

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

**Half-year Report**

Eden Research plc (AIM: EDEN), the AIM listed company that provides breakthrough natural microencapsulation technologies to the global agrochemicals, animal health and consumer products industries, announces its interim results for the six months ended 30 June 2016.

**Business highlights**

*Commercial:*

- First commercial sales of lead agrochemical product, 3AEY, in Kenya, Greece, Spain and Italy
- Sales development progressing in-line with expectations with market demand being realised by Eden's partners through the botrytis application season (late August and September)
- Appointment of Strategic Commercial Advisor (plant protection)
- Appointment of Regulatory Strategy Advisor (plant protection)

*Regulatory:*

- EU approval received for Eden's first agrochemical, fungicide product, 3AEY, in Southern Europe in Spain, Italy and Bulgaria
- Further national-level authorisations expected to follow in France and Portugal in time for 2017 growing season
- Label extensions in Greece and Spain for new crops and disease targets
- Label extensions received in Kenya now include authorisation for the treatment of roses

**Financial highlights**

- Placing of £2.6m (gross) in March 2016
- Revenue for the period of £0.11m (H1 2015: £0.16m)
- Operating Loss for the period was £0.86m (H1 2015: loss of £0.70m), £0.45m excluding the non-cash items, amortisation and share based payments (H1 2015: loss of £0.31m). Administrative expenses of £0.55m (H1 2015: £0.47m)
- Cash and cash equivalents at 30 June 2016 of £2.01m (at 30 June 2015: £0.1m)
- Expanding investment in regulatory clearances unlocking commercial potential in new, important territories
- Cash outflow increase (H1, 2016: £0.60m, H1, 2015: £0.33m) due to rise in creditor payments

**Sean Smith, Chief Executive Officer of Eden, said:**

*"So far this year, we have seen the first significant commercial sales of 3AEY into the agrochemicals market in Kenya, Greece, Italy and Spain. Whilst the botrytis season is not quite over and, as such, we don't have final sales quantities from our commercial partners for this season, Eden and its partners are very pleased with the sales that have been generated so far. Particularly in Italy where our partner, Sipcam Italia SpA, has invested a significant amount of resource into the commercial launch of "3logy", the brand name they have chosen for 3AEY in that region.*

*"For our nematicide product, negotiations are continuing with a multi-national industry leader, and progress has been made towards a satisfactory conclusion. A final agreement is expected this year covering multiple territories around the world, subject to further negotiations. A number of evaluation projects for both Eden's technologies and products are on-going and I am pleased with*

*the progress that is generally being made, as well as with regulatory progress where territories such as the USA are now being actively pursued.*

*"I am also pleased to welcome two new people to the team at Eden. Michel Villeneuve has joined as Senior Strategic Commercial Advisor. Michel has over thirty years' experience in a variety of senior commercial, regulatory and management roles with major multinational companies involved in plant protection. Peter Watson has been appointed as Regulatory Strategy Advisor. Peter has worked for the UK's Chemicals Regulation Directorate and Dow Chemical in a number of senior regulatory roles. Both gentlemen bring tremendous experience, insight and drive to our efforts to accelerate commercialisation of our first products.*

*"I look forward to providing shareholders with a more comprehensive update on 3AEY sales and other commercial progress in due course."*

**Enquiries:**

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**Eden Research plc**

**Consolidated Statement of Comprehensive Income for the six months ended 30 June 2016**

	<b>Six months ended 30 June 2016 GBP'000 unaudited</b>	Six months ended 30 June 2015 GBP'000 unaudited	Year ended 31 December 2015 GBP'000 audited
Group Revenue	<u>109</u>	<u>160</u>	<u>883</u>
Cost of sales	<u>(11)</u>	<u>-</u>	<u>(99)</u>
Gross profit	<u>98</u>	<u>160</u>	<u>784</u>
Administrative expenses	(550)	(472)	(1,020)
Amortisation of intangible assets	(337)	(335)	(655)
Share based payments (note 8)	<u>(73)</u>	<u>(52)</u>	<u>(248)</u>
Total other operating expenses	<u>(960)</u>	<u>(859)</u>	<u>(1,923)</u>
Operating loss	<u>(862)</u>	(699)	(1,139)
Finance income/(costs)	<u>2</u>	<u>(20)</u>	<u>(20)</u>
Loss on ordinary activities before taxation	<u>(860)</u>	(719)	(1,159)
Tax on loss on ordinary activities	<u>82</u>	<u>101</u>	<u>101</u>
Loss for the financial period	<u>(778)</u>	<u>(618)</u>	<u>(1,058)</u>
Other Comprehensive Income net of tax	<u>-</u>	<u>-</u>	<u>-</u>
Total Comprehensive Income since last Report	<u>(778)</u>	<u>(618)</u>	<u>(1,058)</u>
Loss per share (pence) - basic and diluted (note 5)	<b>(0.44)</b>	(0.40)	(0.68)

**Eden Research plc**  
**Consolidated Statement of Financial Position as at 30 June 2016**

	<b>30 June 2016</b> <b>GBP'000</b> <b>unaudited</b>	30 June 2015 GBP'000 unaudited	31 Dec 2015 GBP'000 audited
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets (note 6)	<b>5,290</b>	5,621	5,543
Investments in associates (note7)	<b>923</b>	-	923
	<hr/> <b>6,213</b>	<hr/> 5,621	<hr/> 6,466
<b>CURRENT ASSETS</b>			
Trade and other receivables	<b>238</b>	48	164
Cash and cash equivalents	<b>2,007</b>	136	148
	<hr/> <b>2,245</b>	<hr/> 184	<hr/> 312
<b>TOTAL ASSETS</b>	<hr/> <b>8,458</b>	<hr/> 5,805	<hr/> 6,778
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	<b>598</b>	428	752
<b>TOTAL CURRENT LIABILITIES</b>	<hr/> <b>598</b>	<hr/> 428	<hr/> 752
<b>TOTAL LIABILITIES</b>	<hr/> <b>598</b>	<hr/> 428	<hr/> 752
<b>EQUITY</b>			
Called up share capital	<b>1,847</b>	1,541	1,588
Share premium account	<b>29,140</b>	26,014	26,861
Merger reserve	<b>10,210</b>	10,210	10,210
Warrant reserve	<b>808</b>	539	735
Retained earnings	<b>(34,145)</b>	(32,927)	(33,367)
<b>TOTAL EQUITY attributable to owners of the parent</b>	<hr/> <b>7,860</b>	<hr/> 5,377	<hr/> 6,027
<b>TOTAL EQUITY AND LIABILITIES</b>	<hr/> <b>8,458</b>	<hr/> 5,805	<hr/> 6,779

Eden Research plc  
Statement of Changes in Equity as at 30 June 2016

	Share capital GBP'000	Share premium GBP'000	Merger reserve GBP'000	Warrant reserve GBP'000	Retained earnings GBP'000	Total GBP'000
<b><u>Six months ended 30 June 2016</u></b>						
Balance at 1 January 2016	1,588	26,861	10,210	735	(33,367)	6,027
Loss and total comprehensive income	-	-	-	-	(778)	(778)
Transactions with owners						
- Share issue	259	2,279	-	-	-	2,538
- Options granted	-	-	-	73	-	73
- Options exercised/lapsed	-	-	-	-	-	-
Transactions with owners	-	-	-	-	-	-
<b>Balance at 30 June 2016</b>	<b>1,847</b>	<b>29,140</b>	<b>10,210</b>	<b>808</b>	<b>(34,145)</b>	<b>7,860</b>
<b><u>Six months ended 30 June 2015</u></b>						
Balance at 1 January 2015	1,541	26,014	10,210	524	(32,346)	5,943
Loss and total comprehensive income	-	-	-	-	(618)	(618)
Transactions with owners						
- Options granted	-	-	-	52	-	52
- Options exercised/lapsed	-	-	-	(37)	37	-
Transactions with owners	-	-	-	15	(15)	-
<b>Balance at 30 June 2015</b>	<b>1,541</b>	<b>26,014</b>	<b>10,210</b>	<b>539</b>	<b>(32,927)</b>	<b>5,377</b>

**Eden Research plc**  
**Statement of cash flows for the six months ended 30 June 2016**

	<b>Six months ended 30 June 2016 GBP '000 unaudited</b>	Six months ended 30 June 2015 GBP '000 unaudited	Year ended 31 December 2015 GBP '000 audited
<b>Cash flows from operating activities</b>			
Cash outflow from operations	<b>(598)</b>	(327)	(186)
Tax credit received	-	101	101
Net finance charges paid	-	(20)	(20)
	<hr/>	<hr/>	<hr/>
Net cash used in operating activities	<b>(598)</b>	(246)	(105)
<b>Cash flows from investing activities</b>			
Capitalisation of development expenditure	<b>(83)</b>	(33)	(132)
Finance income	<b>2</b>	-	-
	<hr/>	<hr/>	<hr/>
Net cash used in investing activities	<b>(81)</b>	(33)	(132)
<b>Cash flows from financing activities</b>			
Share issue costs	<b>(131)</b>	-	(30)
Issue of equity shares	<b>2,669</b>	-	-
	<hr/>	<hr/>	<hr/>
Net cash from financing activities	<b>2,538</b>	-	(30)
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>1,859</b>	(279)	(267)
<b>Cash and cash equivalents at beginning of period</b>	<b>148</b>	415	415
	<hr/>	<hr/>	<hr/>
<b>Cash and cash equivalents at end of period</b>	<b>2,007</b>	136	148
	<hr/>	<hr/>	<hr/>

Cash and cash equivalents comprise bank account balances.

## Notes to the Interim Results

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

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

Eden is an early stage revenue company with intellectual property and expertise in encapsulation, terpenes and environmentally friendly technologies to provide naturally occurring solutions to the global agrochemicals industry, the animal health industry, and consumer products. Revenues are earned by the Company through identifying suitable industrial partners and entering into licence or distribution 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 2015 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 2016. 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 2015.

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 2015.

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

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

5. Loss per share

<b>Six months ended 30 June 2016 GBP '000</b>	Six months ended 30 June 2015 GBP '000 unaudited	Year ended 31 December 2015 GBP '000 audited
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	<b>unaudited</b>		
Loss per ordinary share (pence) - basic and diluted	<u><b>(0.44)</b></u>	<u>(0.40)</u>	<u>(0.68)</u>

Loss per share has been calculated on the net basis on the loss after tax of £0.78m (30 June 2015: loss £0.62m, 31 December 2015: £1.06m) using the weighted average number of ordinary shares in issue of 178,432,719 (30 June 2015: 154,142,880, 31 December 2015: 155,685,557).

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

## 6. Intangible assets

	<b>Intellectual property £</b>	<b>Licences and trademarks £</b>	<b>Development Costs £</b>	<b>Total £</b>
<b>COST</b>				
At 1 January 2015	8,592	447	2,980	12,019
Additions	-	-	32	32
At 30 June 2015	8,592	447	3,012	12,051
Additions	65	-	177	242
At 31 December 2015	8,657	447	3,189	12,293
<b>Additions</b>	<b>-</b>	<b>-</b>	<b>83</b>	<b>83</b>
<b>At 30 June 2016</b>	<b>8,657</b>	<b>447</b>	<b>3,272</b>	<b>12,376</b>
<b>AMORTISATION</b>				
At 1 January 2015	4,692	353	1,050	6,095
Charge for the period	220	18	97	335
At 30 June 2015	4,912	371	1,147	6,430
Charge for the period	220	(3)	103	321
At 31 December 2015	5,132	369	1,250	6,750
<b>Charge for the period</b>	<b>219</b>	<b>9</b>	<b>108</b>	<b>336</b>
<b>At 30 June 2016</b>	<b>5,351</b>	<b>377</b>	<b>1,358</b>	<b>7,086</b>
<b>CARRYING AMOUNT</b>				
<b>At 30 June 2016</b>	<b>3,306</b>	<b>70</b>	<b>1,914</b>	<b>5,290</b>
At 31 December 2015	3,525	79	1,939	5,543
At 30 June 2015	3,680	76	1,865	5,621

## 7. Investments in associates



Details of the Company's associates are as follows:

<b>Name</b>	<b>Principal activity</b>	<b>Country of incorporation</b>	<b>Proportion of ownership interest and voting power held %</b>
TerpeneTech Limited	Development and sale of biocide products	England and Wales	29.9

The investment in associates is stated at cost.

8. Share based payments

**Share Options**

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

	<b>Six months ended 30 June 2016</b>		Six months ended 30 June 2015	
	<b>Weighted average exercise price (pence)</b>	<b>Number</b>	Weighted average exercise price (pence)	Number
Outstanding at the beginning of the period	12	6,255,000	12	4,650,000
Granted during the period	13	1,050,000	8	625,000
Exercised during the period	13	(530,000)	-	-
Lapsed during the period	13	(2,750,000)	18	(200,000)
	<b>10</b>	<b>4,025,000</b>	12	5,075,000

The exercise price of options outstanding at the end of the period ranged between 8p and 13p (30 June 2015: 8p and 18p) and their weighted average contractual life was 1.9 years (30 June 2015: 1.8 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 13p (30 June 2015: 18p).

The share based payment charge for the period was £73,300 (30 June 2015: £51,524).

**Warrants**

	<b>Six months ended 30 June 2016</b>		Six months ended 30 June 2015	
	<b>Weighted average exercise price (pence)</b>	<b>Number</b>	Weighted average exercise price (pence)	Number
Outstanding at the beginning of the period	14	5,497,867	13	3,340,000
Granted during the period	-	-	15	1,387,867
	<b>14</b>	<b>5,497,867</b>	14	4,727,867

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The exercise price of warrants outstanding at the end of the period ranged between 11p and 30p (30 June 2015: 11p and 30p) and their weighted average contractual life was 2.6 years (30 June 2015: 3.6 years).

The weighted average share price (at the date of exercise) of warrants that lapsed during the period was nil (30 June 2015: nil).

**Other notes:**

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

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

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

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

The Company has a number of patents and a pipeline of products at differing stages of development targeting specific areas of the global agrochemicals industry. To date, the Company has invested in the region of £12m in developing and protecting its intellectual property and seeking regulatory approval for products that rely upon the Company's technologies. Revenues earned by the Company have been modest whilst the Company has concentrated on securing patent protection for its intellectual property, gaining regulatory approvals, identifying suitable industrial partners, and entering into licence agreements.

In May 2013, the three actives that comprise Eden's first commercial product, 3AEY, were approved as new ingredients for use in plant protection products. This represents a major milestone in the commercialisation of Eden's technology and is a significant accomplishment for any company. To illustrate this point, one should note that in all of 2013, Eden's approvals represented three of only ten new active ingredients approved by the EC.

3AEY has been authorised for sale in Kenya, Malta, Greece, Bulgaria, Spain and Italy.

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

For more information about Eden, please visit: [www.edenresearch.com](http://www.edenresearch.com)

