

**S Smith - Director**

**STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED 31 DECEMBER 2014

	<b>Called up share capital</b>	<b>Share premium</b>	<b>Merger reserve</b>	<b>Warrant reserve</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Balance at 1 January 2013	1,110,442	22,352,394	10,209,673	1,434,506	(28,885,949)	6,220,066
Loss and total comprehensive income	-	-	-	-	(1,587,909)	(1,587,909)
Transactions with owners						
- Issue of shares	122,334	925,117	-	-	-	1,047,451
- Options granted	-	-	-	-	-	-
- Options exercised/lapsed	-	-	-	(654,021)	654,021	-
Transactions with owners	122,334	925,117	-	(654,021)	654,021	1,047,451
Balance at 31 December 2013 (as restated)	1,232,776	23,277,511	10,209,673	779,485	(29,819,837)	5,679,608
<b>Balance at 1 January 2014</b>	<b>1,232,776</b>	<b>23,277,511</b>	<b>10,209,673</b>	<b>779,485</b>	<b>(29,819,837)</b>	<b>5,679,608</b>
<b>Loss and total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,969,468)</b>	<b>(2,969,468)</b>
<b>Transactions with owners</b>						
<b>- Issue of shares</b>	<b>308,654</b>	<b>2,736,538</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,045,192</b>
<b>- Options granted</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>187,621</b>	<b>-</b>	<b>187,621</b>
<b>- Options exercised/lapsed</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(442,952)</b>	<b>442,952</b>	<b>-</b>
<b>Transactions with owners</b>	<b>308,654</b>	<b>2,736,538</b>	<b>-</b>	<b>(255,331)</b>	<b>442,952</b>	<b>3,232,813</b>
<b>Balance at 31 December 2014</b>	<b>1,541,430</b>	<b>26,014,049</b>	<b>10,209,673</b>	<b>54,154</b>	<b>(32,346,353)</b>	<b>5,942,953</b>



## STATEMENT OF CASH FLOWS

AS AT 31 DECEMBER 2014

	Note	2014 £	2013 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	<b>(848,939)</b>	(1,285,277)
Finance costs paid		<b>(109,703)</b>	(989)
Tax credit received		<b>28,347</b>	40,289
Net cash from operating activities		<b>(930,295)</b>	(1,245,977)
<b>Cash flows from investing activities</b>			
Capitalisation of development expenditure		<b>(466,189)</b>	(190,719)
Interest received		<b>117</b>	316
Net cash from investing activities		<b>(466,072)</b>	(190,403)
<b>Cash flows from financing activities</b>			
Shareholders' loan - drawdown		-	360,000
Issue of equity shares		<b>750,000</b>	1,047,451
Loans		<b>750,000</b>	-
Net cash from financing activities		<b>1,500,000</b>	1,407,450
<b>Increase in cash and cash equivalents</b>		<b>103,633</b>	(28,930)
<b>Cash and cash equivalents at beginning of year</b>	2	<b>311,347</b>	340,277
<b>Cash and cash equivalents at end of year</b>	2	<b>414,980</b>	311,347



## NOTES TO THE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

### 1. RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	2014	2013
	£	£
Loss before income tax	<b>(2,997,815)</b>	(1,628,198)
Amortisation charges	<b>635,035</b>	630,269
Equity share based payment charge	<b>187,621</b>	-
Finance costs	<b>1,252,295</b>	43,590
Finance income	<b>(117)</b>	(316)
	<b>(922,981)</b>	(954,655)
Decrease / Increase in trade and other receivables	<b>67,233</b>	(69,436)
Decrease/ Increase in trade and other payables	<b>6,809</b>	(261,186)
<b>Cash generated from operations</b>	<b>(848,939)</b>	(1,285,277)

### 2. CASH AND CASH EQUIVALENTS

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

#### Year ended 31 December 2014

	31.12.14	1.1.14
	£	£
Cash and cash equivalents	<b>414,980</b>	<b>311,347</b>

#### Year ended 31 December 2013

	31.12.13	1.1.13
	£	£
Cash and cash equivalents	311,347	340,277

### 3. NON-CASH TRANSACTIONS

During the year debt, including finance charges, totalling £2,295,192 was converted into 20,865,382 shares. Full details are included in Note 13 and 15.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

### 1. ACCOUNTING POLICIES

#### Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards 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.

#### General information

Eden Research Plc is a company incorporated and domiciled in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Chairman's Review on page 3. The Company is quoted on the AIM 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 2014.

IFRS 10 Consolidated Financial Statements

IFRS 11 Joint Arrangements

IFRS 12 Disclosure of Interests in Other Entities

IFRS 13 Fair Value Measurement

IAS 19 (Revised) Employee Benefits

IAS 27 (Revised) Separate Financial Statements

IAS 28 (Revised) Investments in Associates and Joint Ventures.

IAS 32 Offsetting Financial Assets and Financial Liabilities

IAS 36 Recoverable Amount Disclosures for Non-Financial Assets

IAS 39 Novation of Derivatives and Continuation of Hedge Accounting

Investment Entities - Amendments to IFRS 10, IFRS 12 and IAS 27

Presentation of Items of Other Comprehensive Income - Amendments to IAS 1

Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7 Annual Improvements to IFRSs 2009-2011 Cycle

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 these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:-

IFRS 9 Financial Instruments (effective 1 January 2017)

IFRS 14 Regulatory Deferral Accounts (effective 1 January 2016)

IFRS 15 Revenue from Contracts with Customers (effective 1 January 2017)

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.

#### 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 after taxation of £2,969,468 (2013: £1,587,909). Net current assets as at that date amounted to £19,213 (2013: £412,978 net current liabilities).



## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

### 1. ACCOUNTING POLICIES (continued)

The directors have prepared budgets and projected cash flow forecasts for a period of two years from 31 December 2014 and they consider that the Company will be able to operate within the cash facilities that are available to it for this period. The ability of the Company to continue as a going concern is ultimately dependent upon the amounts and timing of cash flows from the exploitation of the Company's intellectual property and the availability of additional funding to meet the short term needs of the business until the commercialisation of the Company's portfolio is reached.

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

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

The directors are closely monitoring performance against cash flow projections that have been prepared for the period to 31 December 2016 and beyond and are confident that the Company will be able to generate the necessary cash resources over and above those referred to above.

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

#### 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 as the royalties accrue in accordance with the terms of the underlying contract.

Amounts receivable under milestone agreements are recognised in accordance with the terms of the underlying agreement and are typically recognised upon the completion of the significant acts within the agreements. Revenue is specifically only recognised when the terms of any milestone are reasonably expected to be met and the relevant act 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 if the Company has discharged all of its on-going obligations.

#### Intangible assets

Intellectual property, including development costs, is capitalised and amortised on a straight line basis over its estimated useful economic life of 10 years 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.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

### 1. ACCOUNTING POLICIES (continued)

#### 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 an impairment are reviewed for possible reversal of the impairment at each reporting date.

#### 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:

- 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.

#### 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.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

### 1. ACCOUNTING POLICIES (continued)

#### 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.

#### Debt and equity instruments issued by the Company

##### Loan notes

Where loans that were previously convertible have been converted to equity in accordance with the original terms of the contract 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 at nil gain, nil loss.

The Company also enters into agreements to convert loans and creditors into equity which were not convertible under the original terms of the agreement. Where this is the case the Company applies the requirements of IFRIC 19 and recognises the issue of equity at the fair value of the instruments issued. Any profit or loss arising on the extinguishment of the liability is taken to profit or loss.

##### Convertible loans

Due to the nature of the arrangements management are required to make significant judgments in order to determine whether the conversion of loans has taken place in accordance with the original terms of the underlying agreement. Each conversion is considered individually. During the current year all conversions were deemed to have been made in accordance with the original terms of the agreements.

##### Equity instruments

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



## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

### 1. ACCOUNTING POLICIES (continued)

#### 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.

#### 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.

#### Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

#### Share-based payments

The Company has applied the requirements of IFRS2 Share-Based Payments.

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.

#### 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 20 to the financial statements.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

### 1. ACCOUNTING POLICIES (continued)

#### 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 year. 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 based on the tax rates that have been enacted or substantively enacted by the end of the reporting period. 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.

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.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

### 1. ACCOUNTING POLICIES (continued)

#### 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 year are discussed below:

#### Capitalised development costs

The directors have considered the recoverability of the internally generated intangible asset which has a carrying value of £1.9m. 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 upon 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.
- 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 progress of the business in the current year, including a review of the potential market for its products, the progress the Company has made in registering its products and other key commercial factors to determine whether any indicators of impairment exist. Based upon the review management have carried out they are satisfied that no such factors exist and therefore a full impairment review on the Company's intangible assets has not been carried out.

#### 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 statements to be prepared on a going concern basis based on the estimates they have made, which are summarised on pages 17 and 18.

#### Convertible loans

Due to the nature of the arrangements management are required to make significant judgements in order to determine whether conversion of loans has taken place in accordance with the original terms of the underlying agreement.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

FOR THE YEAR ENDED 31 DECEMBER 2014

**2. SEGMENTAL REPORTING**

IFRS 8 requires operating segments to be reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for the resource allocation and assessing performance of the operating segments has been identified as the 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 Board of Directors monitor and then assess the performance of segments based on product type and geographical area using a measure of adjusted EBITDA. This is the result of the segment after excluding the share based payment charges, other operating income and the amortisation of intangibles. These items, together with interest income and expense are not allocated to a specific segment.

The segmental information for the year ended 31 December 2014 is as follows:

	<b>Data-sharing</b>	<b>3AEY</b>		<b>Biocides</b>	<b>Encapsulation</b>	
	<b>Europe £</b>	<b>Europe £</b>	<b>Unallocated £</b>	<b>Europe £</b>	<b>Europe £</b>	<b>Total £</b>
Total segment revenue	16,935	63,493	1,339	12,888	5,200	<b>99,855</b>
Inter segment revenue	-	-	-	-	-	-
<b>Revenue from external customers</b>	16,935	63,493	1,339	12,888	5,200	<b>99,855</b>
<b>Adjusted EBITDA</b>	-	-	(992,981)	-	-	<b>(992,981)</b>
Amortisation	-	-	(635,035)	-	-	<b>(635,035)</b>
Depreciation	-	-	-	-	-	-
Share based payments	-	-	(187,621)	-	-	<b>(187,621)</b>
Other operating income	-	-	-	-	-	-
Net Finance costs	-	-	(1,252,295)	-	-	<b>(1,252,295)</b>
Income tax	-	-	28,347	-	-	<b>28,347</b>
<b>Loss for the year</b>	-	-	(2,969,468)	-	-	<b>(2,969,468)</b>
<b>Total assets</b>	-	-	6,401,255	-	-	<b>6,401,255</b>
Total assets includes:	-	-	-	-	-	-
Additions to non-current assets	-	-	466,189	-	-	<b>466,189</b>
<b>Total liabilities</b>	-	-	458,302	-	-	<b>458,302</b>



## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

### 2. SEGMENTAL REPORTING

The segmental information for the year ended 31 December 2013 (as restated) is as follows:

	Nematodes	3AEY		Biocides	Data-sharing	
	USA £	Europe £	Unallocated £	Europe £	Europe £	Total £
Total segment revenue	5,927	54,274	1,248	14,124	4,650	<b>80,223</b>
Inter segment revenue	--	-	-	-	-	-
<b>Revenue from external customers</b>	5,927	54,274	1,248	14,124	4,650	<b>80,223</b>
<b>Adjusted EBITDA</b>	-	-	(954,655)	-	-	<b>(954,655)</b>
Amortisation	-	-	(630,269)	-	-	<b>(630,269)</b>
Depreciation	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-
Other operating income	-	-	-	-	-	-
Net Finance costs	-	-	(43,274)	-	-	<b>(43,274)</b>
Income tax	-	-	40,289	-	-	<b>40,289</b>
<b>Loss for the year</b>	-	-	(1,587,909)	-	-	<b>(1,587,909)</b>
<b>Total assets</b>	-	-	6,533,701	-	-	<b>6,533,701</b>
Total assets includes:	-	-	-	-	-	-
Additions to non-current assets	-	-	190,719	-	-	<b>190,719</b>
<b>Total liabilities</b>	-	-	854,093	-	-	<b>854,093</b>

Revenues of £63,493 (2013: £54,274) are derived from multiple external customers, £7,937 Sipcam Iberia, £7,937 Sipcam Italia and £47,619 Sumi Agro. In the prior year revenue was derived from a single customer EcoStyle, from within the 3AEY segment.

Revenues of £12,888 (2013: £14,124) are derived from a single external customer, TerpeneTech, from within the Biocides segment. In the prior year the revenue was derived from the same customer.

Revenues of £16,935 (2013: £nil) are derived from a single external customer, Daymsa, from within the Data Sharing segment. In the prior year there was no revenue generated from the Data Sharing segment.

Revenues of £5,200 (2013: £4,650) are derived from a single external customer, Gowan, from within the Encapsulation segment. In the prior year the revenue was derived from Certis, a single external customer.

Revenues of £5,927 in 2013 were derived from a single external customer, FMC, from within the Nematodes segment.

Revenues of £16,935 (2013: £nil) are derived from a single external customer, Daymsa, from within the Data-sharing segment.

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.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

<b>3. EMPLOYEES AND DIRECTORS</b>	<b>2014</b>	2013
	<b>£</b>	£
Wages and salaries	<b>259,333</b>	283,333
Social security costs	<b>22,541</b>	27,310
	<b>281,874</b>	310,643

The average monthly number of employees during the year was as follows:

	<b>2014</b>	2013
Management	<b>6</b>	5

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.

	<b>2014</b>	2013
	<b>£</b>	£
Directors' remuneration	<b>219,750</b>	233,333
Non-executive directors' fees	<b>219,750</b> <b>39,583</b>	233,333 50,000
Total directors' emoluments	<b>259,333</b>	283,333
Share based payment charge relating to all directors	<b>58,610</b>	-

During the year the remuneration of the highest paid director was £105,083 (2013: £95,000).

<b>2014</b>	<b>Salary</b>	<b>Bonus</b>	<b>Fees</b>	<b>Share based payments</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	
<b>A Abrey</b>	<b>75,000</b>	<b>12,500</b>	<b>-</b>	<b>17,583</b>	<b>105,083</b>
<b>K Brooks</b>	<b>30,000</b>	<b>-</b>	<b>30,000</b>	<b>35,166</b>	<b>95,166</b>
<b>C Newitt</b>	<b>33,333</b>	<b>-</b>	<b>-</b>	<b>5,861</b>	<b>39,194</b>
<b>B Gill</b>	<b>-</b>	<b>-</b>	<b>12,500</b>	<b>-</b>	<b>12,500</b>
<b>T Lupton</b>	<b>30,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,000</b>
<b>S Smith</b>	<b>36,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,000</b>
	<b>204,333</b>	<b>12,500</b>	<b>12,500</b>	<b>58,610</b>	<b>317,943</b>

<b>2013 as restated</b>	<b>Salary</b>	<b>Bonus</b>	<b>Fees</b>	<b>Share based payments</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	
A Abrey	75,000	20,000	-	-	95,000
K Brooks	60,000	10,000	-	-	70,000
C Newitt	33,333	10,000	-	-	43,333
B Gill	-	-	50,000	-	50,000
T Lupton	25,000	-	-	-	25,000
	193,333	40,000	50,000	-	283,333

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

FOR THE YEAR ENDED 31 DECEMBER 2014

4. NET FINANCE COSTS	2014 £	2013 £
Finance income:		
Deposit account interest	<u>117</u>	<u>316</u>
Finance costs:		
Bank interest	-	24
Exchange variances	6,457	966
Finance fees	<u>1,245,838</u>	<u>42,600</u>
Net finance costs	<u>1,252,178</u>	<u>43,274</u>
5. LOSS BEFORE INCOME TAX		
The loss before income tax is stated after charging:	2014	2013
	£	£
Licences and trademarks amortisation	15,723	36,273
Development costs amortisation	179,824	154,511
Intellectual property amortisation	439,488	439,485
Auditors' remuneration	16,000	28,881
Directors' emoluments	264,733	283,333
Foreign exchange differences	6,457	966
Equity share based payments	<u>187,621</u>	<u>-</u>
6. INCOME TAX		
Analysis of tax income	2014	2013
	£	£
Current tax:		
Tax	<u>(28,347)</u>	<u>(40,289)</u>
Total tax income in statement of profit or loss and other comprehensive income	<u>(28,347)</u>	<u>(40,289)</u>



## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

### 6. INCOME TAX (continued)

#### Corporation tax

No tax charge arises on the results for the year (2013: £nil). Tax losses carried forward amount to approximately £20,807,048 (2013: £18,612,249). The tax credit represents the research and development tax credit receivable for the year ended 31 December 2014.

#### Factors affecting the tax charge

The UK standard rate of corporation tax is 21.49% (2013: 23.25%). Current tax assessed for the financial year as a percentage of the loss before taxation is nil (2013: nil)

The differences are explained below:

	2014	2014	2013	2013
	£	%	£	%
Standard rate of corporation tax in the UK		(21.49)		(23.25)
Loss before tax at standard rate of tax	(644,230)		(378,556)	
Effects of Losses carried forward	603,711	20.0	342,291	22.0
Other expenses not deductible for tax purposes	40,519	1.0	36,265	2.0
Research and development tax relief	(28,347)	(1.0)	(40,289)	(2.0)
Total current tax credit and tax rate %	(28,347)	(1.0)	(40,289)	(2.0)
Deferred tax				
Unprovided deferred tax asset	4,178,347		3,739,438	

The unprovided deferred tax asset arises principally in respect of trading losses, together with other minor timing differences at 21% (2013: 23%) and has not been recognised due to the uncertainty of timing of future profits against which it may be realised.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

### 7. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares.

Reconciliations are set out below.

	Earnings £	2014 Weighted average number of shares	Per-share amount pence
<b>Basic EPS</b>			
Earnings attributable to ordinary shareholders	(2,969,468)	125,752,471	-2.36
Effect of dilutive securities	-	-	-
<b>Diluted EPS</b>			
Adjusted earnings	(2,969,468)	125,752,471	-2.36

	Earnings £	2013 Weighted average number of shares	Per-share amount pence
<b>Basic EPS</b>			
Earnings attributable to ordinary shareholders	(1,587,909)	121,970,374	-1.30
Effect of dilutive securities	-	-	-
<b>Diluted EPS</b>			
Adjusted earnings	(1,587,909)	121,970,374	-1.30

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



## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

### 8. PRIOR YEAR ADJUSTMENT IN RELATION TO 2013

Following the acquisition of the Company's master patent, the Board, acting on advice, had reconsidered the substance of the arrangement and had formed the view that the obligation to pay future liabilities was an executory contract. This judgement arose from an obligation for the significant on-going involvement of the vendor, through to commercialisation of the product.

In prior years the arrangement was considered to be non-executory and accounted for in line with the Company's accounting policy. At the time of the acquisition the Board estimated the present value of all future payments under the agreement and included this value in the acquisition cost of the asset. The liability was then subsequently remeasured at each reporting date to its present value, with movements included in finance expense for the period.

The impact of the change was that the estimated future liability in respect of this contract was not recognised either as a liability or in the cost of the underlying asset. The only amounts included in the cost of the asset relate to the initial consideration paid on acquisition of the asset. When the contract ceased to be executory the liability and the related expense will be recognised in the financial statements.

The result of this was a reduction in other payables, the cost of the related intangible assets, the annual amortisation charge arose on those assets and the annual finance charge in relation to the unwinding of the other payables. This resulted in increases in the Retained Earnings at 31 December 2013 and 31 December 2012 of £767,871 and £712,044 respectively.

### 9. INTANGIBLE ASSETS

	<b>Licences and trademarks £</b>	<b>Development costs £</b>	<b>Intellectual property £</b>	<b>Total £</b>
<b>COST</b>				
At 1 January 2014	447,351	2,513,251	8,591,774	11,552,376
Additions	-	466,189	-	466,189
At 31 December 2014	447,351	2,979,440	8,591,774	12,018,565
<b>AMORTISATION</b>				
At 1 January 2014	337,144	869,902	4,252,744	5,459,790
Amortisation for year	15,723	179,824	439,488	633,035
At 31 December 2014	352,867	1,049,726	4,692,232	6,094,825
<b>NET BOOK VALUE</b>				
At 31 December 2014	94,484	1,929,714	3,899,542	5,923,740



## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

### 9. INTANGIBLE ASSETS - Continued

	Licences and trademarks £	Development costs £	Intellectual property £	Total £
<b>COST</b>				
At 1 January 2013	447,351	2,322,532	8,591,774	11,361,657
Additions	-	190,719	-	190,719
At 31 December 2013	447,351	2,513,251	8,591,774	11,552,376
<b>AMORTISATION</b>				
At 1 January 2013	300,871	715,391	3,813,259	4,829,521
Amortisation for year	36,273	154,511	439,485	663,269
At 31 December 2013	337,144	869,902	4,252,744	5,459,790
<b>NET BOOK VALUE</b>				
At 31 December 2013	110,207	1,643,349	4,339,030	6,092,586



## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

### 9. INTANGIBLE ASSETS (continued)

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 ten years.

An annual impairment review is undertaken by the Board of Directors only where there are indicators that an impairment may exist. The directors have considered the progress of the business in the current year, including a review of the potential market for its products, the progress the Company has made in registering its products and other key commercial factors to determine whether any indicators of impairment exist. Based on the review management have carried out they are satisfied that no such factors exist and as such a full impairment review on the Company's intangible assets has not been carried out.

A full impairment review was carried out using discounted cashflow forecasts. The result of this review was that the conclusion 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.

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 \$214m for 3AEY, \$100m for Powdery Mildew, and \$296m for nematodes.
- The projected market share attainable by the Company. In preparing the valuation, a base projected market share growing to 5% 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%.

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.

During the current year the Company entered into an agreement to acquire an updated version of the Company's core underlying technology under similar terms to the existing agreement. Whilst the technology and liability are legally distinct from the superseded versions, management are of the opinion that in substance they are the same.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

### 10. TRADE AND OTHER RECEIVABLES

	2014	2013
	£	£
Current:		
Trade and other receivables	34,393	117,474
VAT recoverable	28,142	12,294
	<u>62,535</u>	<u>129,768</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 2014 or 2013. Details of debts past due but not impaired are given in note 20.

### 11. CASH AND CASH EQUIVALENTS

	2014	2013
	£	£
Short term bank deposits	<u>414,980</u>	<u>311,347</u>

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

### 12. TRADE AND OTHER PAYABLES

	2014	2013
	£	£
Current:		
Trade payables	291,687	291,190
Other payables	22,376	5,779
Accruals and deferred income	144,239	154,524
	<u>458,302</u>	<u>451,493</u>

The directors consider that the carrying value of trade and other payables approximates to their fair value. See note 20 for disclosure of the amount of trade payables denominated in foreign currency. See Directors' Report for disclosure of the average credit period taken.

### 13. FINANCIAL LIABILITIES - BORROWINGS

	2014	2013 as restated
	£	£
Current:		
Loan notes	<u>-</u>	<u>402,600</u>

During the year debt, including finance charges, totalling £2,295,192 was converted into 20,865,382 shares. Full details are included in Note 15.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

### 14. FINANCIAL ASSETS AND LIABILITIES

	Note	2014	2013
		£	£
<b>Financial assets at amortised cost</b>			
Other receivables	10	62,535	129,768
Cash and cash equivalents	11	414,980	311,347
		<u>477,515</u>	<u>441,115</u>
<b>Financial liabilities measured at amortised cost</b>			
Other loan	13	-	402,600
Trade and other payables	12	458,302	451,493
		<u>458,302</u>	<u>854,093</u>

Other loans are non-interest bearing and there are no fixed terms for repayment.

The loan balances were secured by a fixed and floating charge over the Company's assets. More details in relation to this charge are included within note 20.

#### Other loans

	£
Loan balance as at 1 January 2013	-
Loan issued in the year	360,000
Interest charged in the year	42,600
Loan notes repaid in the year	-
Loan notes converted in the year	-
Loan balance as at 31 December 2013	<u>402,600</u>
New loans issued in the year	750,00
Finance costs and interest charges in the year	1,142,592
Loan notes repaid in the year	-
Loan notes converted in the year	(2,295,192)
Loan balance as at 31 December 2014	<u>-</u>

The loans converted during the year were converted into 20,865,382 ordinary shares. The fair value of the shares was deemed to be 11p; finance costs of £1,142,592 were recognised on conversion in accordance with IFRIC 19, being the difference between the carrying value of the debt and the fair value of the equity issued to extinguish it.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

### 15. CALLED UP SHARE CAPITAL

Number:	Class:	Nominal value:	2014 £	2013 £
154,142,880	Ordinary	0.01	<b>1,541,430</b>	1,232,776

Allotted, issued and fully paid

Number:	Class:	Nominal value:	2014 £	2014 £
154,142,880	Ordinary	0.01	<b>1,541,430</b>	1,232,776

(2013: 123,277,880)

During the year the Company issued a total of 30,865,382 £0.01 ordinary shares for a total consideration of £3,045,192.

On 27 November 2014 Company issued 10,000,000 £0.01 ordinary shares for a consideration of £0.075 per share, giving a total consideration of £750,000.

On 4 December 2014 a long term loan of £2,295,192 was converted into 20,865,382 shares at a price of 11p per share.

The number of £0.01 ordinary shares issued in the year totalled 30,865,382 (2013: 12,233,337).

Date	Number of ordinary shares £	Aggregate nominal value £	Issue Price £	Premium on issue £	Total share premium £
27.11.2014	10,000,000	100,000	0.075	0.065	650,000
04.12.2014	20,865,382	208,654	0.110	0.100	2,086,538
		<b>308,654</b>			<b>2,736,538</b>

### 16. RESERVES

	Retained earnings £	Share premium £	Merger reserve £	Warrant reserve £	Totals £
At 1 January 2014	<b>(29,819,837)</b>	<b>23,277,511</b>	<b>10,209,673</b>	<b>779,485</b>	<b>4,446,832</b>
Deficit for the year	<b>(2,969,468)</b>				<b>(2,969,468)</b>
Share issue	-	<b>2,736,538</b>	-	-	<b>2,736,538</b>
Options exercised/lapsed	<b>442,952</b>	-	-	<b>(442,952)</b>	-
Share based payments	-	-	-	<b>187,621</b>	<b>187,621</b>
At 31 December 2014	<b>(32,346,353)</b>	<b>26,014,049</b>	<b>10,209,673</b>	<b>524,154</b>	<b>4,401,523</b>

The merger reserve arose on the acquisition of a subsidiary undertaking in a prior year for which merger relief 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.

### 17. CAPITAL COMMITMENTS

The Company had no capital commitments at 31 December 2014 (2013: £nil).



## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

### 18. RELATED PARTY DISCLOSURES

Disclosures required in respect of IAS 24 regarding remuneration of key management personnel are covered by the disclosure of directors' remuneration included within note 3.

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:-

	2014 £	2013 £
Rent	30,000	30,000
Provision of consulting services	25,000	25,000
Trade payables due at the year end	8,500	8,588

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:-

	2014 £	2013 £
Provision of consultancy services	20,000	18,333
Trade payables due at the year end	2,416	2,590

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

	2014 £	2013 £
Director's fees	12,500	50,000
Trade payables due at the year end	-	15,000

The directors regard all the transactions disclosed above as being in the normal course of business and the transactions were enacted at arms length.

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

	2014 £	2013 £
Oxford Capital Limited	-	402,600
	<hr/>	<hr/>
	-	402,600

During the year debt, including finance charges, totalling £2,295,192 was converted into 20,865,382 shares. Full details are included in Note 13 and 15.

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



## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

### 19. SHARE-BASED PAYMENT TRANSACTIONS

#### Share Options

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

	2014 Weighted average exercise price (pence)	Number	2013 Weighted average exercise price (pence)	Number
Outstanding at the beginning of the year	19	6,350,000	19	6,770,000
Granted during the year	8	1,500,000	-	-
Lapsed during the year	12	(3,200,000)	58	(420,000)
	<u>12</u>	<u>4,650,000</u>	<u>19</u>	<u>6,350,000</u>

The exercise price of options outstanding at the end of the year ranged between 10p and 18p (2013: 10p and 26p) and their weighted average contractual life was 2.1 years (2013: 1.8 years). None of the options have vesting conditions.

The share based payment charge for the year was £187,621 (2013: £nil). The weighted average fair value of each option granted during 2014 was 4p.

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.

#### Equity-settled

Option price model used	Black Scholes
Weighted average share price at grant date (pence)	8
Exercise price (pence)	12
Weighted average contractual life (days)	668
Expected volatility	64.4%
Expected dividend growth rate	-
Risk-free interest rate	0.95%

Expected volatility is calculated based on historic share price movements.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

### 19. SHARE-BASED PAYMENT TRANSACTIONS (continued)

#### Warrants

	2014 Weighted average exercise price (pence)	Number	2013 Weighted average exercise price (pence)	Number
Outstanding at the beginning of the year	14	6,681,875	14	6,096,875
Granted during the year	10	2,760,000	-	-
Lapsed during the year	18	(651,875)	-	(5,450,000)
	<u>13</u>	<u>3,340,000</u>	<u>14</u>	<u>1,231,875</u>

The exercise price of warrants outstanding at the end of the year ranged between 1p and 30p (2013: 13p and 30p) and their weighted average contractual life was 4.5 years (2013: 0.1 years). None of the warrants have vesting conditions.

The weighted average fair value of each warrant granted during the year was 5p (2013: £nil).



## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

### 20. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

#### Credit Risk

	2014	2013
	£	£
Cash and cash equivalents	414,980	311,347
Trade receivables	34,393	50,107
	<u>449,373</u>	<u>361,454</u>

The average credit period for sales of goods and services is 30 days. No interest is charged on overdue trade receivables. At 31 December 2014 trade receivables of £34,393 (31 December 2013: £50,107) were past due but are considered by the directors to be recoverable in full.

Trade receivables of £34,393 (2013: £50,107) at the reporting date are held in Euro (2013: Sterling)

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

	2014	2013
	£	£
Trade payables	291,687	291,190
Other payables	22,376	5,779
Accruals and deferred income	144,239	154,524
Other loans	-	402,600
	<u>458,302</u>	<u>854,093</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.

Details of the loans are disclosed in note 14 to the financial statements. The Company currently finances their operations partly through these borrowings. The Company borrows 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.



**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
FOR THE YEAR ENDED 31 DECEMBER 2014

**20. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)**

**Currency risk**

The Company publishes its financial statements in pounds sterling and conducts some of its business in US dollars 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.

	<b>2014</b> £	2013 £
US dollars	<b>94,811</b>	61,937
Euro	<b>89,273</b>	6,139
	<b>184,084</b>	68,076

**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 2014 was:-

	<b>Total</b> £	<b>Fixed rate</b> <b>financial</b> <b>liabilities</b> £	<b>Financial</b> <b>liabilities on</b> <b>which no</b> <b>interest is paid</b> £
<b>Sterling</b>			
<b>2014</b>	<b>274,218</b>	-	<b>274,218</b>
2013	786,017	-	786,017
<b>Euro</b>			
<b>2014</b>	<b>89,273</b>	-	<b>89,273</b>
2013 as restated	6,139	-	6,139
<b>US Dollars</b>			
<b>2014</b>	<b>94,811</b>	-	<b>94,811</b>
2013	61,937	-	61,937
	<b>Weighted average</b> <b>interest rate</b> %	<b>Weighted average</b> <b>period for which</b> <b>rate is fixed</b> Years	<b>Weighted average</b> <b>period until</b> <b>maturity</b> Years
<b>Sterling</b>			
<b>2014</b>	<b>7.5</b>	<b>1.0</b>	<b>1.0</b>
2013	7.5	1.0	1.0

All the Euro and US Dollar liabilities are held within trade creditors and are non interest bearing.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

### 20. 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:-

	2014	2013
	£	£
In one year or less, or on demand	<u>458,302</u>	<u>854,093</u>
	<u>458,302</u>	<u>854,093</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. See note 1 for further details on the going concern position of the Company.

#### 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 2014 and 31 December 2013.

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 below 10% (2013: below 10%). 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.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

### 20. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

	2014 £	2013 £
Borrowings	-	402,600
Less : Cash and cash equivalents	<u>(414,980)</u>	<u>(311,347)</u>
Net debt	<b>(414,980)</b>	91,253
Total equity	<b>5,942,953</b>	5,679,608
Total capital	<b>5,527,973</b>	5,770,861
Gearing ratio	<b>0%</b>	-2%







### Head Office

Keble House, Church End, South Leigh, Witney, Oxon, OX29 6UR

T: 01993 862 761

F: 01993 776 480

E: [info@edenresearch.com](mailto:info@edenresearch.com)

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