

**EDEN RESEARCH PLC**  
("Eden" or "Company")

**Preliminary results for the year ended 31 December 2009**

Eden Research plc, a leading UK agrochemical development company, today announces its preliminary results for the year ended 31 December 2009.

**CHAIRMAN'S REVIEW**

Eden Research has not been immune to the problems that the UK and World economies have faced in the financial markets in the last twelve months. At the same time, the company has had to accommodate the consequences of the radical changes in the European Union regulatory approval systems for the product registration of new pesticides. In spite of this, we have continued to make considerable progress in achieving our strategic goals.

**Overview**

The year continued with the strategic aim of the board remaining that of moving towards the commercialisation of our product range:

- Continued progress with the registration of our lead product (3AEY);
- Further development work to confirm the enhanced efficacy and superior environmental qualities of our other products;
- Continued development of new formulation technology to utilise the properties of terpenes to improve ease of use to the grower through granule formulation and increased product loading which will allow the same amount of actives to be applied at a lower field use rate;
- Identifying potential to control post harvest soft rot diseases for high value and highly perishable fruit and vegetables;
- Identifying further insect pest applications for our terpene products in a range of uses both in agriculture/horticulture and household and personal care markets;
- Strengthening our relationships with our existing commercial partners to ensure the opportunities for our products in the major agricultural chemical markets are fully exploited; and
- Identifying further relationships with potential commercial partners, especially for new fungicidal uses of our products.

**Bringing 3AEY to Market**

Our efforts here continued in 2009 to focus on addressing the small number of regulatory questions that had been raised in 2008 as described in the 2008 annual report. The additional studies required were commissioned and executed with the results fully exonerating the claims that we have made for the product and removing the suggestions of any side effects. However, in answering these questions there has been an inevitable delay in the approval of the initial application and additional costs have been incurred.

The outstanding data was submitted to the UK authority (CRD) in September 2009 and in March 2010, CRD submitted the DAR to EFSA with the recommendation that Eden undertake an additional assay in order to prevent any potential problems at EFSA or national approval stage. The submission of the DAR alone facilitates further progress with the commercial development of the product. As stated last year by achieving EFSA approval for the individual active ingredients of 3AEY we will achieve significant future regulatory cost savings time in approving new products based around these ingredients.

In other geographic areas we have made positive progress with 3AEY. Our licensee in East Africa, Lachlan Kenya Ltd, successfully completed a number of pre-registration trials for the control of Powdery Mildew and Botrytis on Roses, a major export crop for Kenya.

Performance under high disease pressure has exceeded expectations with performance and crop safety being at least as good as their Industry standards. The formal registration process will begin in spring 2010 and our partner is excited at the prospects for rapid commercialisation within the Kenyan Flower industry.

We also concluded a new licensing deal for the North African region (Morocco, Algeria, Tunisia, Libya, Egypt, Oman and Lebanon) with Environmental Solutions (North Africa) Limited ("ESNA"). The focus in these markets is to capitalise on the data investments already made by Eden for the EU to expedite registrations at the earliest opportunity.

Trials undertaken by independent researchers in Egypt on table grapes have again confirmed the excellent performance of our lead product compared to producers' standard disease control programmes.

Meetings by ESNA with the key experts in the regions Regulatory Ministries have been very positive due to the inherent low-risk nature of our products and technology.

### **Nematodes**

In 2009 Eden concentrated on testing its most promising products in development field trials in Europe.

The development work, which will form part of the registration dossier, examined efficacy against a number of nematode species attacking crops including tomato, peppers, cucurbits, beans and carrots. Results have shown that two formulations based upon two of the active substances contained within our Botrytis product (3AEY) show the best overall levels of efficacy and these will be the focus of our future short term efforts in 2010 field trials.

As the active substance dossiers are already complete, the future investment to develop these formulations is significantly reduced with a shorter overall timeline for introduction.

Conventional nematode products based on highly toxic insecticides continue to be under close scrutiny by all Regulatory Agencies and there is significant interest in bringing low risk terpene products into this well established commercial market.

Discussions with a number of suitable commercial partners are at an advanced stage.

### **Spider Mites and Whitefly**

Following the successful screening trials of several Eden terpene products in 2008 on common horticultural glasshouse pests e.g. spider mite and whitefly, a number of lead candidate Eden terpene products were sent for field testing in key glasshouse crops such as tomato, pepper and beans in Southern Europe. As well as showing excellent pest control in the screening, these products also showed no or very little activity on a number of key beneficial insects used in glasshouse crops as part of IPM (Integrated Pest Management) strategies. Conventional insecticides tend to be very broad-spectrum and will kill the beneficials as well as the target pests.

Results from trials reported in 2009 have not resulted in a clear definition of a leading candidate to proceed to Registration trials due to varying population levels across the trials in different countries. Some additional screening trials will be required before final decisions can be made.

### **Other activities**

In addition to our main emphasis on fungicides, acaricide and nematode control products we have continued to identify the potential of encapsulated terpenes by:

- Developing new granule formulations to further expand product usage once commercialised;
- Identifying further insect pest applications for our terpene products in a range of uses both in agriculture/horticulture and household and personal care markets; and
- Identifying potential use of Eden's terpene products for controlling diseases in fruit and vegetables post harvest. Loss of potentially valuable crops from soft rot diseases after harvest is a major issue to growers worldwide.

At the end of 2009 Eden concluded a deal with Teva Animal Health Inc, St Joseph, Missouri, USA to licence out our proprietary encapsulated terpene technology for use in the veterinary area. Further development will be undertaken by TEVA under the guidance of a Joint Steering group in which Eden will be involved. Licence and milestone fees of \$1.05m have been agreed together with future royalties on any products commercialised.

## **Commercial Prospects**

Interest in and support for our technology from distributors, growers and regulators continues to grow as the pressure to find new ways to control damaging pests and diseases increases, whilst at the same time producing sufficient quality affordable food to feed a rapidly expanding world population.

We have concluded our new licensing arrangements with ESNA for North Africa as already outlined which will bring to Eden £170,000 in up-front and milestone payments plus future royalties on sales.

We are also receiving enquiries from potential partners interested in licensing our platform encapsulation technology with their own compounds – a potential revenue stream where Eden's investment risk is much reduced.

## **The Senior Management**

With the submission of the final data on 3AEY to the CRD in the summer of 2009, our Managing Director, Tim Griffiths decided that as this objective of the company had been met that he wished to relinquish the role of Managing Director although he will remain as a consultant on certain key issues to the Company. The Board reviewed the current management structure and announced that with effect the Company would be run by a strong management committee comprising:

Sir Ben Gill	Chairman
Ken Brooks	Executive Deputy Chairman
Clive Newitt	Managing Director
Alex Abrey	Chief Financial Officer

## **Outlook**

Eden's team has, as highlighted, new project areas for initial testing of both existing and new combination terpene products in 2010 leading to continued development and registration of the terpene products in global agriculture and horticulture.

The changes in the European Union Pesticide regulatory process, mentioned earlier, also mean that the future of a wide range of traditional chemicals is under threat from the regulators with a large number coming up for review between 2012 and 2020 and many expected to be banned. This opens up a huge potential for a wide range of uses for Eden's low risk products and the continued success of Eden Research plc in developing and registering a wide range of products into the global market.

**Sir Ben Gill**  
**Chairman**

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2009**

	2009 Unaudited £	2008 Audited £
<b>CONTINUING OPERATIONS</b>		
Revenue	192,815	84,003
Cost of sales	-	-
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<b>GROSS PROFIT</b>	192,815	84,003
Administrative expenses		
- normal	(835,744)	(1,334,116)
- amortisation of intangible assets	(593,192)	(604,340)
- share based payments	(369,269)	(173,729)
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Total administrative expenses	(1,798,205)	(2,112,185)
Other operating income	25,350	-
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<b>OPERATING LOSS</b>	(1,580,040)	(2,028,182)
Finance costs	(157,452)	(123,438)
Finance income	17	3,148
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<b>LOSS BEFORE TAX</b>	(1,737,475)	(2,148,472)
Tax	66,094	47,235
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<b>LOSS FOR THE YEAR attributable to equity shareholders of the parent</b>	(1,671,381)	(2,101,237)
OTHER COMPREHENSIVE income for the year net of tax	-	-
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Total comprehensive income for the year	(1,671,381)	(2,101,237)
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<b>LOSS PER SHARE</b>		
- basic and diluted	(2.93)p	(3.86)p
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**UNAUDITED CONSOLIDATED AND COMPANY STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2009**

	Share capital £	Share premium £	Merger reserve £	Warrant reserve £	Retained earnings £	Total £
Balance at 1 January 2008	559,736	12,387,217	10,209,673	2,441,708	(19,407,478)	190,856
Total comprehensive income	-	-	-	-	(2,101,237)	(2,101,237)
Transactions with owners						
- issue of shares	3,397	728,902	-	-	-	732,299
- Options granted	-	-	-	431,795	-	431,795
- Options exercised/lapsed	-	-	-	(752,866)	752,866	-
Transactions with owners	3,397	12,116,119	10,209,673	(321,071)	(20,755,849)	1,164,094
Balance at 1 January 2009	563,233	13,116,119	10,209,673	2,120,637	(20,755,849)	5,253,713
Total comprehensive income	-	-	-	-	(1,671,381)	(1,671,381)
Transactions with owners						
- Issue of share	54,191	1,029,634	-	-	-	1,083,825
- Options granted	-	-	-	369,269	-	369,269
- Options exercised/lapsed	-	-	-	(303,633)	303,633	-
Transactions with owners	54,191	1,029,634	-	65,636	303,633	1,453,094
Balance at 31 December 2009	617,324	14,145,753	10,209,673	2,186,273	(22,123,597)	5,035,426

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2009**

	2009 Unaudited £	2008 Audited £
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Intangible assets	7,976,070	8,365,870
Property, plant and equipment	-	6,926
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	7,976,070	8,372,796
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<b>CURRENT ASSETS</b>		
Trade and other receivables	36,079	177,791
Cash and cash equivalents	81,728	13,065
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	117,807	190,856
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<b>TOTAL ASSETS</b>	8,093,877	8,563,652
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<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Trade and other payables	1,009,216	1,038,253
Financial liabilities - borrowings - Convertible loan notes	2,049,235	2,271,686
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<b>TOTAL CURRENT LIABILITIES AND TOTAL LIABILITIES</b>	3,058,451	3,309,939
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<b>EQUITY</b>		
Called up share capital	617,324	563,133
Share premium account	14,145,753	13,116,119
Merger reserve	10,209,673	10,209,673
Warrant reserve	2,186,273	2,120,637
Retained earnings	(22,123,597)	(20,755,849)
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<b>TOTAL EQUITY attributable to equity Shareholders of the parent</b>	5,035,426	5,253,713
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<b>TOTAL EQUITY AND LIABILITIES</b>	8,093,877	8,563,652
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## BASIS OF PREPARATION

1. The figures for the year ended 31 December 2009 and 2008 do not constitute statutory accounts within the meaning of s435 of the Companies Act 2006. The figures for the year ended 31 December 2009 have been extracted from the statutory accounts for that year which have yet to be delivered to the Registrar of Companies and on which the auditor has yet to issue an opinion. The figures for the year ended 31 December 2008 have been extracted from the statutory accounts for that year which have been delivered to the Registrar of Companies and on which the auditor issued an unqualified audit report, modified to include an emphasis of matter with regard to going concern. The auditor has indicated that their report on the statutory accounts for the year ended 31 December 2009 will be modified with regard to going concern. No statement was made by the auditor under section 237 (2) or (3) of the Companies Act 1985 in respect of the 31 December 2008 statutory accounts. This announcement was approved by the Board of Directors on 28 May 2010.

The Group has applied consistent accounting policies in preparing the preliminary financial statements for the year ended 31 December 2009 and the comparative information for the year ended 31 December 2008.

The preliminary financial information in this report has neither been audited nor reviewed by the Company's auditors.

2. The directors do not recommend the payment of a final dividend (2008: £nil).
3. The directors do not anticipate that the unaudited figures announced will change materially from the audited figures when released.
4. These financial statements are presented in sterling as that is the currency of the primary economic environment in which the Group operates.
5. Copies of the 2009 Annual Report and Accounts will be posted to shareholders with the notice of the Annual General Meeting. Further copies may be obtained by contacting the Company Secretary at the registered office.

The directors of Eden Research plc are responsible for the contents of this announcement.

Enquiries:

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