



29 September 2014

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

Half Yearly Report

Eden Research plc (AIM: EDEN), the AIM listed natural micro-encapsulation company, announces its interim results for the six months ended 30 June 2014.

Operational highlights

- Data Access Licence and Royalty Agreement signed with Daymsa
- First commercial launch of products using Eden's GO-E™ technology in the biocides sector
- Three further grants of patents strengthening Eden's Intellectual Property portfolio
- Confirmation of Completeness-Check for dossier submitted to gain approval for lead plant protection product, 3AEY, using the Company's three EU approved active substances

Financial highlights

- Revenue for the period of £0.02m (H1 2013: £0.05m)
- Operating Loss for the period, excluding amortization and share based payments, of £0.55m (H1 2013: £0.4m) Administrative expenses £0.57m (H1 2013: £0.45m)
- Cash at bank £0.08m (H1 2013: £0.40m)

Tom Lupton, Non-executive Chairman, said:

"The Operational Highlights above show the traction that Eden is rapidly gaining as it heads towards significant commercialization of products using its proprietary GO-E technology. As part of this progress, I am pleased to reiterate that, since the reporting period, Eden has strengthened its management team with the appointment of Sean Smith as Chief Executive Officer. Sean's experience in intellectual property, speciality chemicals and industrial biotechnology will, I believe, be very valuable to Eden as it advances into its next commercial phase.

"In addition to Sean's appointment, since the half year Eden announced that it has signed an exclusive evaluation agreement with Belgian speciality chemicals company Taminco BVBA for our nematocide product "B2Y". This is a potentially significant deal for Eden and is the first of a number of commercial arrangements which Eden expects to announce in the second half of 2014 in addition to news on the first EU approval of 3AEY, which will pave the way to further contractual milestone payments and royalties."

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Eden Research plc

Consolidated Statement of Comprehensive Income for the six months ended 30 June 2014

	Six months ended 30 June 2014 GBP'000 unaudited	Six months ended 30 June 2013 GBP'000 unaudited	Year ended 31 December 2013 GBP'000 audited
Group Revenue	<u>18</u>	<u>49</u>	<u>80</u>
Cost of sales	<u>-</u>	<u>-</u>	<u>-</u>
Gross profit	<u>18</u>	<u>49</u>	<u>80</u>
Administrative expenses	(571)	(448)	(1,035)
Amortization of intangible assets	(325)	(312)	(630)
Share based payments	<u>-</u>	<u>-</u>	<u>-</u>
Total other operating expenses	<u>(896)</u>	<u>(760)</u>	<u>(1,665)</u>
Other operating Income	<u>-</u>	<u>-</u>	<u>-</u>
Operating loss	<u>(878)</u>	<u>(711)</u>	<u>(1,585)</u>
Finance costs	<u>(417)</u>	<u>(2)</u>	<u>(43)</u>
Loss on ordinary activities before taxation	<u>(1,295)</u>	<u>(713)</u>	<u>(1,628)</u>
Tax on loss on ordinary activities	<u>-</u>	<u>-</u>	<u>40</u>
Loss for the financial period	<u>(1,295)</u>	<u>(713)</u>	<u>(1,588)</u>
Other Comprehensive Income:			
Items that will not be reclassified subsequently to profit or loss	-	-	-
Items that will be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>
Other Comprehensive Income net of tax	<u>-</u>	<u>-</u>	<u>-</u>
Total Comprehensive Income	<u>(1,295)</u>	<u>(713)</u>	<u>(1,588)</u>
Prior Year Adjustment	<u>-</u>	<u>-</u>	<u>712</u>
Total Comprehensive Income since last Report	<u>(1,295)</u>	<u>(713)</u>	<u>(876)</u>
Loss per share (pence) – basic and diluted	(1.05)	(0.59)	(1.30)

Eden Research plc
Consolidated Statement of Financial Position as at 30 June 2014

	30 June 2014 GBP'000 unaudited	30 June 2013 GBP'000 unaudited	31 Dec 2013 GBP'000 audited (re-stated)
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	5,982	6,287	6,093
CURRENT ASSETS			
Trade and other receivables	142	114	130
Cash and cash equivalents	81	399	311
	<hr/> 223	<hr/> 513	<hr/> 441
TOTAL ASSETS	<hr/> 6,205	<hr/> 6,800	<hr/> 6,534
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	1,820	191	854
TOTAL CURRENT LIABILITIES	<hr/> 1,820	<hr/> 191	<hr/> 854
TOTAL LIABILITIES	<hr/> 1,820	<hr/> 191	<hr/> 854
EQUITY			
Called up share capital	1,233	1,233	1,233
Share premium account	23,278	23,331	23,278
Merger reserve	10,210	10,210	10,210
Warrant reserve	408	1,434	779
Retained earnings	(30,744)	(29,599)	(29,820)
TOTAL EQUITY attributable to owners of the parent	<hr/> 4,385	<hr/> 6,609	<hr/> 5,680
TOTAL EQUITY AND LIABILITIES	<hr/> 4,385	<hr/> 6,609	<hr/> 5,680

Eden Research plc
Statement of Changes in Equity as at 30 June 2014

	Share capital GBP'000	Share premium GBP'000	Merger reserve GBP'000	Warrant reserve GBP'000	Retained earnings GBP'000	Total GBP'000
<u>Six months ended 30 June 2014</u>						
Balance at 1 January 2014 as restated	1,233	23,278	10,210	779	(29,820)	5,680
Loss and total comprehensive income	-	-	-	-	(1,295)	(1,295)
Transactions with owners						
- Issue of share	-	-	-	-	-	-
- Options granted	-	-	-	-	-	-
- Options exercised/lapsed	-	-	-	(371)	371	-
Transactions with owners	-	-	-	-	-	-
Balance at 30 June 2014	1,233	23,278	10,210	408	(30,744)	4,385
<u>Six months ended 30 June 2013</u>						
Balance at 1 January 2013 as restated	1,110	22,352	10,210	1,434	(28,886)	6,220
Loss and total comprehensive income	-	-	-	-	(713)	(713)
Transactions with owners						
- Issue of share	123	979	-	-	-	1,102
- Options granted	-	-	-	-	-	-
- Options exercised/lapsed	-	-	-	-	-	-
Transactions with owners	123	979	-	-	-	1,102
Balance at 30 June 2013	1,233	23,331	10,210	1,434	(29,599)	6,609

Eden Research plc
Statement of cash flows for the six months ended 30 June 2014

	Six months ended 30 June 2014 GBP '000 unaudited	Six months ended 30 June 2013 GBP '000 unaudited	Year ended 31 December 2013 GBP '000 audited
Cash flows from operating activities			
Cash outflow from operations	(515)	(1,017)	(1,285)
Tax credit received	-	-	40
Net finance charges paid	-	(2)	(1)
	<u>(515)</u>	<u>(1,019)</u>	<u>(1,246)</u>
Net cash used in operating activities	<u>(515)</u>	<u>(1,019)</u>	<u>(1,246)</u>
Cash flows from investing activities			
Capitalisation of development expenditure	(215)	(24)	(191)
Finance income	-	-	-
	<u>(215)</u>	<u>(24)</u>	<u>(191)</u>
Net cash used in investing activities	<u>(215)</u>	<u>(24)</u>	<u>(191)</u>
Cash flows from financing activities			
Shareholders' loan – repayment	-	-	-
Shareholders' loan - drawdown	500	-	360
Issue of equity shares	-	1,102	1,048
	<u>500</u>	<u>1,102</u>	<u>1,408</u>
Net cash from financing activities	<u>500</u>	<u>1,102</u>	<u>1,408</u>
Increase/(decrease) in cash and cash equivalents	(230)	59	(29)
Cash and cash equivalents at beginning of year	<u>311</u>	<u>340</u>	<u>340</u>
Cash and cash equivalents at end of year	<u><u>81</u></u>	<u><u>399</u></u>	<u><u>311</u></u>

Cash and cash equivalents comprise bank account balances.

Notes to the Interim Results

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

2. Nature of operations and general information

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

The financial information set out in this interim report does not constitute statutory accounts. The company's statutory financial statements for the year ended 31 December 2013 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 2014. 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 2013.

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 2013, except for the application of the following standards at 1 January 2014:

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

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

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

5. Loss per share

	Six months ended 30 June 2014 GBP '000 unaudited	Six months ended 30 June 2013 GBP '000 unaudited	Year ended 31 December 2013 GBP '000 audited
Loss per ordinary share (pence) - basic and diluted	(1.05)	(0.59)	(1.30)

Loss per share has been calculated on the net basis on the loss after tax of £1.30m (30 June 2013: loss £0.71m), (31 December 2013: £1.59m) using the weighted average number of ordinary shares in issue of 123,277,498 (30 June 2013 and 31 December 2013: 121,970,374).

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

6. Intangible assets

	Intellectual property £	Licences and trademarks £	Development Costs £	Total £
COST				
At 1 January 2013	8,591	447	2,323	11,361
Additions	43	-	24	67
At 30 June 2013	8,634	447	2,347	11,428
Additions	(43)	-	166	123
At 31 December 2013	8,591	447	2,513	11,551
Additions	-	-	215	215
At 30 June 2014	8,591	447	2,728	11,766
AMORTISATION				
At 1 January 2013	3,813	301	715	4,829
Charge for the period	219	19	74	312
At 30 June 2013	4,032	320	789	5,141
Charge for the period	221	17	81	319
At 31 December 2013	4,253	337	870	5,460
Charge for the period	219	18	87	324
At 30 June 2014	4,472	355	957	5,784
CARRYING AMOUNT				
At 30 June 2014	4,119	92	1,771	5,982
At 31 December 2013	4,339	110	1,643	6,093
At 30 June 2013	4,602	127	1,558	6,287

7. Share based payments

Share Options

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

	Six months ended 30 June 2014		Six months ended 30 June 2013	
	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)	Number
Outstanding at the beginning of the period	18	6,350,000	19	6,520,000
Granted during the period	-	-	-	-
Exercised during the period	-	-	-	-
Lapsed during the period	24	(2,250,000)	-	-
	13	4,100,000	18	6,520,000

The exercise price of options outstanding at the end of the period ranged between 10p and 18p (30 June 2013: 10p and 60p) and their weighted average contractual life was 1.4 years (30 June 2013: 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 24p (30 June 2013: 60p).

The share based payment charge for the period was £nil (30 June 2013: £nil).

Warrants

	Six months ended 30 June 2014		Six months ended 30 June 2013	
	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)	Number
Outstanding at the beginning of the period	20	1,231,875	14	6,096,875
Granted during the period	-	-	-	-
Exercised during the period	-	-	-	-
Lapsed during the period	15	(246,875)	14	(4,750,000)
	21	985,000	10	1,931,875

The exercise price of warrants outstanding at the end of the period ranged between 13p and 30p (30 June 2013: 13p and 30p) and their weighted average contractual life was 3.4 years (30 June 2013: 0.2 years)

The weighted average share price (at the date of exercise) of warrants that lapsed during the period was 15p (30 June 2013: 14p).

8. Prior Year Adjustment – Year ended 31 December 2013

A prior year adjustment was made in the year ended 31 December 2013. Further details are available in the published 2013 Report and Accounts.

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

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