24 September 2013

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

Interim Results for the six months ended 30 June 2013

Eden Research plc (AIM: EDEN), the AIM listed terpene and encapsulation development company, today announces its interim results for the six months ended 30 June 2013.

Financial highlights

- Operating Loss for the period, excluding amortization and share based payments, of £0.4m (2012: £0.58m)
- Revenue for the period of £0.05m (2012: £0.01m)
- Administrative expenses £0.45m (2012: £0.59m)
- Cash at bank £0.40m (2012: £0.48m)

Operational highlights

- Major regulatory milestone achieved with EU approval for three active substances
- Exclusive, worldwide licence agreement with Neo-Pharma Innovations Ltd for head-lice product
- Master encapsulation patent granted in Europe
- Notice of allowance received for plant bacteria formulation patent in the African Regional Intellectual Property Organization (ARIPO) region

Sir Ben Gill, Non-executive Chairman, said:

"The first half of 2013 saw the successful culmination of seven years' work with the EU approval of the three active substances which are used in Eden's first agrochemical product, 3AEY, and which are also used in follow-on products for a wide variety of applications in the agrochemical sector. This is particularly noteworthy given that on average around only ten active substances are approved by the EU each year.

I cannot over-emphasize the significance of this key milestone which clears the pathway not only to regulatory approval in the EU for those products, but, also opens channels to other significant revenue streams for Eden. These include the ability to share the vast amount of data that Eden has generated in order to gain the approvals with third parties through data sharing agreements, a number of which have already been completed by Eden and where there are currently on-going negotiations.

In addition, the approval gives Eden further credibility in the industry as we have been able to register active substances of this type which, to date, have been relatively unknown to the regulatory authorities and which have historically been challenging to deal with.

In the animal health sector, Eden saw its licensee, Teva Animal Health ("Teva"), acquired by a much larger player in Bayer Animal Health ("Bayer") back in January this year. This acquisition, whilst having some short-term impact on progress, is clearly advantageous to Eden in that Bayer has a much wider product and geographic base than Teva and so the potential for products that are being developed by Bayer using Eden's technologies is greater. Bayer is currently developing a range of (Eden technology based) domestic pet products for launch in 2014.

In May, Eden was notified that its master encapsulation technology patent had been granted in the EU. This is obviously a key territory for Eden and its licensees and provides the Company with even firmer foundations upon which to sign up licensees in a number of business sectors. A Notice of Allowance was also received for Eden's plant bacteria formulation patent in the ARIPO region.

In June, Eden signed an exclusive, worldwide licensing agreement with Neo-Pharma Innovations ("Neo") for its head-lice product. Since signing the agreement, Neo has been expeditiously seeking regulatory approval of the product both in the EU and India.

Since the end of June, Eden and its licensee, Lachlan Kenya Limited, have continued to progress registration of 3AEY in Kenya. A change of personnel at the Pest Control Product Board ("PCPB") in Kenya and additional requirements set by the PCPB have delayed the process somewhat, though both parties are working hard to ensure approval for 3AEY as soon as possible.

Our continued objective is to deliver revenue through royalties on commercial sales as soon as possible and, in addition, to conclude further licensing deals with global businesses. The goal for Eden is to exploit additional market sectors using Eden's encapsulation technologies. To that end, the Board is taking pro-active steps to ensure that Eden becomes a leading player in natural encapsulation delivery systems."

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Eden Research plc

Consolidated Statement of Comprehensive Income for the six months ended 30 June 2013

	Six months ended 30 June 2013 GBP'000 unaudited	Six months ended 30 June 2012 GBP'000 unaudited (re-stated)	Year ended 31 December 2012 GBP'000 audited (re-stated)
Group Revenue	49	8	43
Cost of sales	-	-	-
Gross profit	49	8	43
Administrative expenses	(448)	(585)	(890)
Amortisation of intangible assets	(312)	(301)	(663)
Share based payments	-	(82)	(92)
Total other operating expenses	(760)	(968)	(1,645)
Other operating Income	-	1	-
Operating loss	(711)	(959)	(1,602)
Finance costs	(2)	(588)	(676)
Loss on ordinary activities before taxation	(713)	(1,547)	(2,278)
Tax on loss on ordinary activities	-	-	17
Loss for the financial period	(713)	(1,547)	(2,261)
Other Comprehensive Income:			
Items that will not be reclassified subsequently to profit or loss	-	-	-
Items that will be reclassified subsequently to profit or loss	-	-	-
Other Comprehensive Income net of tax	-	-	-
Total Comprehensive Income	(713)	(1,547)	(2,261)
Loss per share (pence) – basic and diluted	(0.59)	(1.44)	(2.11)

Eden Research plc
Consolidated Statement of Financial Position as at 30 June 2013

	30 June 2013 GBP'000 unaudited	30 June 2012 GBP'000 unaudited (re-stated)	31 Dec 2012 GBP'000 audited (re-stated)
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	6,287	6,836	6,532
CURRENT ASSETS			
Trade and other receivables	114	121	60
Cash and cash equivalents	399	477	340
	513	598	400
TOTAL ASSETS	6,800	7,434	6,932
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	191	510	712
TOTAL CURRENT LIABILITIES	191	510	712
TOTAL LIABILITIES	191	510	712
EQUITY			
Called up share capital	1,233	1,110	1,110
Share premium account	23,331	22,353	22,352
Merger reserve	10,210	10,210	10,210
Warrant reserve	1,434	1,516	1,434
Retained earnings	(29,599)	(28,265)	(28,886)
TOTAL EQUITY attributable to owners of the parent	6,609	6,924	6,220
TOTAL EQUITY AND LIABILITIES	6,800	7,434	6,932

Eden Research plc
Statement of Changes in Equity as at 30 June 2013

	Share capital GBP'000	Share premium GBP'000	Merger reserve GBP'000	Warrant reserve GBP'000	Retained earnings GBP'000	Total GBP'000
Six months ended 30 June 2013						
Balance at 1 January 2013 as restated	**1,110**	**22,352**	**10,210**	**1,434**	**(28,886)**	**6,220**
Loss and total comprehensive income	-	-	-	-	**(713)**	**(713)**
Transactions with owners						
- Issue of share	**123**	**979**	-	-	-	**1,102**
- Options granted	-	-	-	-	-	-
- Options exercised/lapsed	-	-	-	-	-	-
Transactions with owners	**123**	**979**	-	-	-	**1,102**
Balance at 30 June 2013	**1,233**	**23,331**	**10,210**	**1,434**	**(29,599)**	**6,609**
Six months ended 30 June 2012						
Balance at 1 January 2012 as previously reported	993	20,122	10,210	1,434	(27,374)	5,385
Effect of prior year adjustment (see note 8)	-	-	-	-	738	738
Balance at 1 January 2012 as restated	1,110	20,122	10,210	1,434	(26,636)	6,123
Loss and total comprehensive income	-	-	-	-	(1,547)	(1,547)
Transactions with owners						
- Issue of share	117	2,231	-	-	-	2,348
- Options granted	-	-	-	82	(82)	-
- Options exercised/lapsed	-	-	-	-	-	-
Transactions with owners	117	2,231	-	82	(82)	2,348
Balance at 30 June 2012	1,110	22,353	10,210	1,516	(28,265)	6,924

Eden Research plc
Statement of cash flows for the six months ended 30 June 2013

	Six months ended 30 June 2013 GBP '000 unaudited	Six months ended 30 June 2012 GBP '000 unaudited	Year ended 31 December 2012 GBP '000 audited
Cash flows from operating activities			
Cash outflow from operations	(1,135)	(1,039)	(974)
Tax credit received	-	-	16
Net finance charges paid	(2)	(588)	(664)
Net cash used in operating activities	**(1,137)**	**(1,627)**	**(1,622)**
Cash flows from investing activities			
Capitalisation of development expenditure	(24)	(25)	(111)
Finance income	-	-	-
Net cash used in investing activities	(24)	(25)	(111)
Cash flows from financing activities			
Shareholders' loan – repayment	-	-	-
Shareholders' loan - drawdown	-	950	1,684
Issue of equity shares	1,102	790	-
Net cash from financing activities	1,102	1,740	1,684
Increase/(decrease) in cash and cash equivalents	**59**	**88**	**(49)**
Cash and cash equivalents at beginning of year	**340**	**389**	**389**
Cash and cash equivalents at end of year	**399**	**477**	**340**

Cash and cash equivalents comprise bank account balances.

Notes to the Interim Results

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

2. **Nature of operations and general information**

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

The financial information set out in this interim report does not constitute statutory accounts. The company's statutory financial statements for the year ended 31 December 2012 are available from the company's website. The auditor's report on those financial statements was unqualified.

3. **Accounting Policies**

Basis of Preparation

These interim condensed consolidated financial statements are for the six months ended 30 June 2013. They have been prepared following the recognition and measurement principles of IFRS. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the company for the year ended 31 December 2012.

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

These condensed consolidated interim financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 31 December 2012, except for the application of the following standards at 1 January 2013:

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

The Board has also processed a prior year adjustment as set out in note 8.

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

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

5. Loss per share

	Six months ended 30 June 2013 GBP '000 unaudited	Six months ended 30 June 2012 GBP '000 unaudited	Year ended 31 December 2012 GBP '000 audited
Loss per ordinary share (pence) - basic and diluted	(0.59)	(1.44)	(2.11)

Loss per share has been calculated on the net basis on the loss after tax of £0.71m (30 June 2012: loss £1.55m), (31 December 2012: £2.26m) using the weighted average number of ordinary shares in issue of 121,970,374 (30 June 2012 and 31 December 2012: 107,312,913).

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

6. Intangible assets

	Intellectual property	**Licences and trademarks**	**Development Costs**	**Total**
	£	**£**	**£**	**£**
COST				
At 1 January 2012	8,591	419	2,239	11,249
Additions	28	-	25	53
At 30 June 2012	8,619	419	2,264	11,302
Additions	(28)	28	59	59
At 31 December 2012	8,591	447	2,323	11,361
Additions	**43**	-	**24**	**67**
At 30 June 2013	**8,634**	**447**	**2,347**	**11,428**
AMORTISATION				
At 1 January 2012	3,369	270	522	4,161
Charge for the period	223	15	63	301
At 30 June 2012	3,592	285	585	4,462
Charge for the period	221	16	130	367
At 31 December 2012	3,813	301	715	4,829
Charge for the period	**219**	**19**	**74**	**312**
At 30 June 2013	**4,032**	**320**	**789**	**5,141**
CARRYING AMOUNT				
At 30 June 2013	**4,602**	**127**	**1,558**	**6,287**
At 31 December 2012	4,778	147	1,607	6,532
At 30 June 2012	5,027	134	1,675	6,836

7. Share based payments

Share Options

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

	Six months ended 30 June 2013		Six months ended 30 June 2012	
	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)	Number
Outstanding at the beginning of the period	19	6,770,000	20	6,845,000
Granted during the period	-	-	-	-
Exercised during the period	-	-	-	-
Lapsed during the period	60	(250,000)	-	-
	18	6,520,000	20	6,845,000

The exercise price of options outstanding at the end of the period ranged between 10p and 60p (30 June 2012: 10p and 60p) and their weighted average contractual life was 1.8 years (30 June 2012: 2.6 years). None of the options have vesting conditions.

The weighted average share price (at the date of exercise) of options that lapsed during the period was 60 p (30 June 2012: nil p).

The share based payment charge for the period was £nil (30 June 2012: £81,241).

Warrants

	Six months ended 30 June 2013		Six months ended 30 June 2012	
	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)	Number
Outstanding at the beginning of the period	14	6,681,875	15	6,096,875
Granted during the period	-	-	23	805,000
Exercised during the period	-	-	-	-
Lapsed during the period	14	(4,750,000)	-	-
	10	1,931,875	20	6,901,875

The exercise price of warrants outstanding at the end of the period ranged between 13p and 21p (30 June 2012: 13p and 21p) and their weighted average contractual life was 0.2 years (30 June 2012: 1 year)

The weighted average share price (at the date of exercise) of warrants that lapsed during the period was 14p (30 June 2012: nil p).

The weighted average fair value of each warrant granted during the year was nil p (30 June 2012: 23p).

8. Prior Year Adjustment

Following the acquisition of the Company's master patent, the Board, acting on advice, has reconsidered the substance of the arrangement and have formed the view that the obligation to pay future liabilities is an executory contract. This judgement arises 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 is that the estimated future liability in respect of this contract is 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 ceases to be executory the liability and the related expense will be recognised in the financial statements.

The result of this is a reduction in other payables, the cost of the related intangible assets, the annual amortisation charge arising on those assets and the annual finance charge in relation to the unwinding of the other payables. This has resulted in an increase in the Retained earnings at 30 June 2012 and 31 December 2012 of £712,000 and £738,000 respectively.

Other notes:

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

Eden's encapsulation technology harnesses the biocidal efficacy of naturally occurring chemicals produced by plants (terpenes) and can also be used with hydrophobic compounds both natural and synthetic. The technology uses yeast cells to deliver a slow release of natural compounds for agricultural and non-agricultural uses. Terpenes are already widely used in the food flavouring, cosmetic and pharmaceutical industries.

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

With leading consultants in their respective fields, the Company is developing these technologies through innovative research and a series of commercial production, marketing and distribution partnerships.

The Company has a number of patents and 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 whilst the Company has concentrated on securing patent protection for its intellectual property, identifying suitable industrial partners and entering into licence agreements.

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

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