

EDEN

RESEARCH PLC

THE NATURAL SOLUTION



ANNUAL REPORT & ACCOUNTS **2013**

EDEN
RESEARCH PLC
THE NATURAL SOLUTION





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COMPANY INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2013

DIRECTORS:	K W Brooks A J Abrey C R Newitt A B N Gill (deceased 8th May 2014) T G Lupton
SECRETARIES:	R E Sims Oxford Corporate Services Limited
REGISTERED OFFICE:	The Hawk Creative Business Park The Hawkhill Estate Easingwold York North Yorkshire YO61 3FE
REGISTERED NUMBER:	03071324 (England and Wales)
INDEPENDENT AUDITORS:	UHY Hacker Young 130 Aztec Aztec West Bristol BS32 4UB
BANKERS:	The Royal Bank of Scotland Plc Southern Corporate Office P O Box 391 40 Islington High Street London N1 8JX
SOLICITORS:	Gowlings (UK) LLP 15th Floor 125 Old Broad Street London EC2N 1AR
CORPORATE ADVISORS:	WH Ireland 24 Martin Lane London EC4R 0DR



CHAIRMAN'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

Introduction

I would like to start my Report by remembering our previous Chairman, Sir Ben Gill, who sadly passed away on 8th May 2014. Sir Ben was instrumental in overseeing Eden's development since his appointment in 2009 and shall be greatly missed by the rest of the Board. We are very grateful for all of the work that he did for our Company.

Since the last Chairman's Report, I am pleased to inform you that your Company has met a number of key milestones as part of its evolution from a research and development company to a commercial business.

The most significant of these milestones was the approval by the European Commission of the three active substances used in Eden's first agrochemical product, 3AEY – a fungicidal product which is primarily used to protect crops against botrytis. This is the culmination of seven years' work and an investment of more than £5 million which provides Eden with a valuable Intellectual Property ("IP") platform from which to generate revenues.

The Company has already licensed 3AEY to a number of companies and this approval paves the way for its successful commercialisation and further development. There are a number of new products that Eden has been working on which use some, or all, of the same three active substances, in other combinations, for different applications. These new product opportunities should benefit from a shorter regulatory approval process as the active substances have already been approved.

In addition to this exciting development, the Company has progressed with the development and commercialisation of products through its licensees and partners in other business sectors including human health, cosmetics, flavours and fragrances and animal health.

Over the past two years, Eden has been positioning itself as a platform technology company with expertise in encapsulation and terpene technologies. The rationale being to try and maximise the exploitation of its IP base by partnering with other companies whose molecules and market access would benefit from access to Eden's proprietary technology. As part of this strategy, the company is implementing a branding campaign to provide recognition of where its enabling technology is being used by the use of the "GO-E™" concept and trademark, a similar strategy to "Intel Inside".

One such example is Eden's licensee, TerpeneTech, where the first product using Eden's GO-E™ encapsulation technology has been launched. TerpeneTech has developed an odour neutraliser product which is being distributed initially in France. TerpeneTech expects to be selling a further six or more GO-E™ based products by the end of 2014.

It is very pleasing to see the first products being sold which use Eden's GO-E™ based technologies and we look forward to many more to come.

I shall now provide you with a brief update on Eden's various commercial activities.

EU approval process

As already mentioned, in May 2013 the three active substances used in the Company's lead product, 3AEY, were approved for use in plant protection products by the European Commission under Regulation (EC) No. 1107/2009 within the EU and this approval came into effect on 1st December 2013.

Whilst the EU granted approval for Eden's three active substances, certain additional confirmatory data were requested to be submitted and this will lead to further investment of around £500k over the next 12 months.

In October 2013, Eden applied to have 3AEY approved in the southern zone within the EU. It is expected that the first country approval will be granted at the end of 2014, with the remaining countries within the southern zone granting approval in spring 2015, as previously reported.

Once approval has been granted, it is expected that sales of 3AEY will commence in the EU southern zone through Eden's licensees shortly thereafter.



CHAIRMAN'S REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

3AEY

3AEY, Eden's lead product; a terpene based fungicide, has been out-licensed to a number of parties for a variety of applications throughout the world.

Redestos is currently undertaking field trials to gain label extensions (for additional crops) for 3AEY in Greece and the Balkans.

Cheminova is awaiting EU approval, expected in spring 2015, before selling 3AEY.

Lachlan has received approval for 3AEY, however, the Pesticide Control Board stipulated that it should be subject to one national EU approval of 3AEY. This was a significant bureaucratic variation from the original process that was started. Once this approval has been granted, Lachlan will be able to start selling 3AEY in Kenya and they are geared to launch in November 2014.

Due to the high regulatory barriers that have been created by certain EU authorities, registration of a diluted version of 3AEY for amateur gardening use has proved to be uneconomic for the territories originally licensed to ECOstyle. Both parties have mutually agreed to terminate their agreement and we are in discussions with a pan-European gardening business to exploit this opportunity.

Eden has also ended its agreement with Environmental Solutions North Africa Limited, following the tragic death of Ian Redford, Managing Director and majority shareholder.

Eden is in advanced negotiations with other interested parties to step-in as a replacement.

Nematodes

Eden continues to develop its nematocidal product with partners throughout the world and validation and spectrum testing is still underway in order to progress to licensing arrangements.

We expect to see movement on this shortly and will update shareholders accordingly.

Earlier stage Products

Eden is continuing to try to exploit early stage leads identified for the control of insect pests, such as Whitefly and Spider mites together with fungicidal applications to minimise Post-harvest losses from spoilage organisms. Since the approval of its core three active substances, there have been renewed discussions with various parties to license these rights.

Animal Health – Bayer

During 2013, the team developing Eden's products went through significant personnel changes, following the acquisition of TEVA Animal Health by Bayer HealthCare ("Bayer") in January 2013. As previously announced, this has led to some inevitable delays in the launch of products by Bayer, but, progress is still being made and it is expected that products will be commercialised in the next year.

Biocides

Since the year end, TerpeneTech announced that it had successfully launched its first product, an odour neutraliser initially into the French market. TerpeneTech has made significant advances in the development and commercialisation of "GO-E™" products since it signed its licence agreement with Eden and is expected to launch a number of further products this year in Europe and the USA.

Human health

In June 2013, Eden signed an agreement with NeoPharma Innovations Limited ("Neo") providing them with the exclusive rights to head-lice products. Since then, Neo has been very busy pursuing regulatory approval in both the European Union ("EU") and India, as well as progressing talks with interested distributors.



CHAIRMAN'S REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

Encapsulation

The interest in using Eden's GO-ETM system continues to increase and a number of on-going encapsulation projects are underway, primarily in the agrochemicals sector, but, also in cosmetics, fragrances and human health.

During the past twelve months, the Eden team has attended various industry conferences and taken the opportunity to present its Platform technology capabilities to a worldwide audience.

Intellectual Property ("IP")

2013 saw the granting of the Eden's master encapsulation patent in both Europe and the African Regional Intellectual Property Organization ("ARIPO") region, both of which are key areas for the use of agrochemicals covering the wine, vegetable, fruit and ornamental flowers industries. The master encapsulation patent was also granted in the Philippines.

Also during the year, one of Eden's insecticide formulation patents was granted in the ARIPO region.

Every time a patent is granted to Eden, the inherent value of the business increases while at the same time it validates the technologies and, therefore, products that Eden has to offer, which is why events such as these are important to the success of the company and also to shareholders.

The company now holds a total of forty five granted technology and product related patents throughout the world.

The granting of EU approval for its three active substances has also led to a number of unsolicited approaches by third parties seeking "Letters of Access" in return for financial compensation. This is an accepted system throughout the regulated industries, such as Agrochemical and Biocides, whereby the data holder issues such Letters of Access to third parties in order to expedite product registrations and eliminate the unnecessary duplication of testing of substances on vertebrate species. A recent example of this was announced concerning the Spanish company DAYMSA.

The Senior Management

During 2013 the management committee comprised:

Sir Ben Gill - Non-Executive Chairman (deceased 8th May 2014)

Tom Lupton - Non-Executive Director (Chairman with effect from 19th May 2014)

Ken Brooks - Executive Deputy Chairman

Clive Newitt - Managing Director

Alex Abrey - Chief Financial Officer

Outlook

With the significant EU regulatory hurdle having been surmounted, national product approvals just around the corner and product sales already underway, I am very optimistic that Eden has a bright future and that all of the hard work and significant investment is now coming to fruition.

The Board is confident that it will be able to deliver against the shareholders' high expectations. In addition to new licence agreements being signed and royalties being received within the next twelve months, it is the Board's intention to re-organise the business so as to further protect its IP and maximise shareholder value from each business sector where GO-ETM is applicable.

This, we believe, will clarify Eden's valuable business proposition to investors and also strategically place Eden in the sights of larger companies who are interested in adopting our various technologies for their particular market sector.

I think that 2014 will prove to be a pivotal year for Eden and am excited by the prospects that lie ahead.

T G Lupton
Chairman
2nd June 2014



REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their report with the financial statements of the Company for the year ended 31 December 2013.

PRINCIPAL ACTIVITY

The principal activity of the Company in the year under review was that of the development and marketing of intellectual property, particularly in the area of terpenes and other health-related projects.

DIVIDENDS

The loss for the year after taxation amounted to £1,587,909 (2012: £2,260,717 as restated). The directors are unable to recommend any dividend (2012: £nil).

RESEARCH AND DEVELOPMENT

An indication of research and development activities is included within the Chairman's Review.

FUTURE DEVELOPMENTS

An indication of future developments is included within the Chairman's Review.

DIRECTORS

The directors during the year under review were:

K W Brooks
A J Abrey
C Newitt
A B N Gill (deceased 8th May 2014)
T G Lupton

At 31 December 2013 the directors had the following interests in share option schemes:

Date of grant	Expiry date	Exercise price	Number at 1 January 2013	Granted in year	Exercised in year	Lapsed in year	Number at 31 December 2013
		£					
KW Brooks							
19/05/2009	19/05/2014	0.26	900,000	-	-	-	900,000
17/01/2011	16/01/2016	0.13	1,100,000	-	-	-	1,100,000
			2,000,000	-	-	-	2,000,000
A J Abrey							
19/05/2009	19/05/2014	0.26	450,000	-	-	-	450,000
17/01/2011	16/01/2016	0.13	1,050,000	-	-	-	1,050,000
			1,500,000	-	-	-	1,500,000
C Newitt							
19/05/2009	19/05/2014	0.26	150,000	-	-	-	150,000
17/01/2011	16/01/2016	0.13	450,000	-	-	-	450,000
			600,000	-	-	-	600,000
A B N Gill							
19/05/2009	19/05/2014	0.26	100,000	-	-	-	100,000
17/01/2011	16/01/2016	0.13	500,000	-	-	-	500,000
			600,000	-	-	-	600,000



REPORT OF THE DIRECTORS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

CORPORATE GOVERNANCE

The directors acknowledge the importance of the principles set out in the Corporate Governance Code. Although the Corporate Governance Code is not compulsory for AIM quoted companies, the directors have applied the principles as far as practicable and appropriate for a relatively small public company as follows:

The Board currently comprises three executive directors and one non-executive director. The Board meets regularly to consider strategy, performance and the framework of internal controls. To enable the Board to discharge its duties, all directors receive appropriate and timely information. Briefing papers are distributed to all directors in advance of Board meetings. All directors have access to the advice and services of the Company Secretary and the Chief Financial Officer, who are responsible for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with. In addition, procedures are in place to enable the directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

The directors have established Audit, Nomination, Remuneration and AIM Compliance Committees; the Audit Committee has Tom Lupton as Chairman following the death of Sir Ben Gill, and has primary responsibility for monitoring the quality of internal controls ensuring that the financial performance of the Company is properly measured and reported on and reviewing reports from the Company's auditors relating to the Company's accounting and internal controls, in all cases having due regard to the interests of Shareholders. The Audit Committee meets at least twice a year. Ken Brooks is the other member of the Audit Committee; the Nomination Committee has Tom Lupton as Chairman following the death of Sir Ben Gill, and will identify and nominate for the approval of the Board, candidates to fill board vacancies as and when they arise.

The Nomination Committee meets at least twice a year. Ken Brooks is the other member of the Nomination Committee; the Remuneration Committee has Tom Lupton as Chairman following the death of Sir Ben Gill, and will review the performance of the executive directors and determine their terms and conditions of service, including their remuneration and the grant of options, having due regard to the interests of Shareholders. The Remuneration Committee meets at least twice a year. Ken Brooks is the other member of the Remuneration Committee; the AIM Compliance Committee has Tom Lupton as Chairman following the death of Sir Ben Gill and liaises with the NOMAD to discuss AIM compliance and related issues. The other member of the committee is Alex Abrey; and the directors comply with Rule 21 of the AIM Rules relating to directors' dealings and there are procedures in place to ensure compliance by the Company's applicable employees. The Company has adopted a share dealing code which is appropriate for an AIM quoted company.

	Revised Total Holdings	% of Enlarged Share Capital
Ken Brooks	1,985,936	1.61%
Estate of Ben Gill	952,477	0.77%
Clive Newitt	323,947	0.26%
Alex Abrey	528,160	0.43%
Tom Lupton	70,000	0.06%



REPORT OF THE DIRECTORS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

The auditors, UHY Hacker Young, were appointed as auditors by the directors during the year; a resolution to reappoint UHY Hacker Young will be proposed at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

A J Abrey - Director

2nd June 2014



STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

REVIEW OF BUSINESS

The review of this year's business activities is as set out in the Chairman's Review.

The key performance indicators of the business are that of the development of the Company's products and the management of its cash position.

The registration of the Company's first product, 3AEY, for use as a pesticide in Europe will not only be a key milestone in terms of its commercialisation but also of future products as the three active substances that are being registered are the basis of Eden's future product portfolio.

Further commercialisation of Eden's products and encapsulation technologies through licensing and option agreements also serve as a key indicator to the Company's performance.

Successful trial results are also significant in the showing the commerciality of the intellectual property.

The Company has capitalised £0.2m (2012: £0.1m) of development expenditure in the year which is a reflection of the continued development of the Company's products.

Cash is managed by tightly controlling the Company's creditor position and through the provision of convertible shareholder loans.

The decrease in the shareholder loans during the year reflects the on-going management of the Company's cash position.

The progress of the development of the Company's products is measured against internally set timescales as well as against the regulatory process which will result in the registration of products. The Chairman's Review contains an update regarding this progress.

KEY FINANCIAL PERFORMANCE INDICATORS

Revenue in 2013 consisted of charges made for samples and consultancy to other existing and potential licensees. Revenue in 2013 was £0.08 million in comparison to £0.04 million in 2012. The operating loss for the year was £1.6 million compared to £1.6 million for the previous year. The loss before tax for 2013 was £1.6 million, a reduction from £2.3 million in the previous year (as restated) due principally to a reduction in finance costs to £0.04m (2012: £0.7m).

Administrative expenses for the year (excluding the amortisation of intangible assets and share based payments charge) were £1.0 million (2012: £0.9 million). Aside from additional costs relating to external consultants, the Company maintains a policy of keeping a low head count in order to maintain a low level of overheads.

The loss per share for 2013 was 1.30 pence compared to 2.11 pence in 2012 (as restated).

Intellectual property, including development expenditure, is written off over eleven years in line with the remaining life of the Company's master patent.

During the year, the Company received net loans from shareholders of £0.36 million (2012: £1.7 million). Debt totalling £nil (2012: £2.3million) was converted into equity.

OTHER KEY FINANCIAL PERFORMANCE INDICATORS

The company does not currently monitor any non-financial performance indicators.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's prime risk is the on-going commercialisation of the Company's intellectual property, which involves testing of the Company's products, obtaining regulatory approval and reaching a commercially beneficial agreement for each product to be taken to market. This is measured by comparing actual results with forecasts that have been agreed by the Company's Board of directors.



STRATEGIC REPORT

(continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

The Company's credit risk is primarily attributable to its trade receivables. Credit risk is managed by running credit checks on customers and by monitoring payments against contractual agreements.

The Company monitors cash flow as part of its day to day control procedures. The board considers cash flow projections at its meetings and ensures that appropriate facilities are available to be drawn down upon as necessary.

Due to the nature of the business, there is inherent risk of infringement of Eden's intellectual property rights by third parties. The risk of infringement is managed by taking the relevant legal advice as and when required.

EMPLOYEE DIVERSITY AND INCLUSION

The Board remains committed to developing further a culture that encourages the inclusion and diversity of all of the Company's employees through respecting and appreciating their differences and to promoting the continuous development of employees through skills enhancement and training programmes. The Company's employment policies are designed to attract, retain, train and motivate the very best people, recognising that this can be achieved only through offering equal opportunities regardless of gender, race, religion, age, disability, sexual orientation or any other aspect of diversity. Applications from disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. It is the policy of the Company that the training, career development and promotion of disabled persons (including those who become disabled whilst employees of the Company) should, as far as reasonably possible, be identical to that of other employees.

INDEMNITY COVER

The Company purchases insurance cover for Directors and Officers to protect the directors from third party claims.

ENVIRONMENT

The Company has an environment policy and acknowledges that environmental considerations form an integral part of its corporate social responsibility. The Board meets to discuss ways in which the business can contribute more to their local environments by getting involved in local initiatives and also to look at ways of promoting environmental well being amongst the staff. Employees are actively encouraged to ensure conservation of energy and resource through awareness campaigns and positive action.

COMPANY'S POLICY ON PAYMENT OF CREDITORS

It is the Company's policy to endeavour to pay suppliers within an acceptable period of allowed creditor days in accordance with the agreed terms. The Company acted in accordance with this policy throughout the year where possible, though restricted cash flow meant that the Company made various arrangements with creditors to pay outside normal credit terms. The Company had 90 days' purchases outstanding at 31 December 2013 (2012: 43 days) based on the average daily amount invoiced by suppliers during the year ended 31 December 2013.

FINANCIAL INSTRUMENTS

Details of the use of financial instruments by the Company are contained in note 20 to the financial statements.

ON BEHALF OF THE BOARD:

A J Abrey - Director

2nd June 2014



REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF EDEN RESEARCH PLC

We have audited the financial statements of Eden Research Plc for the year ended 31 December 2013 on pages twelve to forty three. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on pages eight and nine, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/apb/scope/UKP.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

John Griffiths FCA (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young
Statutory Auditor, Chartered Accountants
Bristol

2nd June 2014



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 £	2012 as restated £
CONTINUING OPERATIONS			
Revenue	2	80,223	43,590
Amortisation of intangible assets		(630,269)	(663,302)
Other administrative expenses		(1,034,878)	(890,378)
Share based payments		-	(91,816)
OPERATING LOSS		(1,,584,924)	(1,601,906)
Finance costs	4	(43,590)	(675,747)
Finance income	4	316	393
LOSS BEFORE INCOME TAX	5	(1,628,198)	(2,277,260)
Income Tax	6	40,289	16,543
LOSS FOR THE YEAR		(1,587,909)	(2,260,717)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(1,587,909)	(2,260,717)
Prior year adjustment	8	712,044	
TOTAL COMPREHENSIVE INCOME SINCE LAST ANNUAL REPORT		(875,865)	
Earnings per share expressed in pence per share:	7		
Basic		-1.30	-2.11
Diluted		-1.30	-2.11

**STATEMENT OF FINANCIAL POSITION**

AS AT 31 DECEMBER 2013

		2013	2012	2012
	Note	£	as restated	opening
			£	as restated
				£
ASSETS				
NON-CURRENT ASSETS				
Intangible assets	9	6,092,586	6,532,136	7,084,206
CURRENT ASSETS				
Trade and other receivables	10	129,768	60,332	95,014
Cash and cash equivalents	11	311,347	340,277	388,547
		441,115	400,609	483,561
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables	12	451,493	712,679	875,195
Financial liabilities - borrowings				
Interest bearing loans and borrowings	13	402,600	-	651,717
		854,093	712,679	1,526,912
NET CURRENT LIABILITIES		(412,978)	(312,070)	(1,043,351)
NET ASSETS		5,679,608	6,220,066	6,040,855
SHAREHOLDERS' EQUITY				
Called up share capital	15	1,232,776	1,110,442	993,037
Share premium	16	23,277,511	22,352,394	20,121,687
Merger reserve	16	10,209,673	10,209,673	10,209,673
Warrant reserve	16	779,485	1,433,506	1,434,476
Retained earnings	16	(29,819,837)	(28,885,949)	(26,718,018)
TOTAL EQUITY		5,679,608	6,220,066	6,040,855

The financial statements were approved by the Board of Directors on 2nd June 2014 and were signed on its behalf by:

K W Brooks - Director

**STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED 31 DECEMBER 2013

	Called up share capital	Share premium	Merger reserve	Warrant reserve	Retained earnings	Total
	£	£	£	£	£	£
Balance at 1 January 2012 (as previously reported)	993,037	20,121,687	10,209,673	1,434,476	(27,373,645)	5,385,228
Prior year adjustments	-	-	-	-	655,627	655,627
Balance at 1 January 2012 (as previously reported)	993,037	20,121,687	10,209,673	1,434,476	(26,718,018)	6,040,855
Loss and total comprehensive income	-	-	-	-	(2,260,717)	(2,260,717)
Transactions with owners						
- Issue of shares	117,405	2,230,707	-	-	-	2,348,112
- Options granted	-	-	-	91,816	-	91,816
- Options exercised/lapsed	-	-	-	(92,786)	92,786	-
Transactions with owners	117,405	2,230,707	-	(970)	92,786	2,439,928
Balance at 31 December 2012 (as restated)	1,110,442	22,352,394	10,209,673	1,433,506	(28,885,949)	6,220,066
Balance at 1 January 2013 (as restated)	1,110,442	22,352,394	10,209,673	1,433,506	(28,885,949)	6,220,066
Loss and total comprehensive income	-	-	-	-	(1,587,909)	(1,587,909)
Transactions with owners						
- Issue of shares	122,334	925,117	-	-	-	1,047,451
- Options granted	-	-	-	-	-	-
- Options exercised/lapsed	-	-	-	(654,021)	654,021	-
Transactions with owners	122,334	925,117	-	(654,021)	654,021	1,047,451
Balance at 31 December 2013	1,232,776	23,277,511	10,209,673	779,485	(29,819,837)	5,679,608



STATEMENT OF CASH FLOWS

AS AT 31 DECEMBER 2013

	Note	2013 £	2012 £
Cash flows from operating activities			
Cash generated from operations	1	(1,285,277)	(974,150)
Finance costs paid		(989)	(663,898)
Tax credit received		40,289	16,543
Net cash from operating activities		(1,245,977)	(1,621,505)
Cash flows from investing activities			
Capitalisation of development expenditure		(190,719)	(111,232)
Interest received		316	393
Net cash from investing activities		(190,403)	(110,839)
Cash flows from financing activities			
Shareholders' loan - drawdown		360,000	1,684,074
Issue of equity shares		1,047,450	-
Net cash from financing activities		1,407,450	1,684,074
Decrease in cash and cash equivalents		(28,930)	48,270
Cash and cash equivalents at beginning of year	2	340,277	388,547
Cash and cash equivalents at end of year	2	311,347	340,277



NOTES TO THE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2013

1. RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	2013	2012 as restated
	£	£
Loss before income tax	(1,628,198)	(2,277,260)
Amortisation charges	630,269	663,302
Equity share based payment charge	-	91,816
Finance costs	43,590	675,747
Finance income	(316)	(393)
	(954,655)	(846,788)
(Increase)/decrease in trade and other receivables	(69,435)	34,682
Increase/(decrease) in trade and other payables	(261,187)	(162,044)
Cash generated from operations	(1,285,277)	(974,150)

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the statement of cash flow in respect of cash and cash equivalents are in respect of these statement of financial position amounts:

	31.12.13	1.1.13
	£	£
Cash and cash equivalents	311,347	340,277
	31.12.12	1.1.12 as restated
	£	£
Cash and cash equivalents	340,277	388,547



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards 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.

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 given on page 2. The nature of the Company's operations and its principal activities are set out in the Chairman's Review on page 3. 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 2013.

IFRS 10 Consolidated Financial Statements

IFRS 12 Disclosure of Interests in Other Entities

IFRS 13 Fair Value Measurement

IAS 19 (Revised) Employee Benefits

IAS 27 (Revised) Separate Financial Statements

Presentation of Items of Other Comprehensive Income - Amendments to IAS 1

Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7

Annual Improvements to IFRSs 2009-2011 Cycle

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:-

IFRS 9 Financial Instruments (effective 1 January 2017)

IAS 32 Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014)

IAS 36 Recoverable Amount Disclosures for Non-Financial Assets (effective 1 January 2014)

IAS 39 Novation of Derivatives and Continuation of Hedge Accounting (effective 1 January 2014)

Investment Entities - Amendments to IFRS 10, IFRS 12 and IAS 27 (effective 1 January 2014)

IFRIC 21 Levies (effective 1 January 2014)

All the above Standards and Interpretations are effective for periods commencing on or after 1 January 2014.

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 £1,587,909 (2012: £2,260,717 restated). Net current liabilities as at that date amounted to £412,978 (2012: £312,070 restated).



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES (continued)

The directors have prepared budgets and projected cash flow forecasts for a period of two years from 31 December 2013 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. Since the year end, Eden has received further loans of £600,000.

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 restraints.

The directors are closely monitoring performance against cash flow projections that have been prepared for the period to 31 December 2014 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 and upfront payments are recognised as the royalties accrue in accordance with the terms of the underlying contract.

Amounts receivable under milestone 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 on-going obligations.

Intangible assets

Intellectual property, including development costs, is capitalised and amortised on a straight line basis over its estimated useful economic life of 11 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.



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES (continued)

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.



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES (continued)

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 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 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. During the current year 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.



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES (continued)

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 Payment.

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 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 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.

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 20 to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES (continued)

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 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.



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES (continued)

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

The directors have considered the recoverability of the internally generated intangible asset which has a carrying value of £1.6m. The projects 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 licensing 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 has not been carried out.

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 capitalisation of the Company's intellectual property. 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, which are summarised on page 18.

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.



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

2. 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 Board of Executive Directors as it is primarily responsible for the allocation of the resources to segments and the assessment of performance of the segments.

The Executive Board of Directors monitor and then assess the performance of segments based on product type and geographical area using a measure of adjusted EBITDA (earnings before interest, tax, depreciation and amortisation). 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 2013 is as follows:

	Nematodes	3AEY		Biocides	Data-sharing	
	USA £	Africa £	Unallocated £	Europe £	Europe £	Total £
Total segment revenue	5,927	54,274	1,248	14,124	4,650	80,223
Inter segment revenue	-	-	-	-	-	-
Revenue from external customers	5,927	54,274	1,248	14,124	4,650	80,223
Adjusted EBITDA	-	-	(954,655)	-	-	(954,655)
Amortisation	-	-	(630,269)	-	-	(630,269)
Depreciation	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-
Other operating income	-	-	-	-	-	-
Net Finance costs	-	-	(43,274)	-	-	(43,274)
Income tax	-	-	40,289	-	-	40,289
Loss for the year	-	-	(1,587,909)	-	-	(1,587,909)
Total assets	-	-	6,533,701	-	-	6,533,701
Total assets includes:	-	-	-	-	-	-
Additions to non-current assets	-	-	190,719	-	-	190,719
Total liabilities	-	-	854,093	-	-	854,093



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

2. SEGMENTAL REPORTING (continued)

The segmental information for the year ended 31 December 2012 (as restated) is as follows:

	3AEY		Biocides	Data-sharing	Total £
	Africa £	Unallocated £	Europe £	Europe £	
Total segment revenue	1,451	1,516	13,123	27,500	43,590
Inter segment revenue	-	-	-	-	-
Revenue from external customers	1,451	1,516	13,123	27,500	43,590
Adjusted EBITDA	-	(846,395)	-	-	(846,395)
Amortisation	-	(663,302)	-	-	(663,302)
Depreciation	-	-	-	-	-
Share based payments	-	(91,816)	-	-	(91,816)
Other operating income	-	-	-	-	-
Net Finance costs	-	(675,747)	-	-	(675,747)
Income tax	-	16,543	-	-	16,543
Loss for the year	-	(2,260,717)	-	-	(2,260,717)
Total assets	-	6,932,745	-	-	6,932,745
Total assets includes:					
Additions to non-current assets	-	111,232	-	-	111,232
Total liabilities	-	712,679	-	-	712,679

Revenues of £54,274 (2012: £nil) are derived from a single external customer, EcoStyle, from within the 3AEY.

Revenues of £14,124 (2012: £13,123) are derived from a single external customer, TerpenTech, from within the Biocides segment.

Revenues of £nil (2012: £20,000) are derived from a single external customer, Neo-Pharma, from within the Data Sharing segment.

Revenues of £4,650 (2012: £nil) are derived from a single external customer, Certis, from within the Encapsulation segment.

Revenues of £5,927 (2012: £nil) are derived from a single external customer, FMC, from within the Nematodes segment.

There were no revenues derived from the Data-Sharing segment in 2013.

The Company's platform technology, yeast glucan encapsulation, is another business segment for which the Company is currently negotiating with a number of potential licensing partners.

3. EMPLOYEES AND DIRECTORS

	2013	2012 as restated
	£	£
Wages and salaries	283,333	263,923
Social security costs	27,310	14,601



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

3. EMPLOYEES AND DIRECTORS (continued)

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

	2013	2012 as restated
Management	<u>6</u>	<u>5</u>

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

	2013 £	2012 as restated £
Directors' remuneration	<u>233,333</u>	<u>202,000</u>
Non-executive directors' fees	<u>233,333</u> <u>50,000</u>	<u>202,000</u> <u>61,923</u>
Total directors' emoluments	<u>283,333</u>	<u>263,923</u>
Share based payment charge relating to all directors	<u>-</u>	<u>-</u>

During the year the remuneration of the highest paid director was £95,000 (2012: £90,000).

2013	Salary	Bonus	Fees	Share based payments	Total
	£	£	£	£	
A Abrey	75,000	20,000	-	-	95,000
K Brooks	60,000	10,000	-	-	70,000
C Newitt	33,333	10,000	-	-	43,333
B Gill	-	-	50,000	-	50,000
T Lupton	25,000	-	-	-	25,000
	<u>193,333</u>	<u>40,000</u>	<u>50,000</u>	-	<u>283,333</u>

2012 as restated	Salary	Bonus	Fees	Share based payments	Total
	£	£	£	£	
A Abrey	75,000	15,000	-	-	90,000
K Brooks	60,000	12,000	-	-	72,000
C Newitt	33,333	6,667	-	-	40,000
B Gill	-	-	60,000	-	60,000
T Lupton	-	-	-	-	1,923
	<u>168,333</u>	<u>33,667</u>	<u>61,923</u>	-	<u>263,923</u>



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

4. NET FINANCE COSTS

	2013 £	2012 £
Finance income:		
Deposit account interest	<u>316</u>	<u>393</u>
Finance costs:		
Bank Interest	24	-
Exchange variances	966	(6,756)
Finance fees	42,600	670,181
Interest on shareholders' loan	-	12,322
	<u>43,590</u>	<u>675,747</u>
Net finance costs	<u>43,274</u>	<u>675,354</u>

5. LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging:

	2013 £	2012 as restated £
Licences and trademarks amortisation	36,273	30,273
Development costs amortisation	154,511	193,544
Intellectual property amortisation	439,485	439,485
Auditors' remuneration	22,631	21,000
Directors' emoluments	283,333	263,923
Equity share based payment charge	-	91,816
Foreign exchange differences	<u>966</u>	<u>(7,346)</u>

Within auditors' remuneration, £6,631 is in relation to audit services provided by Grant Thornton LLP. In the year Grant Thornton LLP were replaced as auditors by UHY Hacker Young. £16,000 of costs in relation to audit services provided by UHY Hacker Young are also included within auditors remuneration.

6. INCOME TAX

Analysis of tax income

	2013 £	2012 as restated £
Current tax:		
Research and development tax credit	<u>(40,289)</u>	<u>(16,543)</u>
Total tax income in statement of comprehensive income	<u>(40,289)</u>	<u>(16,543)</u>



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

6. INCOME TAX (continued)

Corporation tax

No tax charge arises on the results for the year (2012: £nil). Tax losses carried forward amount to approximately £18,612,249 (2012: £18,260,000). The tax credit represents the research and development tax credit receivable for the year ended 31 December 2013.

Factors affecting the tax charge

The UK standard rate of corporation tax is 23.25% (2012: 24.50%). Current tax assessed for the financial year as a percentage of the loss before taxation is nil (2012: nil)

The differences are explained below:

	2013	2013	2012	2012
	£	%	£	%
Standard rate of corporation tax in the UK		(23.25)		(24.5)
Loss before tax at standard rate of tax	(378,556)		(571,779)	
Effects of Losses carried forward	342,291	22.0	327,956	14.0
Other expenses not deductible for tax purposes	36,265	2.0	243,823	11.0
Research and development tax relief	(40,289)	(2.0)	(16,543)	(7.0)
Total current tax credit and tax rate %	(40,289)	(2.0)	(16,543)	(7.0)
Deferred tax				
Unprovided deferred tax asset	3,739,438		4,219,033	

The unprovided deferred tax asset arises principally in respect of trading losses, together with other minor timing differences at 23% (2012: 23%) and has not been recognised due to the uncertainty of timing of future profits against which it may be realised.



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

7. 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 £	2013 Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	(1,587,909)	121,970,374	-1.30
Effect of dilutive securities	-	-	-
Diluted EPS			
Adjusted earnings	(1,587,909)	121,970,374	-1.30

	Earnings £	2012 Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	(2,260,717)	107,312,913	-2.11
Effect of dilutive securities	-	-	-
Diluted EPS			
Adjusted earnings	(2,260,717)	107,312,913	-2.11

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



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

8. PRIOR YEAR ADJUSTMENT

Following the acquisition of the Company's master patent, the Board, acting on advice, has reconsidered the substance of the arrangement and have formed the view that the obligation to pay future liabilities is an executory contract. This judgement arises from an obligation for the significant on-going involvement of the vendor, through to commercialisation of the product.

In prior years the arrangement was considered to be non-executory and accounted for in line with the Company's accounting policy. At the time of the acquisition the Board estimated the present value of all future payments under the agreement and included this value in the acquisition cost of the asset. The liability was then subsequently remeasured at each reporting date to its present value, with movements included in finance expense for the period.

The impact of the change is that the estimated future liability in respect of this contract is not recognised either as a liability or in the cost of the underlying asset. The only amounts included in the cost of the asset relate to the initial consideration paid on acquisition of the asset. When the contract ceases to be executory the liability and the related expense will be recognised in the financial statements.

The result of this is a reduction in other payables, the cost of the related intangible assets, the annual amortisation charge arising on those assets and the annual finance charge in relation to the unwinding of the other payables. This has resulted in an increase in the Retained

9. INTANGIBLE ASSETS (as restated)

	Licences and trademarks £	Development costs £	Intellectual property £	Total £
COST				
At 1 January 2013	447,351	2,322,532	8,591,774	11,361,657
Additions	-	190,719	-	190,719
At 31 December 2013	447,351	2,513,251	8,591,774	11,552,376
AMORTISATION				
At 1 January 2013	300,871	715,391	3,813,259	4,829,521
Amortisation for year	36,273	154,511	439,485	630,269
At 31 December 2013	337,144	869,902	4,252,744	5,459,790
NET BOOK VALUE				
At 31 December 2013	110,207	1,643,349	4,339,030	6,092,586



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

9. INTANGIBLE ASSETS (as restated)

	Licences and trademarks £	Development costs £	Intellectual property £	Total £
COST				
At 1 January 2012	419,150	2,239,501	8,591,774	11,250,425
Additions	28,201	83,031	-	111,232
At 31 December 2012	447,351	2,322,532	8,591,774	11,361,657
AMORTISATION				
At 1 January 2012	270,598	521,847	3,373,774	4,166,219
Amortisation for year	30,273	193,544	439,485	663,302
At 31 December 2012	300,871	715,391	3,813,259	4,829,521
NET BOOK VALUE				
At 31 December 2012	146,480	1,607,141	4,778,515	6,532,136



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

9. INTANGIBLE ASSETS (continued)

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 fourteen years.

An annual impairment review is undertaken by the Board of Directors only where there are indicators that an impairment may exist. 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 on the review management have carried out they are satisfied that no such factors exist and as such a full impairment review on the Company's intangible assets has not been carried out.

A full impairment review was carried out using discounted cashflow forecasts. The result of this review was that the conclusion that the Intellectual Property is not impaired in respect of its carrying value.

An independent valuation was undertaken by PharmaVentures Limited in 2010 on a number of the Company's product programmes and the estimated future value exceeds the current carrying value.

The valuers used an industry-standard methodology that combines discounted cash flow projections with decision tree analysis to allow explicitly for development risk. For each programme an expected net present value was derived, which provides a measure of the programme's current economic value.

The valuation was carried out on Eden's botrytis, powdery mildew and nematode products using third party information on the market sizes and based on assumptions with regard to the potential market share achievable.

The Estimated Net Present Value of 3AEY, Eden's lead botryticide product, alone exceeded the current carrying value of the Company's intellectual property.

The key assumptions used in completion of the valuation included:

- The projected market sizes for the key products which the Company is developing. These include a projected market of \$214m for 3AEY, \$100m for Powdery Mildew, and \$296m for nematodes.
- The projected market share attainable by the Company. In preparing the valuation, a base projected market share growing to 5% of the relevant markets has been assumed.
- As the nature of the Company's revenue streams are a mixture of milestone payments, licence income and royalties, there are no specific projected growth rates used - the timing of the attainment of the milestones which are attainable on project by project basis is a key assumption in the forecasts.
- The discounted cash flows have assumed a discount factor of 9%.

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

During the current year the Company entered into an agreement to acquire an updated version of the Company's core underlying technology under similar terms to the existing agreement. Whilst the technology and liability are legally distinct from the superseded versions, management are of the opinion that in substance they are the same.



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

10. TRADE AND OTHER RECEIVABLES

	2013	2012 as restated
	£	£
Current:		
Trade and other receivables	117,474	54,445
VAT recoverable	<u>12,294</u>	<u>5,887</u>
	<u>129,768</u>	<u>60,332</u>

The directors consider that the carrying value of trade and other receivables approximates to the fair value. There are no debts impaired at 31 December 2013 or 2012. Details of debts past due but not impaired are given in note 20.

11. CASH AND CASH EQUIVALENTS

	2013	2012 as restated
	£	£
Short term bank deposits	<u>311,347</u>	<u>340,277</u>

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

12. TRADE AND OTHER PAYABLES

	2013	2012 as restated
	£	£
Current:		
Trade payables	291,190	125,143
Other payables	5,779	292,236
Accruals and deferred income	<u>154,524</u>	<u>295,300</u>
	<u>451,493</u>	<u>712,679</u>

The directors consider that the carrying value of trade and other payables approximates to their fair value. See note 20 for disclosure of the amount of trade payables denominated in foreign currency. See Directors' Report for disclosure of the average credit period taken.

13. FINANCIAL LIABILITIES - BORROWINGS

	2013	2012 as restated
	£	£
Current:		
Loan notes	<u>402,600</u>	<u>-</u>



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

14. FINANCIAL ASSETS AND LIABILITIES

	Note	2013 £	2012 as restated £
Financial assets at amortised cost			
Other receivables	10	129,768	60,332
Cash and cash equivalents	11	311,347	340,277
		<u>411,115</u>	<u>400,609</u>
Financial liabilities measured at amortised cost			
Other loan	13	402,600	-
Trade and other payables	12	451,493	712,679
		<u>854,093</u>	<u>712,679</u>

Other loans are non-interest bearing and there are no fixed terms for repayment.

The loan balances were secured by a fixed and floating charge over the Company's assets. More details in relation to this charge are included within note 20.

Other loans

	£
Loan balance as at 1 January 2012	651,717
Interest charged in the year	12,321
Loan notes repaid in the year	-
Loan notes converted in the year	<u>(2,348,112)</u>
Loan balance as at 31 December 2012	-
New loans issued in the year	360,000
Finance costs in the year	42,600
Loan notes repaid in the year	-
Loan notes converted in the year	-
Loan balance as at 31 December 2013	<u>402,600</u>

The loans converted during 2012 were converted into ordinary shares. In accordance with the Company's accounting policy these were converted at nil gain/nil loss.



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

15. CALLED UP SHARE CAPITAL

Authorised

Number:	Class:	Nominal value:	2013 £	2012 £
123,277,577	Ordinary	0.01	<u>1,232,776</u>	<u>1,110,442</u>

Allotted, issued and fully paid

Number:	Class:	Nominal value:	2013 £	2012 £
123,277,577	Ordinary	0.01	<u>1,232,776</u>	<u>1,110,442</u>

(2012: 111,044,161)

During the year the Company issued 12,233,337 £0.01 ordinary shares for a consideration of £0.09 per share, giving a total consideration of £1,101,000. Share issue costs of £53,500 have been deducted from the share premium on the share issue in the year.

The number of £0.01 ordinary shares issued in the year totalled 12,233,337 (2012: 11,740,565).

Date	Number of ordinary shares £	Aggregate nominal value £	Issue Price £	Premium on issue £	Total share premium £
08.02.2013	12,233,337	<u>122,333</u>	0.09	0.08	<u>978,667</u>
		<u>122,333</u>			<u>978,667</u>

During 2012 the Company converted £2,219,081 of long term debt and £129,031 of short term debt into 11,740,565 ordinary shares in the Company at an average price of 20p.

During 2012 the following ordinary shares were issued by Eden Research Plc:

Date	Number of ordinary shares £	Aggregate nominal value £	Issue Price £	Premium on issue £	Total share premium £
25.04.2012	11,740,565	<u>117,405</u>	0.20	0.19	<u>2,230,707</u>
		<u>117,405</u>			<u>2,230,707</u>



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

16. RESERVES

	Retained earnings £	Share premium £	Merger reserve £	Warrant reserve £	Totals £
At 1 January 2013	(29,597,993)	22,352,394	10,209,673	1,433,506	4,397,580
Prior year adjustment	(712,044)		-	-	(712,044)
	28,885,949				5,109,624
Deficit for the year	(1,587,909)				(1,587,909)
Cash share issue	-	925,117	-	-	925,117
Options exercised/lapsed	654,021	-	-	(654,021)	-
At 31 December 2013	(29,819,837)	23,277,511	10,209,673	779,485	4,446,832

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.

17. CAPITAL COMMITMENTS

The Company had no capital commitments at 31 December 2013 (2012: £nil).



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

18. 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 3.

Transactions with other related parties are set out below:

During the year, the Company traded with A H Brooks, of which K W Brooks, a director, is a partner. The transactions in aggregate were as follows:-

	2013 £	2012 £
Rent	30,000	30,000
Provision of consulting services	25,000	25,000
Trade payables due at the year end	8,588	-

During the year, the Company traded with Ricewood Limited, of which A Abrey, a director, is a director and shareholder, in respect of consultancy services, as follows:-

	2013 £	2012 £
Provision of consultancy services	18,333	18,333
Trade payables due at the year end	2,590	-

During the year, the Company traded with Hawkhill's Consultancy Limited, of which B Gill, a director, was a director and shareholder, in respect of director's fees, as follows:-

	2013 £	2012 £
Director's fees	50,000	50,000
Trade payables due at the year end	15,000	30,000

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

Liabilities include the following loans advanced by the shareholders of the Company:-

	2013 £	2012 £
Oxford Capital Limited	<u>402,600</u>	<u>-</u>
	<u>402,600</u>	<u>-</u>

During the prior year £2,348,112 was converted into equity. Full details of the conversion are included within note 15.

The loan is non-interest bearing and there were no fixed terms for repayment.

The Company was party to a guarantee and debenture entered into on 29 December 2008 whereby all sums due to Oxford Capital Limited were secured by a first fixed and floating charge over the assets of the Company.



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

19. SHARE-BASED PAYMENT TRANSACTIONS

Share Options

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

	2013 Weighted average exercise price (pence)	Number	2012 Weighted average exercise price (pence)	Number
Outstanding at the beginning of the year	19	6,770,000	20	6,845,000
Granted during the year	-	-	-	4,200,000
Exercised during the year	-	-	-	-
Lapsed during the year	58	(420,000)	43	(75,000)
	17	6,350,000	19	6,770,000

The exercise price of options outstanding at the end of the year ranged between 10p and 26p (2012: 10p and 60p) and their weighted average contractual life was 1.8 years (2012: 2.1 years). None of the options have vesting conditions.

No share options were granted during the current or previous year. The weighted average fair value of each option granted during 2011 was 14p.

The share based payment charge for the year was £nil (2012: £91,816).

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)	14
Exercise price (pence)	20
Weighted average contractual life (days)	1,147
Expected volatility	64.4%
Expected dividend growth rate	-
Risk-free interest rate	4.43%

Expected volatility is calculated based on historic share price movements.



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

19. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Warrants

	2013 Weighted average exercise price (pence)	Number	2012 Weighted average exercise price (pence)	Number
Outstanding at the beginning of the year	14	6,681,875	15	6,096,875
Granted during the year	-	-	9	985,000
Exercised during the year	-	-	-	-
Lapsed during the year	-	(5,450,000)	20	(400,000)
	-	1,231,875	14	6,681,875

The exercise price of warrants outstanding at the end of the year ranged between 13p and 30p (2012: 13p and 21p) and their weighted average contractual life was 0.1 years (2012: 0.5 years). None of the warrants have vesting conditions.

The weighted average fair value of each warrant granted during the year was nil (2012: 25p).

20. POST BALANCE SHEET EVENTS

Since the year end, Eden Research Plc has received loans totalling £600,000.



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

21. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

Credit Risk

	2013 £	2012 as restated £
Cash and cash equivalents	311,347	340,277
Trade receivables	50,107	47,275
	<u>361,454</u>	<u>387,552</u>

The average credit period for sales of goods and services is 30 days. No interest is charged on overdue trade receivables. At 31 December 2013 trade receivables of £50,107 (31 December 2012: £47,275) were past due but are considered by the directors to be recoverable in full.

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

	2013 £	2012 as restated £
Trade payables	291,190	125,143
Other payables	5,779	292,236
Accruals and deferred income	154,524	295,300
Other loans	402,600	-
	<u>854,093</u>	<u>712,679</u>

The carrying amount of trade payables approximates to fair value.

The average credit period on purchases of goods is 30 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.

Details of the loans are disclosed in note 13 to the financial statements. The Company currently finances their operations partly through these borrowings. The Company borrow in pounds sterling generally at fixed interest rates.

Credit risk

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



NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2013

22. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

Currency risk

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

	2013 £	2012 £
US dollars	61,937	1,556
Euro	6,139	29,003
	68,076	30,569

Liquidity risk

Short-term flexibility is achieved by shareholder loans. 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 2013 was:-

	Total £	Fixed rate financial liabilities £	Financial liabilities on which no interest is paid £
Sterling			
2013	786,017	-	786,017
2012 as restated	682,110	-	682,110
Euro			
2013	6,139	-	6,139
2012 as restated	29,003	-	29,003
US Dollars			
2013	61,937	-	61,937
2012 as restated	1,556	-	1,556
	Weighted average interest rate %	Weighted average period for which rate is fixed Years	Weighted average period until maturity Years
Sterling			
2013	7.5	1.0	1.0
2012	7.5	1.0	1.0

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



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

22. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

Maturity of financial liabilities

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

	2013	2012 as restated
	£	£
In one year or less, or on demand	<u>854,093</u>	<u>712,679</u>
	<u>854,093</u>	<u>712,679</u>

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 2013 and 31 December 2012.

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% (2012: 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.



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

22. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

	2013 £	2012 £
Borrowings	<u>402,600</u>	<u>-</u>
Less : Cash and cash equivalents	(311,347)	(340,227)
Net debt	91,253	(340,227)
Total equity	<u>5,679,608</u>	<u>6,220,066</u>
Total capital	5,770,861	5,879,789
Gearing ratio	2%	-6%

The increase in gearing ratio at 31 December 2013 resulted from the increased borrowings.







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