

27th September 2012

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

Interim Results for the six months ended 30 June 2012

Eden Research plc, the agrochemical and encapsulation development company, today announces its interim results for the six months ended 30 June 2012.

Business Highlights

- Further EU regulatory milestone achieved with the receipt by the UK authorities of the draft EFSA conclusion report
- Exclusive licence agreement signed with Teva Animal Health for animal health applications in North America using Eden’s encapsulation technology and terpene formulations with payments of \$0.25m made to date, with a further \$0.8m due under the agreement
- Memorandum of Understanding signed with FMC Corporation of the United States, for an exclusive licence for Eden's nematode product in Latin America
- Data Access and Royalty Agreement signed with Xeda International SA ("Xeda") of France
- Licence agreement signed with Phytalexin Limited granting exclusive rights to Eden's formulations and encapsulation technologies primarily for use as a head-lice product
- Patents granted in Australia and ARIPO

Financial Highlights

- Operating Loss for the period, excluding amortisation, of GBP0.57m (2011: GBP0.40m)
- Revenue for the period of GBP0.01m (2011: GBP0.02m)
- Administrative expenses GBP0.35m, excluding AIM listing costs of GBP0.23m (2011: GBP0.41m)
- Cash at bank GBP0.48m (2011: GBP1.18m)
- Debt GBP nil (2011: GBP0.63m). All long-term debt converted prior to AIM admission in April 2012

Sir Ben Gill, Non-executive Chairman, said:

“Making the move from the PLUS to the AIM market in May 2012 was, as it transpires, a very timely, but, also significant step forward for Eden which should provide a more well-recognised and dynamic platform upon which to build and expand the business.

Commercially, Eden has made good progress in maximising the potential benefits derived from using its encapsulation technologies in a number of fields of use. The signing of an exclusive licence with Teva Animal Health was a great start to the year which should provide Eden with a significant royalty stream within the next year. To see sales of product using Eden’s technologies will be an important milestone in the evolution of the Company.

In February, Eden signed a memorandum of understanding with FMC Corporation ("FMC") for an exclusive licence for Eden's nematode product in Latin America. FMC is one of the world's foremost, diversified chemical companies with leading positions in agricultural, industrial and consumer markets with annual sales of circa US\$3.4 billion. FMC recently became one of the world's top ten agro-chemical companies. Eden is also exploring other potential uses for its encapsulation technologies with FMC.

Other agreements signed in the first half of 2012 included a Data Access and Royalty Agreement with Xeda International SA ("Xeda") of France for which Eden will receive royalty payments on sales of Xeda's products which include Thymol as the active ingredient. Also, Eden signed a licence agreement with Phytalexin Limited which granted exclusive rights to Eden's formulations and encapsulation technologies primarily for use as a head-lice product.

Two patents were formally granted during the period which strengthens the real value of Eden's intellectual property and business proposition.

The EU registration process of the three active substances used in Eden's first agrochemical product has passed another key milestone with the recent receipt of the draft European Food Safety Authority Report conclusion. This enables the final part of the process to proceed with the all-important vote expected to take place in Spring 2013.

During the first half of the year and subsequently, Eden has been in dialogue with a number of potential licensees in areas such as food flavourings and cosmetics, as well as for further agrochemical products, such as miticides and powdery and downy mildew.

In line with our business model, the Board continues to seek licensing opportunities which maximise the value of the encapsulation technologies whilst keeping the company streamlined. This involves partnering with companies that have a strong background in their field of expertise and, to this end, we are exploiting a continually growing list of companies that we think are well placed to help us create the most value for our shareholders."

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Eden Research plc**Consolidated Statement of Comprehensive Income for the six months ended 30 June 2012**

	Six months ended 30 June 2012 GBP'000 unaudited	Six months ended 30 June 2011 GBP'000 unaudited	Year ended 31 December 2011 GBP'000 audited
Group Revenue	<u>8</u>	<u>15</u>	<u>91</u>
Cost of sales	<u>-</u>	<u>-</u>	<u>-</u>
Gross profit	<u>8</u>	<u>15</u>	<u>91</u>
Administrative expenses	(585)	(411)	(848)
Amortisation of intangible assets	(329)	(329)	(697)
Share based payments	<u>(82)</u>	<u>(315)</u>	<u>(376)</u>
	(996)	(1,040)	(1,921)
Other operating Income	<u>1</u>	<u>1</u>	<u>-</u>
Operating loss	(987)	(1,039)	(1,830)
Finance costs	<u>(588)</u>	<u>(1,183)</u>	<u>(1,459)</u>
Loss on ordinary activities before taxation	(1,575)	(2,222)	(3,289)
Tax on loss on ordinary activities	<u>-</u>	<u>-</u>	<u>5</u>
Loss for the financial period	(1,575)	(2,222)	(3,284)
Other Comprehensive Income net of tax	<u>-</u>	<u>-</u>	<u>-</u>
Total Comprehensive Income	<u>(1,575)</u>	<u>(2,222)</u>	<u>(3,284)</u>
Loss per share (pence) – basic and diluted	(1.47)	(2.48)	(3.66)

Eden Research plc
Consolidated Statement of Financial Position as at 30 June 2012

	30 June 2012 GBP'000 unaudited	30 June 2011 GBP'000 unaudited	31 Dec 2011 GBP'000 audited
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	7,534	7,895	7,810
CURRENT ASSETS			
Trade and other receivables	121	132	95
Cash and cash equivalents	477	1,182	389
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	598	1,314	484
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	8,132	9,209	8,294
	<hr/>	<hr/>	<hr/>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	342	1,064	875
Financial liabilities - borrowings			
- Convertible loan notes	-	627	652
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TOTAL CURRENT LIABILITIES	342	1,691	1,527
	<hr/>	<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Other payables	1,549	1,131	1,381
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TOTAL LIABILITIES	1,891	2,822	2,908
	<hr/>	<hr/>	<hr/>
EQUITY			
Called up share capital	1,110	993	993
Share premium account	22,353	20,122	20,122
Merger reserve	10,210	10,210	10,210
Warrant reserve	1,516	1,374	1,434
Retained earnings	(28,948)	(26,312)	(27,374)
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TOTAL EQUITY attributable to owners of the parent	6,241	6,387	5,385
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TOTAL EQUITY AND LIABILITIES	8,132	9,209	8,293
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Eden Research plc
Statement of Changes in Equity as at 30 June 2012

	Share capital	Share premium	Merger reserve	Warrant reserve	Retained earnings	Total
	£	£	£	£	£	£
<u>Six months ended 30 June 2012</u>						
Balance at 1 January 2012	993	20,122	10,210	1,434	(27,374)	5,385
Loss and total comprehensive income	-	-	-	-	(1,492)	(1,492)
Transactions with owners						
- Issue of share	117	2,231	-	-	-	2,348
- Options granted	-	-	-	82	(82)	-
- Options exercised/lapsed	-	-	-	-	-	-
Transactions with owners	117	2,231	-	-	-	2,348
Balance at 30 June 2012	1,110	22,353	10,210	1,516	(28,948)	6,241
<u>Six months ended 30 June 2011</u>						
Balance at 1 January 2011	670	14,755	10,210	1,254	(24,285)	2,603
Loss and total comprehensive income	-	-	-	-	(2,222)	(2,222)
Transactions with owners						
- Issue of shares	323	5,367	-	-	-	5,690
- Options granted	-	-	-	376	-	376
- Options exercised/lapsed	-	-	-	(256)	195	(60)
Transactions with owners	323	5,367	-	180	195	6,0066
Balance at 30 June 2011	993	20,122	10,210	1,374	(26,312)	6,387

Eden Research plc
Statement of cash flows for the six months ended 30 June 2012

	Six months ended 30 June 2012 GBP '000 unaudited	Six months ended 30 June 2011 GBP '000 unaudited	Year ended 31 December 2011 GBP '000 audited
Cash flows from operating activities			
Cash outflow from operations	(1,039)	(298)	(1,500)
Tax credit received	-	-	5
Net finance charges paid	(588)	(1,183)	(1,133)
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Net cash used in operating activities	(1,627)	(1,481)	(2,628)
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Cash flows from investing activities			
Capitalisation of development expenditure	(25)	(25)	(308)
Finance income	-	1	1
	<hr/>	<hr/>	<hr/>
Net cash used in investing activities	(25)	(24)	(307)
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Cash flows from financing activities			
Shareholders' loan – repayment	-	-	(21)
Shareholders' loan - drawdown	950	1,620	2,278
Issue of equity shares	790	1,061	1,061
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Net cash from financing activities	1,740	2,681	3,318
	<hr/>	<hr/>	<hr/>
Increase/(decrease) in cash and cash equivalents	88	1,176	383
Cash and cash equivalents at beginning of year	389	6	6
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at end of year	477	1,182	389
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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 2011 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 2012. 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 2011.

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 2011.

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 2012 GBP '000 unaudited	Six months ended 30 June 2011 GBP '000 unaudited	Year ended 31 December 2011 GBP '000 audited
Loss per ordinary share (pence) - basic and diluted	(1.47)	(2.48)	(3.66)

Loss per share has been calculated on the net basis on the loss after tax of £1,573,877 (30 June 2011: loss £2,221,781), (31 December 2011: £3,283,741) using the weighted average number of ordinary shares in issue of 107,312,913 (30 June 2011 and 31 December 2011: 89,641,547).

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 2011	9,652	290	2,060	12,002
Additions	-	-	25	25
At 30 June 2011	9,652	290	2,085	12,027
Additions	-	129	154	283
At 31 December 2011	9,652	419	2,239	12,310
Additions	28	-	25	53
At 30 June 2012	9,680	419	2,264	12,363
AMORTISATION				
At 1 January 2011	3,213	242	350	3,805
Charge for the period	248	14	66	329
At 30 June 2011	3,461	256	416	4,133
Charge for the period	248	14	106	368
At 31 December 2011	3,709	270	522	4,501
Charge for the period	247	15	67	329
At 30 June 2012	3,956	285	589	4,830
CARRYING AMOUNT				
At 30 June 2012	5,724	134	1,675	7,533
At 31 December 2011	5,944	149	1,718	7,810
At 30 June 2011	6,191	34	1,669	7,895
At 31 December 2010	6,439	49	1,711	8,198

7. Non-current liabilities

	Six months ended 30 June 2012 GBP'000 unaudited	Six months ended 30 June 2011 GBP'000 unaudited	Year ended 31 December 2011 GBP'000 audited
Other payables	1,381	1,131	1,381

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

8. 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 2012		Six months ended 30 June 2011	
	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)	Number
Outstanding at the beginning of the period	20	6,845,000	26	3,370,000
Granted during the period	-	-	14	4,000,000
Exercised during the period	-	-	-	-
Lapsed during the period	-	-	18	(725,000)
	<u>20</u>	<u>6,845,000</u>	<u>20</u>	<u>6,645,000</u>

The exercise price of options outstanding at the end of the period ranged between 10p and 60p (30 June 2011: 9p and 60p) and their weighted average contractual life was 2.6 years (30 June 2011: 3.1 years). None of the options have vesting conditions.

The weighted average share price (at the date of exercise) of options exercised during the period was nil p (30 June 2011: nil p).

The weighted average fair value of each option granted during the period was nil p (30 June 2011: 14p).

The share based payment charge for the period was £81,241 (30 June 2011: £315,267).

Warrants

	Six months ended 30 June 2012		Six months ended 30 June 2011	
	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)	Number
Outstanding at the beginning of the period	15	6,096,875	15	7,757,849
Granted during the period	23	805,000	17	802,431
Exercised during the period	-	-	14	(2,113,405)
Lapsed during the period	-	-	25	(350,000)
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	20	6,901,875	15	6,096,875
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The exercise price of warrants outstanding at the end of the period ranged between 13p and 21p (30 June 2011: 13p and 21p) and their weighted average contractual life was 1 year (30 June 2011: 1.5 years)

The weighted average share price (at the date of exercise) of warrants exercised during the period was nil p (30 June 2011: 14p).

The weighted average fair value of each warrant granted during the year was 23p (30 June 2011: 17p).

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