22 May 2017

This announcement contains information which, prior to its disclosure, was considered inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 (MAR).

Final results

Eden Research plc (AIM: EDEN), the AIM-listed company that provides breakthrough natural bio-control products and microencapsulation technologies to the global agrochemicals, animal health and consumer products industries, announces its preliminary results for the year ended 31 December 2016.

Financial highlights

- Revenue of £0.4m (2015: £0.9m)
- Operating loss of £1.9m (2015: £1.1m)
- Operating loss, before non-cash share based payment charge and amortisation, of £1.1m (2015: £0.2m)
- Loss before tax of £1.9m (2015: £1.3m)
- Loss per share of 1.03p (2015: 0.74p)
- Net cash of £1.5m (2015: £0.15m)
- Equity accounting adopted in 2016 for Eden's investment in its associate, TerpeneTech, with prior period restated accordingly.
- Successful placing of £2.6m in March 2016

Operational highlights

- Lead agrochemical product 3AEY approvals granted for table and wine grape protection from botrytis in Spain, Italy and Bulgaria
- First commercial sales of lead agrochemical product, 3AEY, in Greece, Spain and Italy
- Exclusive commercialisation agreement with Eastman Chemical signed for Eden's nematicide product B2Y in nearly 30 countries representing a high percentage of the global nematicide demand
- 3AEY label extensions in Greece, Spain and Kenya for new crops and disease targets
- Appointment of Michel Villeneuve, as Senior Strategic Commercial Advisor, and Peter Watson, as Regulatory Strategy Advisor

Post Period end

- 3AEY approval granted in France for table and wine grape protection from botrytis
- First commercial scale order of 3AEY from SumiAgro in France
- Ongoing 3AEY sales in Kenya, Greece, Spain and Italy
- Extension of patent protection in Greece

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Notes:
Eden Research is a technology development and commercialisation company with intellectual property and expertise in encapsulation, terpenes and environmentally friendly technologies to provide naturally occurring solutions for the global agrochemicals, animal health, and consumer product industries.

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 compounds to enhance their performance and ease-of-use. 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, cosmetics 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.

Eden 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 commercial 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 represented 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 3 of only 10 new active ingredients approved by the EC.

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

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

CHAIRMAN'S REPORT

Introduction

I am pleased to report that the Company has made significant progress in 2016 in its commercialisation.

Our Chief Executive Officer, Sean Smith, will provide more details in his report but I will first give an overview of this progress.

Commercial

Early in 2016, Eden received approval for its first agrochemical product, 3AEY, a fungicide which targets botrytis on grapes, in both Spain and Italy. This allowed Sipcam, our commercial partner in those territories, to sell 3AEY on a commercial scale following the successful marketing campaign which Sipcam had undertaken.

Since the year end, France has also given its approval for 3AEY, which means that approvals are in place for 3AEY in three of the largest grape producing countries in the world.

In addition to the sale of products, which exceeded Sipcam's initial forecasts, "3logy®" (the name under which 3AEY is sold in Italy) won an award for Innovation at the prestigious Macfrut Exhibition in Rimini, Italy.

Towards the end of the year, we announced that Eden had signed an exclusive, global commercialisation agreement with Taminco BVBA, a subsidiary of Eastman Chemical Company's global crop protection division, for Eden's nematicide product which will be marketed by Taminco as "Cedroz™".

This is an important product and agreement for Eden. We are very pleased to have Taminco as a partner as they have a global reach and have invested, and continue to invest, significant resource into Cedroz™ to achieve success in a large market which is seeking such a product.

Personnel

During the year, the management committee comprised of:

Tom Lupton – Non-Executive Chairman
Robin Cridland – Non-Executive Director
Sean Smith – Chief Executive Officer
Alex Abrey – Chief Financial Officer

In 2016, we added to the team at Eden through the appointment of two key advisors:

Michel Villeneuve, who has over thirty years' experience in a variety of senior commercial, regulatory and management roles with major multinational companies involved in plant protection. Michel is supporting Eden with strategy and business development.

Peter A. Watson, who was employed by the UK National Pesticide Competent Authority before holding various senior regulatory roles with Dow AgroScience Services. Peter's role is to act as our Senior Regulatory Strategy Advisor.

We welcome both Michel and Peter to the team at Eden. We will continue to grow the team, as we increase commercial and development activity.

Outlook

With approvals of 3AEY having been granted in Spain, Italy and France, we expect to see a significant increase in product sales in 2017. The revenue from existing agreements will now be in the form of product sales to existing (and new) partners, following the progression of Eden's business model to include product supply as well as licensing.

The adoption and acceptance of biological products, such as 3AEY, continues to increase throughout the world and Eden is well positioned to benefit from this trend. We are focussed on exploiting this situation by leveraging the valuable intellectual property, in the form of patents, know-how and regulatory dossiers, that Eden has invested in. To that end, Eden will continue to enter into agreements with partners in new territories for 3AEY as well as other products that Eden continues to develop.

T G Lupton
Chairman

19 May 2017

CHIEF EXECUTIVE OFFICER'S REPORT

I am pleased to provide shareholders with an update on the progress that we have made in 2016 in respect of regulatory approvals, IP protection and increasing commercial success, as well as outline the evolution of our sales model and strategy to ensure profit maximisation and higher quality revenue streams over the longer-term. Whilst this has had some impact on our 2016 financial performance, Eden is now better positioned to benefit from our past product and technology development investments.

Strategy & financial results

As I described in my report last year, Eden has for many years adopted a technology licensing model. However, in 2015 we refined our commercialisation strategy to a product sales approach which allows the Company to derive more value from the products and technologies that it has developed.

In the short term, this approach has seen a reduction in upfront licence payments, however, in the medium and long term, this model will lead to greater returns and allow us to build brand value by establishing greater visibility in our end-use markets, and to have greater control over our supply chain. Looking forward, we anticipate that revenue and profit lines will grow at a greater rate than when compared with a pure licensing model.

Financial results

Revenue for the year ended 31 December 2016 totalled £0.4m, and, whilst lower than the previous year, this level is a reflection of the short-term impact of the evolution of our business model from technology licensing to product sales.

In previous years, the majority of our revenue has come from fees associated with licensing our technology (2015: £0.74m, £0.6m of which was from TerpeneTech), however the change in our sales model resulted in just £0.13m in licensing revenues in 2016. Also, as expected, fees from milestone payments were less prominent, being £0.05m compared to £0.06m in 2015. Evaluation fees also fell slightly to £0.03m (2015: £0.05m) as evaluation studies, such as the nematicide trials conducted by Eastman, concluded successfully and matured into commercialisation agreements, outlined below, which will yield future revenues for the Company.

Whilst commercial sales are still modest, they are growing and are now the largest contributor to overall revenue. Revenue received from commercial sales, both from direct product sales and royalty revenue, were £0.19m compared to £0.04m in the previous year. These sales include the first royalties received from sales of 3AEY in Italy, Greece and Spain which, at distributor level, were in excess of €1m with over 85,000 litres sold in total, and were comfortably greater than what our partners and we had forecast for first year sales in these territories.

Operating loss increased to £1.9m (2015: £1.1m). Operating loss excluding Share Based Payment Charge of £0.1m and Amortisation of £0.6m was £1.1m (2015: £0.2m). Loss for the year increased to £1.9m (2015: £1.3m). Loss per share (both basic and diluted) increased to 1.03p from 0.74p.

In March 2016, the Company raised £2.6m before expenses demonstrating continued support from existing and new institutional shareholders. The proceeds have provided the capital to accelerate our expansion without the funding constraints under which the Company had traditionally operated, as well as being able to expand the Company's product portfolio and geographical footprint for both existing and new products. Cash at the year-end was £1.5m.

Regulatory product approvals

The early part of 2016 saw the Company receive authorisation to sell its first product 3AEY, for use in the prevention and treatment of botrytis in table and wine grapes, in numerous territories. EU approvals were granted in Spain, Italy and Bulgaria increasing the geographical footprint of sales in the 2016 growing season.

The year also saw the first examples of how our products can gain regulatory clearance outside of the initial authorisation for the prevention and cure of botrytis on table and wine grapes. In June we announced the granting of label extensions in Spain to target the control of vine powdery mildew, one of the most challenging and widespread fungal diseases affecting grapevines around the world. In Greece, the authorities expanded the use of 3AEY in the treatment of botrytis beyond grapes to field and greenhouse grown aubergines, kiwis, pomegranates and fresh onions. Combined, these crops cover more than 14,000 hectares in Greece. We also received label extensions during the year in Kenya which expanded the use of our products to include the treatment of roses as well as certain edible crops.

At the year-end we were disappointed not to have secured regulatory approvals for 3AEY from both France and Portugal, and whilst our uncertainty on the timing of regulatory approval in Portugal remains unchanged, we were delighted to announce in January this year regulatory approval in France, one of the leading wine producing nations of the world, in time for the 2017 season. In addition, whilst they are not major markets in terms of size, we were nevertheless pleased to receive regulatory approvals from Albania and Cyprus with authorisations in Romania and the Former Yugoslav Republic of Macedonia still pending.

In addition, there are a number of other on-going regulatory approvals being sought for both 3AEY and *Cedroz*™ in important areas such as the USA.

Commercial progress

i. 3AEY – botrytis & powdery mildew treatment

We have made significant commercial progress this year following receipt of the necessary approvals to sell our lead product 3AEY, which focuses on plant protection, via our distribution partners. Below is a summary of our commercial progress and current geographical footprint:

Country	**3AEY Brand**	**Partner**	**Approved use**	**Commercial launch**
Italy	*3logy®*	Sipcam	Botrytis in grapes	Yes
France	*Mevalone™*	SumiAgro	Botrytis in grapes	Pending - 2017
Spain	*ARAW®*	Sipcam	Botrytis in grapes & vine powdery mildew	Yes
Greece	*Mevalone™*	Redestos	Botrytis in grapes, field and greenhouse aubergines, kiwis, pomegranates & fresh onions	Yes
Bulgaria	*Mevalone™*	Redestos	Botrytis in grapes	Pending
FYROM	*Mevalone™*	Redestos	Botrytis in grapes	Pending
Malta	*TBD*	TBD	Botrytis in grapes	Pending
Cyprus	*Mevalone™*	Redestos	Botrytis in grapes, field and greenhouse aubergines, kiwis, pomegranates & fresh onions	Pending - 2017
Albania	*Mevalone™*	Redestos	Botrytis in grapes, field and greenhouse aubergines, kiwis, pomegranates & fresh onions	Pending - 2017
Kenya	*Hawk™*	Lachlan	Botrytis and powdery mildew in peas, beans and cucurbits, and roses	Yes
Romania	*Mevalone™*	Redestos	Pending	Pending - 2017
Balkans	*Mevalone™*	Redestos	Pending	Pending

As mentioned above, the 2016 results benefitted from the first sales of 3AEY in Italy, Greece and Spain. In total, 2016 sales of 3AEY (at the distributor level) were in excess of €1m with over 85,000 litres sold throughout the year. This was comfortably above what our partners and we had forecast in these territories, which is encouraging, particularly in light of the fact that botrytis was not especially prevalent this last season and authorisation in Italy was granted somewhat later than required for full promotion via certain product catalogues. Nevertheless, in some regions our products achieved a market share of approximately 20%, which is a remarkable achievement for a new product to market.

ii. B2Y – nematode treatment

In December 2016, we signed an exclusive commercialisation agreement for our nematicide product, "B2Y", with Taminco BVBA, a subsidiary of Eastman Chemical Company's global crop protection division ('Eastman') following a series of successful field trials and market evaluations conducted by them between 2014 and 2016.

Eastman will be responsible for developing our nematicide formulation, to be marketed as *Cedroz™*, across multiple territories covering 29 countries worldwide including some of the largest markets for nematicide products globally. Eastman are aiming to launch *Cedroz™* commercially in 2019 or sooner, where allowed. Under the agreement, Eastman has paid Eden an upfront fee and will make annual milestone payments until 2019. Eastman will take on the responsibility for the registration of *Cedroz™* in each territory whilst Eden retains responsibility for the registration of the active ingredients. Furthermore, and consistent with its evolved business model, Eden will supply Eastman with its product requirements globally from its global network of contract manufacturers and raw material suppliers.

iii. Animal health

Eden's partner for animal health applications in North America, Bayer Animal Health, continues to make steady progress with the four products that it is commercialising: a shampoo, a conditioner, a spray and an otic flush.

A significant amount of work, including *in vitro* and *in vivo* studies, has been undertaken with some further *in vivo* and formulation work required. As such, it is forecast that sales of product will be likely to commence in 2018. Eden remains confident that the products, once commercialised, will command a strong market share in the large North American market for companion animal health products.

iv. Human health

Over the past year, TerpeneTech, which is an associate of Eden through Eden's shareholding of 29.9%, has undertaken a second successful round of clinical trials and has been preparing its regulatory submissions to both the US and EU authorities for approval of its head-lice treatment product.

Since the head-lice treatment product is expected to be a medical device, once the regulatory submission has been made and TerpeneTech has satisfied itself that it has met the regulatory requirements, it will be possible to commence sales of that product. It is expected that this submission will take place in the next few months.

In parallel, TerpeneTech has been negotiating with a number of different parties to distribute the head-lice product in the UK, initially, and then the rest of the EU and USA. It is expected that sales will commence this year.

With regard to the other biocide applications using Eden's technology and know-how, TerpeneTech continues to negotiate with a number of potential partners, though Eden understands that less focus has been placed on these opportunities in the past year due to the focus on commercialising the head-lice treatment product. Once the submission for the head-lice product has been made, it is understood that these other areas will be prioritised by TerpeneTech.

In addition, TerpeneTech, which is listed as a registered supplier under the EU Biocides Directive of a terpene called geraniol, has been selling geraniol to third parties which Eden understands has helped TerpeneTech to achieve revenues of £0.14m in 2016 and an operating profit of £0.01m. Whilst there is room for growth, TerpeneTech's use of its position as a notified supplier of geraniol illustrates one additional way in which its assets can be leveraged commercially.

Intellectual Property ("IP")

Following the agreement signed between Eden and Intellectual Ventures' Invention Development Fund (now called Xinova LLC) towards the end of 2015, the two parties have been working together to expand the breadth of Eden's intellectual property base with some exciting and interesting opportunities starting to come from this collaboration.

Also, following the year end, we successfully extended our patent protection in Greece for 3AEY, until May 2030, through a successful application for a Supplementary Protection Certificate from the Patent Office.

People

This financial year we welcomed Michel Villeneuve, as Senior Strategic Commercial Advisor, and Peter Watson, as Senior Regulatory Strategy Advisor, to the team at Eden. 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 has worked for the UK's National Pesticide Competent Authority and Dow AgroScience Services 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.

Outlook

We believe the decision to evolve Eden's business model to one which is primarily product sales based will maximise the returns to shareholders in the long term. However, even in the short term, we expect to see revenues rise significantly in 2017 from those in previous years based upon the sale of 3AEY mainly in France, Spain and Italy.

Following on from the successful launch in 2016 of 3AEY in Italy, where it is sold as 3logy®, we have received strong interest from distributors looking to sell the product outside of the EU. We expect to conclude arrangements in a number of these territories over the next twelve months.

Already this year we have undertaken an increased amount of research and development work which will continue apace throughout the rest of 2017 and 2018. This will strengthen the commercial viability of Eden's product portfolio which to date has been progressing at a slower pace than we would have liked due to restricted resources.

We are also investing further this year in regulatory approvals which will ultimately result in a number of Eden's products being sold throughout the world thereby increasing the inherent value of Eden's intellectual property and helping to build our business on a global basis.

S M Smith
Chief Executive Officer

19 May 2017

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For The Year Ended 31 December 2016

	Notes	**2016**	2015 *As restated (Note 2)*
		£	£
CONTINUING OPERATIONS			
Revenue	4	**391,958**	883,312
Cost of sales		**(28,560)**	(98,708)
GROSS PROFIT		**363,398**	784,604
Amortisation of intangible assets		**(680,385)**	(655,304)
Other administrative expenses		**(1,439,670)**	(1,019,957)
Share based payments		**(129,707)**	(247,973)
OPERATING LOSS		**(1,886,364)**	(1,138,630)
Finance costs	6	**(15,483)**	(20,486)
Finance income	6	**1,278**	247
Share of profit/(loss) of equity accounted investee, net of tax	11	**(12,418)**	(99,494)
LOSS BEFORE INCOME TAX	7	**(1,912,987)**	(1,258,363)
Income tax	8	**81,895**	101,260
LOSS FOR THE YEAR		**(1,831,092)**	(1,157,103)
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(1,831,092)**	(1,157,103)
Earnings per share expressed in pence per share:	9		
Basic		**-1.03**	-0.74
Diluted		**-1.03**	-0.74

STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

	Notes	**2016** £	2015 *As restated (Note 2)* £
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	10	**5,211,892**	5,543,092
Investments in equity-accounted investee	11	**811,165**	823,583
		6,023,057	6,366,675
CURRENT ASSETS			
Trade and other receivables	12	**240,505**	164,416
Cash and cash equivalents	13	**1,532,341**	148,360
		1,772,846	312,776
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	**965,286**	752,552
NET CURRENT ASSETS/(LIABILITIES)		**807,560**	(439,776)
NON-CURRENT LIABILITIES			
Trade and other payables	14	**67,462**	-
NET ASSETS		**6,763,155**	5,926,899
SHAREHOLDERS' EQUITY			
Called up share capital	17	**1,846,542**	1,587,583
Share premium	18	**29,139,654**	26,860,972
Merger reserve	18	**10,209,673**	10,209,673
Warrant reserve	18	**614,713**	735,453
Retained loss	18	**(35,047,427)**	(33,466,782)
TOTAL EQUITY		**6,763,155**	5,926,899

STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31 December 2016

	Called up share capital	Retained loss As restated (Note 2)	Share premium	Merger reserve	Warrant reserve	Total equity As restated (Note 2)
	£	£	£	£	£	£
Balance at 1 January 2015	1,541,430	(32,346,353)	26,014,049	10,209,673	524,154	5,942,953
Balance at 1 January 2015 restated	1,541,430	(32,346,353)	26,014,049	10,209,673	524,154	5,942,953
Changes in equity						
- Issue of share capital	46,153	-	846,923	-	-	893,076
- Total comprehensive income	-	(1,157,103)	-	-	-	(1,157,103)
- Options granted	-	-	-	-	247,973	247,973
- Options exercised/lapsed	-	36,674	-	-	(36,674)	-
Balance at 31 December 2015	1,587,583	(33,466,782)	26,860,972	10,209,673	735,453	5,926,899
Changes in equity						
- Issue of share capital	258,959	-	2,278,682	-	-	2,537,641
- Total comprehensive income	-	(1,831,092)	-	-	-	(1,831,092)
- Options granted	-	-	-	-	129,707	129,707
- Options exercised/lapsed	-	250,447	-	-	(250,447)	-
Balance at 31 December 2016	1,846,542	(35,047,427)	29,139,654	10,209,673	614,713	6,763,155

STATEMENT OF CASH FLOWS
For The Year Ended 31 December 2016

	Note	2016	2015
		£	£
Cash flows from operating activities			
Cash used by operations	19	**(983,364)**	(185,635)
Finance costs paid		**(15,483)**	(20,486)
Tax received		**81,895**	101,260
Net cash used by operating activities		**(916,952)**	(104,861)
Cash flows from investing activities			
Capitalisation of development expenditure and intellectual property costs		**(237,985)**	(132,006)
Interest received		**1,278**	247
Net cash used by investing activities		**(236,707)**	(131,759)
Cash flows from financing activities			
Issue of equity shares		**2,668,540**	-
Share issue costs		**(130,900)**	(30,000)
Net cash from/(used by) financing activities		**2,537,640**	(30,000)
Increase/(decrease) in cash and cash equivalents		**1,383,981**	(266,620)
Cash and cash equivalents at beginning of year	20	**148,360**	414,980
Cash and cash equivalents at end of year	20	**1,532,341**	148,360

1. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, 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.

The Company does not have any subsidiary undertakings.

Associates

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20 and 50 percent of the voting power of another entity. The company acquired 29.9% of TerpeneTech Limited (“TerpeneTech”) during 2015; TerpeneTech is an associated undertaking.

Application of the equity method to associates

The Company has one associated undertaking, TerpeneTech, which was acquired in 2015. As disclosed in note 2 below, the Company did not equity account for its interest in TerpeneTech in the prior year financial statements; this treatment has been amended by adjusting the prior period figures.

The investment in TerpeneTech is accounted for using the equity method. The investment was initially recognised at cost. The Company’s investment includes goodwill identified on acquisition, net of any accumulated impairment losses and any separable intangible assets. The financial statements include the Company’s share of the total comprehensive income and equity movements of TerpeneTech, from the date that significant influence commenced.

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 6 Priory Court, Priory Court Business Park, Poulton, Cirencester, Gloucestershire, GL7 5JB. The nature of the Company's operations and its principal activities are set out in the Chairman's Review. 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 2016.

- IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception - Amendments to IFRS 10, IFRS 12 and IAS 28
- Amendments to IFRS 10 and IAS 28
- IFRS 11 Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11
- IFRS 14 Regulatory Deferral Accounts
- IAS 1 Disclosure Initiative - Amendments to IAS 1
- IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38
- IAS 16 and IAS 41 Agriculture - Bearer Plants - Amendments to IAS 16 and IAS 41
- IAS 19 Defined Benefit Plans: Employee Contributions - Amendments to IAS 19
- IAS 27 - Equity Method in Separate Financial Statements - Amendments to IAS 27

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal
- IFRS 7 Financial Instruments: Disclosures - Servicing Contracts
- IFRS 7 Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements
- IAS 34 Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

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:-

Effective 1 January 2018

IFRS 15 Revenue from Contracts with Customers
IFRS 9 Financial Instruments

Effective 1 January 2019

IFRS 16 Leases

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 £1,831,092 (2015: £1,157,103). Net current assets at that date amounted to £807,560 (2015: £439,776 net current liabilities).

The directors have prepared budgets and projected cash flow forecasts, based in part on forecasts provided by Eden’s commercial partners, for a period of two years from 31 December 2016 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 "blue sky" 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 constraints.

The directors have also considered a scenario whereby the Company receives no revenue from the date of this Report. On this basis, the directors believe that the Company has sufficient cash to cover a period of at least 12 months from the date of this Report.

The directors are closely monitoring performance against cash flow projections that have been prepared for the period to 31 December 2017 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 is recognised as accrued in accordance with the terms of the underlying contract.

Milestone payments receivable under 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 significant on-going obligations.

Intangible assets
Intellectual property, including development costs, is capitalised and amortised on a straight line basis over its remaining estimated useful economic life of 8 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.

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.

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 Profit or Loss and Other 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 Profit or Loss and Other 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. In previous years, 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.

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 Profit or Loss and Other 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 Profit or Loss and Other 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.

Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

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 26 to the financial statements.

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 Profit or Loss and Other 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 realized 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.

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 and intellectual property

The directors have considered the recoverability of an internally generated intangible asset, being development costs, which has a carrying value of £2.0m (2015: £1.9m) and intellectual property which has a carrying value of £3.2m (2015: £3.5m). The projects relating to these items 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 commercial 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 and investments has not been carried out.

Further details on impairment review can be found in note 10 and 11 to the accounts.

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 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 directors consider it is appropriate for the financial statements to be prepared on a going concern basis based on the estimates they have made.

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.

Application of equity method to associates

In the prior year financial statements the Company did not equity account for its interest in TerpeneTech; in the current year the Board has decided to adopt equity accounting as a new accounting policy and, as a result, the comparative figures have been restated as disclosed in note 2 of the accounts.

Accounting for TerpeneTech

In August 2015 the Company sold a licence to TerpeneTech Limited ("TerpeneTech") for £0.6m in order for TerpeneTech to use the Company's Intellectual Property in head lice products; this was reflected as revenue as the Company had no significant on-going obligations in respect of the transaction.

Following this transaction, the Company issued 4,615,385 ordinary shares at 20p each (the market value at the time of issue) in exchange for 29.9% of the equity shares in TerpeneTech.

This transaction was treated as a separate transaction. The Board is satisfied that these transactions were at arm's length and that there were no reciprocal arrangements or reacquisition of rights. TerpeneTech was not an associated undertaking at the time the licence was sold. TerpeneTech had sold its interest in the Company by 31 December 2015, as disclosed in note 11.

2. PRIOR PERIOD RESTATEMENT

In the prior year financial statements, the Board concluded that, since the Company had no subsidiary undertakings and consequently was not required to prepare consolidated accounts, the Company was not required to equity account for its interest in TerpeneTech Limited.

During 2016, the Company received a number of queries from the FRC's Corporate Reporting Review Committee under the Conduct Committee's operating procedures for reviewing corporate reporting regarding its report and accounts for the year ended 31 December 2015. The principal matter discussed was the accounting for the Company's 29.9% investment in TerpeneTech Limited. Following those discussions, the Company acknowledged that this investment should have been classified as an associate. In order to present accounts that comply with IFRS, the Company has equity accounted for its investment in TerpeneTech Limited in these accounts and provided all relevant disclosures in respect of that investment. The comparative figures have been restated accordingly. Following changes in the Companies Act 2006 effective from 1 January 2016, the Board has concluded that there is no requirement to include separate financial statements accounting for the investment in TerpeneTech Limited at cost.

In addition, the Company has provided additional explanation justifying why there was substance to the transaction involving the granting of rights to TerpeneTech Limited to use the Company's intellectual property and supporting the recognition of revenue of £0.6m within the 2015 accounts.

The Company also discussed with the FRC the treatment of the settlement of a loan repaid in 2014. The Company acknowledges that clearer information on the cost of the settlement should have been provided in its strategic report for the year ended 31 December 2015 and has therefore included additional disclosure in these accounts (see note 3 below).

The FRC has confirmed that it has completed its enquiries with regard to these matters and does not expect to require any further action by the Company in respect of these matters.

The impacts of the restatement are:

i. Increase in the loss for the year by £99,494 by including the Company's share of TerpeneTech Limited's loss for the period following the Company's investment.
ii. A reduction in investments and net assets/total equity of £99,494.
iii. Increase in the earnings per share from a loss of 0.68p to a loss of 0.74p.

Further disclosure is provided in notes 1 and 11.

There was no impact on the results or financial position at 1 January 2015 or prior and accordingly, the Company has not included a third statement of financial position as at the beginning of the preceding period.

3. PRIOR YEAR ACCOUNTING FOR FINANCIAL LIABILITIES

In the year ended 31 December 2014, the Company converted £2,295,192 of debt owed to Oxford Capital Limited into 20,865,382 new ordinary shares. Of the total amount converted, charges of £1,142,592 were incurred, excluding Share Based Payment charge, as detailed below.

A breakdown of the total debt which was converted and the finance charges incurred is as follows:

		£		£	
Loans advanced		1,110,000			
Cost of advancing the loans:					
Finance charges*	492,500			492,500	
Loan fees	76,200			76,200	
		568,700			
		1,678,700			
Interest accrued		42,694		94	
Carrying value of debt at conversion		1,721,394			
Cost of conversion		573,798		573,798	
		2,295,192		1,142,592	**
Share Based Payment charge (see below)				106,686	
Total finance charges (as restated)				1,249,278	

**calculated at a discount to the share price at the time of the loan advance or conversion.*
***total finance charges incurred in 2014, per 2014 and 2015 accounts.*

As part of the overall settlement of the outstanding loan amounts due, the Company granted to Oxford Capital 2,000,000 warrants at 11p which expire on 10 December 2019.

A share based payment charge of £106,686 was made in respect of the warrants granted.

4. 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 Executive Directors as they are primarily responsible for the allocation of the resources to segments and the assessment of performance of the segments.

The Executive 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 2016 is as follows:

	Licensing fees	Milestone payments	Evaluation fees	Royalties	Grant funding	Product sales	Unallocated	Total
	£	£	£	£	£	£	£	£
Biocides	-	14,368	-	-	-	-	-	**14,368**
Agrochemicals	128,204	31,008	30,580	122,814	123	64,861	-	**377,590**
TOTAL	**128,204**	**45,376**	**30,580**	**122,814**	**123**	**64,861**	-	**391,958**
Adjusted EBITDA	-	-	-	-	-	-	**(1,076,272)**	**(1,076,272)**
Amortisation	-	-	-	-	-	-	**(680,385)**	**(680,385)**
Depreciation	-	-	-	-	-	-	-	-
Share Based Payments	-	-	-	-	-	-	**(129,707)**	**(129,707)**
Net Finance costs	-	-	-	-	-	-	**(14,205)**	**(14,205)**
Income tax	-	-	-	-	-	-	**81,895**	**81,895**
Share of Associate's loss	-	-	-	-	-	-	**(12,418)**	**(12,418)**
Loss for the Year	-	-	-	-	-	-	**(1,831,092)**	**(1,831,092)**
Total Assets	-	-	-	-	-	-	**7,799,175**	**7,799,175**
Total Assets includes:								
Additions to Non-Current Assets	-	-	-	-	-	-	**349,149**	**349,149**
Total Liabilities	-	-	-	-	-	-	**(1,032,748)**	**(1,032,748)**

The segmental information for the year ended 31 December 2015 is as follows:

	Licensing fees	Milestone payments	Evaluation fees	Royalties	Grant funding	Product sales	Unallocated	Total
	£	£	£	£	£	£	£	£
Biocides	-	12,346 -	-	3,031 -	-	-	-	**15,377**
Human Health	600,000	-	-	-	-	-	-	**600,000**
Agrochemicals	138,068	50,676	45,214	3,345	531	30,101	-	**267,935**
TOTAL	**738,068**	**63,022**	**45,214**	**6,376**	**531**	**30,101**	-	**883,312**
Adjusted EBITDA	-	-	-	-	-	-	**(235,353)**	**(235,353)**
Amortisation	-	-	-	-	-	-	**(655,304)**	**(655,304)**
Depreciation	-	-	-	-	-	-	-	-
Share Based Payments	-	-	-	-	-	-	**(247,973)**	**(247,973)**
Net Finance costs	-	-	-	-	-	-	**(20,239)**	**(20,239)**
Income tax	-	-	-	-	-	-	**101,260**	**101,260**
Share of Associate's loss	-	-	-	-	-	-	**(99,494)**	**(99,494)**
Loss for the Year	-	-	-	-	-	-	**(1,157,103)**	**(1,157,103)**
Total Assets	-	-	-	-	-	-	**6,679,451**	**6,679,451**
Total Assets includes:								
Additions to non-current assets	-	-	-	-	-	-	**274,656**	**274,656**
Total Liabilities	-	-	-	-	-	-	**(752,552)**	**(752,552)**

5. EMPLOYEES AND DIRECTORS

	2016	2015
	£	£
Wages and salaries	**447,075**	385,471
Pension costs	**4,218**	-
Social security costs	**32,334**	33,074
	483,627	418,545

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

	2015	2014
Management	**4**	5

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

	2015	2015
	£	£
Director's remuneration	**382,075**	308,616
Non-executive directors' fees	**65,000**	76,855
Total directors' emoluments	**447,075**	385,471
Share based payment charge relating to all directors	**129,707**	142,959

During the year the remuneration of the highest paid director was £266,780 (2015: £317,526).

2016	**Salary**	**Bonus**	**Fees**	**Pension**	**Share based payments**	**Total**
	£	**£**	**£**	**£**	**£**	**£**
A Abrey	**120,000**	**54,000**	**-**	**1,920**	**73,300**	**249,220**
T Lupton	**-**	**-**	**35,000**	**-**	**-**	**35,000**
S Smith	**143,500**	**64,575**	**-**	**2,298**	**56,407**	**266,780**
R Cridland	**-**	**-**	**30,000**	**-**	**-**	**30,000**
	263,500	**118,575**	**65,000**	**4,218**	**129,707**	**581,000**

2015	Salary	Bonus	Fees	Share based payments	Total
	£	£	£	£	£
A Abrey	86,250	31,050	-	4,884	122,184
K Brooks	7,500	-	22,500	-	30,000
C Newitt	4,365	-	-	-	4,365
T Lupton	-	-	35,000	-	35,000
S Smith	137,335	42,116	-	138,075	317,526
R Cridland	-	-	19,355	-	19,355
	235,450	73,166	76,855	142,959	528,430

6. NET FINANCE COSTS

	2016	2015
	£	£
Finance income:		
Deposit account interest	**1,278**	247
Finance costs:		
Bank interest		
Exchange variances	**14,999**	20,064
Finance fees	**484**	422
	15,483	20,486
Net finance costs	**14,205**	20,239

7. LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging:

	2016	2015
	£	£
Licences and trademarks amortisation	**15,720**	15,723
Development costs amortisation	**225,141**	200,093
Intellectual property amortisation	**439,488**	439,488
Auditors' remuneration	**21,800**	16,000
Equity share based payment charge	**129,707**	247,073
Foreign exchange differences	**14,999**	20,064

8. INCOME TAX

Analysis of tax income

	2016	2015
	£	£
Current tax:		
Tax	**(81,895)**	(101,260)
Total tax income in statement of profit or loss and other comprehensive income	**(81,895)**	(101,260)

Corporation tax

No tax charge arises on the results for the year (2015: £nil). Tax losses carried forward amount to approximately £23,800,466 (2015: £21,287,596). The tax credit represents the research and development tax credit receivable for the year ended 31 December 2016.

Factors affecting the tax charge

The UK standard rate of corporation tax is 20.00% (2015: 20.25%). Current tax assessed for the financial year as a percentage of the loss before taxation is (4.3)% (2015: (8.0)%)

The differences are explained below:

	2016	2016	2015	2015
			As restated	As restated
	£	**%**	£	%
Standard rate of corporation tax in the UK		**(20.00)**		(20.25)
Loss before tax at standard rate of tax	**(382,597)**		(254,819)	
Effects of Losses carried forward	**335,081**	**17.5**	260,904	20.73
Difference in effective tax rate of equity accounted associate	**(2,484)**	**(0.1)**	(20,147)	(1.60)
Other expenses not deductible for tax purposes	**50,000**	**2.6**	14,062	1.12
Research and development tax relief	**(81,895)**	**(4.3)**	(101,260)	(8.0)
Total current tax credit and tax rate %	**(81,895)**	**(4.3)**	(101,260)	(8.0)
Deferred tax				
Un-provided deferred tax asset	**4,046,079**		3,500,613	

The un-provided for deferred tax asset arises principally in respect of trading losses, together with other minor timing differences at 17% (2015: 18%) and has not been recognised due to the uncertainty of timing of future profits against which it may be realised.

9. 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 £	2016 Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	**(1,831,092)**	**178,441,431**	**-1.03**
Effect of dilutive securities	-	-	-
Diluted EPS			
Adjusted earnings	**(1,831,092)**	**178,441,431**	**-1.03**

	Earnings (as restated) £	2015 Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	(1,157,103)	155,685,557	-0.74
Effect of dilutive securities	-	-	-
Diluted EPS			
Adjusted earnings	(1,157,103)	155,685,557	-0.74

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

10. INTANGIBLE ASSETS

	Licences and trademarks £	**Development costs £**	**Intellectual property £**	**Totals £**
COST				
At 1 January 2016	**447,351**	**3,188,498**	**8,657,372**	**12,293,221**
Additions	**-**	**266,778**	**82,371**	**349,149**
At 31 December 2016	**447,351**	**3,455,276**	**8,739,743**	**12,642,370**
AMORTISATION				
At 1 January 2016	**368,590**	**1,249,819**	**5,131,720**	**6,750,129**
Amortisation for year	**15,720**	**225,141**	**439,488**	**680,349**
At 31 December 2016	**384,310**	**1,474,960**	**5,571,208**	**7,430,478**
NET BOOK VALUE				
At 31 December 2016	**63,041**	**1,980,316**	**3,168,535**	**5,211,892**

	Licences and trademarks £	**Development costs £**	**Intellectual property £**	**Totals £**
COST				
At 1 January 2015	447,351	2,979,440	8,591,774	12,018,565
Additions	-	209,058	65,598	274,656
At 31 December 2015	447,351	3,188,498	8,657,372	12,293,221
AMORTISATION				
At 1 January 2015	352,867	1,049,726	4,692,232	6,094,825
Amortisation for year	15,723	200,093	439,488	655,304
At 31 December 2015	368,590	1,249,819	5,131,720	6,750,129
NET BOOK VALUE				
At 31 December 2015	78,761	1,938,679	3,525,652	5,543,092

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 eight years.

An annual impairment review is undertaken by the Board of Directors. 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.

The directors have used discounted cash-flow forecasts, based on product sales forecasts provided by the Company's commercial partners, and have taken into account the market potential for Eden's products and technologies using third party market data that Eden has acquired licences to.

The discount rate and the expected growth rate are two key assumptions used. The discount rate is estimated using pre-tax rates that reflect current market assessments of the time value of money and the risk specific to the asset. The rate used was 10% (2015: 10%).

The growth rates are derived from discussions with the Company's commercial partners, as described above.

Based on the review management have carried out, they are satisfied that the Intellectual Property is not impaired in respect of its carrying value.

The directors have also considered whether any reasonable change in assumptions would lead to an impairment and are satisfied that this is not the case.

All revenues have been projected to come from the cash generating units identified in the segmental reporting and Chairman's Report, namely the key product lines of the Company.

11. INVESTMENTS IN ASSOCIATES

		2016	2015
Percentage ownership interest and proportion of voting rights		**29.9%**	29.9%
		£	£
Non-current assets		**632,158**	679,979
Current assets		**92,343**	64,784
Non-current liabilities		**(78,537)**	(108,150)
Current liabilities		**(27,705)**	(25,547)
Net assets (100%)		**618,259**	611,066
Company's share of net assets		**184,859**	182,709
Separable intangible assets		**213,657**	228,225
Goodwill		**412,649**	412,649
Carrying amount of interest in associate		**811,165**	823,583
Revenue		**144,760**	44,223
Profit/(loss) from continuing operations		**7,193**	(316,515)
Post tax profit from discontinued operations		**-**	-
100% of total post-tax profits		**7,193**	(316,515)
29.9% of total post-tax profits		**2,150**	(94,638)
Amortisation of separable intangible assets		**(14,568)**	(4,856)
Company's share of profit/(loss) including amortisation of separable intangible assets		**(12,418)**	(99,494)
Other comprehensive income		**-**	-
100%		**-**	-
29.9%		**-**	-
Company's share of other comprehensive income		**-**	-
Total comprehensive income (100%)		**7,193**	(316,515)
Company's share of total comprehensive income including amortisation of separable intangible asset		**(12,418)**	(99,494)
Dividends received by the Company		**-**	-

The investment in associates relates to the Company's interest in TerpeneTech Limited. As discussed in Note 2 above, the Company did not equity account for the interest in the prior year financial statements; the prior year figures have been restated in order to comply with IAS 28.

The Company acquired 29.9% of TerpeneTech's share capital in 2015 by issuing shares in the Company. The fair value of the share was deemed to be £923,077.

In August 2015, the Company signed a licence agreement with TerpeneTech Limited, a company registered in England and Wales, granting it the exclusive, global rights to use Eden's technology and know-how to develop and market head-lice products (the head-lice agreement).

Eden had previously signed a licence agreement in 2011 with TerpeneTech granting it the exclusive, global rights to use Eden's technology and know-how to develop and market biocide products, the rights to which are separate to those described above.

For the rights granted to TerpeneTech in 2015, under the head-lice agreement, Eden received an upfront licence fee of £600,000. This amount was paid in cash upon signature of the agreement and was a non-refundable fee with insignificant on-going performance obligations on Eden under the licence.

Subsequent to discussions regarding the then potential head-lice licence agreement and following successful clinical trials undertaken by TerpeneTech on the head-lice product, Eden contemplated taking a shareholding in TerpeneTech in order to, amongst other things, provide Eden with a greater potential return on the intellectual property that TerpeneTech was exploiting (both its own and that licensed from Eden) and to provide Eden with a degree of influence over TerpeneTech.

Shortly after the completion of the head-lice licence agreement, Eden took a shareholding in TerpeneTech through a share-swap arrangement (the share-swap), whereby Eden issued 4,615,385 of its shares in exchange for new shares in TerpeneTech totalling 29.9% of the enlarged, issued share capital. The value of the shares issued to TerpeneTech, and the value at which Eden recorded its investment in TerpeneTech, was £923,077.

Prior to the year ended 31 December 2015, TerpeneTech disposed of its investment in Eden at a loss of £0.3m.

The share-swap and the head-lice licence agreement were negotiated and completed on arm's length commercial terms.

TerpeneTech's principal place of business is 3 rue de Commandant Charcot, 22410, St Quay Portrieux, France.

An impairment review of the investment in TerpeneTech was undertaken by the Board of Directors. 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 TerpeneTech has made in registering its products and other key commercial factors to determine whether any indicators of impairment exist.

The directors have used discounted cash-flow forecasts, based on product sales forecasts provided by TerpeneTech, and have taken into account the market potential for those products.

The discount rate and the expected growth rate are two key assumptions used. The discount rate is estimated using pre-tax rates that reflect current market assessments of the time value of money and the risk specific to the asset. The rate used was 20% (2015: 20%). The growth rates are derived from discussions with the Company's commercial partner, TerpeneTech, as described above.

Based on the review management have carried out, they are satisfied that the Investment is not impaired in respect of its carrying value.

The directors have also considered whether any reasonable change in assumptions would lead to an impairment and are satisfied that this is not the case.

12. TRADE AND OTHER RECEIVABLES

	2015	2015
	£	£
Current:		
Trade and other receivables	**236,098**	144,997
VAT recoverable	**4,407**	19,419
	240,505	164,416

The directors consider that the carrying value of trade and other receivables approximates to the fair value. Trade debtors are included net of a provision of £nil (2015: £nil). Details of debts past due but not impaired are given in note 26.

13. CASH AND CASH EQUIVALENTS

	2016	2015
	£	£
Short term bank deposits	**1,532,341**	148,360

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

14. TRADE AND OTHER PAYABLES

	2016	2015
	£	£
Current:		
Trade payables	**120,758**	326,940
Other payables	**40,894**	25,668
Accruals and deferred income	**803,634**	399,944
	965,286	752,552

Included in accruals is an amount of £570,462, being minimum royalties due to University of Massachusetts Medical School ("UMMS") under the licence agreement Eden signed with UMMS in 2011. Eden is currently re-negotiating some of the terms of the licence with UMMS and, as such, the Company has taken the view that, whilst it is unlikely that the full accrued amount will be paid, it is prudent to accrue the full amount due, per the licence agreement.

Non-current:		
Other creditors	**67,462**	-
Aggregate amounts	**1,032,748**	752,552

15. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2016	2015
	£	£
Between one and five years	**-**	11,958
	-	11,958

16. FINANCIAL ASSETS AND LIABILITIES

	Note	2016	2015
		£	£
Financial assets at amortised cost			
Other receivables	12	**240,505**	164,416
Cash and cash equivalents	13	**1,532,341**	148,360
		1,772,846	312,776

Financial liabilities measured at amortised cost		**2016**	2015
Current:		**£**	£
Trade and other payables	14	**1,032,748**	752,552
		1,032,748	752,552

17. CALLED UP SHARE CAPITAL

Number:	Class:	Nominal value:	2016 £	2015 £
184,654,119 (2015: 158,758,265)	Ordinary	0.01	**1,846,542**	**1,587,583**

Alloted, issued and fully paid

Number:	Class:	Nominal value:	2016 £	2015 £
184,654,119 (2015: 158,758,265)	Ordinary	0.01	**1,846,542**	1,587,583

On 20 January 2016 the Company issued 350,000 ordinary shares at 13p each for a consideration of £45,500 and 180,000 ordinary shares at 12.80p each for a consideration of £23,040 in respect of share options and warrants exercised. On 20 June 2016, the Company issued a further 25,365,854 ordinary shares at 10.25p each for consideration of £2,600,000. Share issue costs of £130,899 were incurred and have been charged to the share premium account as detailed in note 18.

The number of £0.01 ordinary shares issued in the year totalled 25,895,854 (2015: 4,615,385).

Date	Number of ordinary shares	Aggregate nominal value	Issue Price	Premium on issue	Total share premium
		£	£	£	£
20/01/2016	350,000	3,500	0.1300	0.1200	42,000
20/01/2016	180,000	1,800	0.1300	0.1180	21,240
30/03/2016	25,365,854	253,659	0.1025	0.0925	2,346,341
		258,959			2,409,581

18. RESERVES

	Retained losses (As restated)	Share premium	Merger reserve	Warrant reserve	Totals (As restated)
	£	£	£	£	£
At 1 January 2016	**(33,466,782)**	**26,860,972**	**10,209,673**	**735,453**	**4,339,316**
Deficit for the year	**(1,831,092)**	**-**	**-**	**-**	**(1,831,092)**
Cash share issue	**-**	**2,409,581**	**-**	**-**	**2,409,581**
Transfer to other reserves	**-**	**(130,899)**	**-**	**-**	**(130,899)**
Options granted	**-**	**-**	**-**	**129,707**	**129,707**
Options exercised/lapsed	**250,447**	**-**	**-**	**(250,447)**	**-**
At 31 December 2016	**(35,047,427)**	**29,139,654**	**10,209,673**	**614,713**	**4,916,613**

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.

19. RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH USED BY OPERATIONS

	2016	2015 (as restated) *
	£	£
Loss before income tax	**(1,912,987)**	(1,258,363)
Share of associate's losses	**12,418**	99,494
Depreciation charges	**680,349**	655,304
Share based payment charge	**129,707**	247,973
Finance costs	**15,483**	20,486
Finance income	**(1,278)**	(247)
	(1,076,308)	(235,353)
Increase in trade and other receivables	**(76,089)**	(101,882)
Increase in trade and other payables	**169,033**	151,600
Cash used by operations	**(983,364)**	(185,635)

* The restatement relates to the correction of the figures for the increase in trade and other receivables and the increase in trade and other payables as £142,650 relating to development costs accrued but unpaid was adjusted in the movement in trade and other receivables in error. It should have been deducted from the increase in trade and other payables.

20. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2016

	31.12.16	1.1.16
	£	£
Cash and cash equivalents	**1,532,341**	**148,360**

Year ended 31 December 2015

	31.12.15	1.1.15
	£	£
Cash and cash equivalents	148,360	414,980

21. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2015, the company acquired 29.9% of share capital of TerpeneTech for £923,077. The consideration was paid via the issue of shares as disclosed per note 11 and was a major non-cash transaction. Share issue costs of £30,000 were incurred.

22. CAPITAL COMMITMENTS

The Company had no capital commitments at 31 December 2016 (2015: £nil).

23. CONTINGENT LIABILITY

In September 2015, the Company entered into a Collaboration and Licence agreement with Invention Development Management Company LLC (part of Intellectual Ventures, now called Xinova LLC). As part of this agreement, upon successful completion of a number of different tasks, Xinova will be entitled to a payment which is calculated using the value of the Company at a future date. As at 31 December 2015, no contingent liability had been realised.

During the year, an amount of £67,462, being the amount estimated as due to Xinova had been realised and is included as a non-current liability, as disclosed in note 14 to the accounts.

24. 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 5.

Transactions with other related parties are set out below:

During the year, Ricewood Limited, of which A Abrey is a director and shareholder, supplied consultancy services to Eden Research Plc in the amount of £nil (2015: £15,000).

During the year, Eden invoiced its associate, TerpeneTech, £14,368 for licence fees (2015: £612,261).

Also during the year, Eden made payments on behalf of TerpeneTech totalling £13,923 (2015: £3,500).

At the year end, an amount of £2,490 was owed to TerpeneTech (2015: £16,413). This amount is included within Other Payables.

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

25. SHARE-BASED PAYMENT TRANSACTIONS

Share Options

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

	2016 Weighted average exercise price (pence)	**Number**	2015 Weighted average exercise price (pence)	Number
Outstanding at the beginning of the year	11	6,075,000	12	4,650,000
Granted during the year	13	2,050,000	18	1,625,000
Exercised during the year	13	(350,000)		-
Lapsed during the year	13	(2,750,000)	18	(200,000)
	11	5,025,000	11	6,075,000

The exercise price of options outstanding at the end of the year ranged between 8p and 16p (2015: 8p and 18p) and their weighted average contractual life was 2.1 years (2015: 1.5 years). None of the options have vesting conditions.

The share based payment charge for the year was £129,707 (2015: £142,959). The weighted average fair value of each option granted during 2016 was 13p (2015: 9p).

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)	12
Exercise price (pence)	15
Weighted average contractual life (days)	1,095
Expected volatility	64.4%
Expected dividend growth rate	-
Risk-free interest rate	0.95%

Expected volatility is calculated based on historic share price movements.

Warrants

	2016 Weighted average exercise price (pence)	**Number**	2015 Weighted average exercise price (pence)	Number
Outstanding at the beginning of the year	14	5,677,867	13	3,340,000
Granted during the year	-	-	15	2,337,867
Exercised during the year	13	(180,000)	-	
Lapsed during the year	-	-	-	-
	14	5,497,867	14	5,677,867

The exercise price of warrants outstanding at the end of the year ranged between 11p and 30p (2015: 11p and 30p) and their weighted average contractual life was 2.6 years (2015: 3 years). None of the warrants have vesting conditions.

The share based payment charge for the year was £nil (2015: £105,014). The weighted average fair value of each warrant granted during the year was £nil (2015: 5p).

26. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

Credit risk

	2016	2015
	£	£
Cash and cash equivalents	**1,532,341**	148,360
Trade receivables	**236,098**	144,997
	1,768,439	293,357

The average credit period for sales of goods and services is 83 days. No interest is charged on overdue trade receivables. At 31 December 2016 trade receivables of £74,340 (2015: £28,899) were past due. During the year the Company wrote off bad debts in the amount of £34,138 (2015: £nil).

Trade receivables of £40,724 (2015: £28,900) at the reporting date are held in Euros and £47,984 (2015: £84,122) were held in USD.

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

	2016	2015
	£	£
Trade payables	**120,758**	326,940
Other payables	**40,894**	25,668
Accruals and deferred income	**871,096**	399,944
	1,032,748	752,552

The carrying amount of trade payables approximates to fair value.

The average credit period on purchases of goods is 27 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.

Credit risk

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

Currency risk

The Company publishes its financial statements in pounds sterling and conducts some of its business in US dollars, Swiss Francs 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 Profit or Loss and Other Comprehensive Income as incurred. At the year end, the Company had the following net foreign currency balances in liabilities.

	2016	2015
		(As restated)
	£	£
US dollars	**681,054**	404,968
Euro	**18,660**	12,117
Swiss Francs	**1,274**	-
	700,988	417,085

Liquidity risk

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 2016 was:-

	Total		**Fixed rate financial liabilities**	**Financial liabilities on which no interest is paid**
	£		**£**	**£**
Sterling				
2016	325,247		-	325,247
2015	335,467	*	-	335,467
Euro				
2016	18,660		-	18,660
2015	12,117		-	12,117
US Dollars				
2016	681,054		-	681,054
2015	404,968	*	-	404,968
Swiss Francs				
2016	1,274		-	1,274
2015	-		-	-

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

*The restatement relates to the correction of financial liabilities denominated in US Dollars in 2015 which had previously been shown as denominated in Sterling. The total amount adjusted is £267,396.

Maturity of financial liabilities

The maturity profile of the Company's financial liabilities at 31 December 2016 was as follows:-

	2016	2015
	£	£
In one year or less, or on demand	**965,286**	752,552
Over one year	**67,462**	-
	1,032,748	752,552

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 2016 and 31 December 2015.

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% (2015: 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.

	2016	2015 (as restated)
	£	£
Borrowings	**-**	-
Less: Cash and cash equivalents	**(1,532,341)**	(148,360)
Net debt	**(1,532,341)**	(148,360)
Total equity	**6,763,155**	5,926,899
Total capital	**5,230,814**	5,778,539
Gearing ratio	**0%**	0%

27. DEFINED CONTRIBUTION PLANS

The Company operates a defined contribution pension plan.

The total expense relating to these plans in the current year was £4,218 (2015: £nil).

28. POST BALANCE SHEET EVENTS

In January 2017, Eden entered into a new operating lease, details of which are below.

Minimum lease payments under non-cancellable operating leases fall due as follows:

	£
Between one and five years	**35,000**
	35,000