

EDEN BIOSCIENCE CORP  
Form 10-Q  
August 10, 2007

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

**Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the quarterly period ended June 30, 2007**

or

**Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the transition period from to \_\_\_\_\_ to \_\_\_\_\_**

**Commission File Number 0-31499**

**Eden Bioscience Corporation**

(Exact name of registrant as specified in its charter)

**Washington**  
(State or other jurisdiction of  
incorporation or organization)

**91-1649604**  
(IRS Employer Identification No.)

**11816 North Creek Parkway N.  
Bothell, Washington 98011-8201**  
(Address of principal executive offices, including zip code)

**(425) 806-7300**  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):  
Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

State the number of shares outstanding of each of the registrant's classes of common equity, as of the latest practicable date:

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Class  
Common Stock, \$.0025 Par Value

Outstanding as of August 10, 2007  
8,149,554

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Eden Bioscience Corporation

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## Item 1. Unaudited Financial Statements

## EDEN BIOSCIENCE CORPORATION AND SUBSIDIARIES

## CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

## ASSETS

	June 30, 2007	December 31, 2006
Current assets:		
Cash and cash equivalents	\$ 6,004,702	\$ 4,185,225
Accounts receivable, net of sales allowances	26,784	186,175
Note receivable	204,493	
Inventory, current	85,597	2,284,300
Prepaid expenses and other current assets	100,459	289,892
Total current assets	6,422,035	6,945,592
Inventory, non-current	39,612	41,758
Property and equipment, net	99	698,061
Other assets	85,991	287,879
Total assets	\$ 6,547,737	\$ 7,973,290

## LIABILITIES AND SHAREHOLDERS EQUITY

Current liabilities:		
Accounts payable	\$ 143,329	\$ 279,224
Accrued liabilities	150,689	528,284
Total current liabilities	294,018	807,508
Other long-term liabilities		456,722
Total liabilities	294,018	1,264,230
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, \$.01 par value, 10,000,000 shares authorized; no shares issued and outstanding at June 30, 2007 and December 31, 2006		
Common stock, \$.0025 par value, 33,333,333 shares authorized; 8,149,554 issued and outstanding shares at June 30, 2007 and December 31, 2006	20,374	20,374
Additional paid-in capital	132,860,628	132,849,727
Accumulated other comprehensive income		91,896
Accumulated deficit	(126,627,283)	(126,252,937)
Total shareholders' equity	6,253,719	6,709,060
Total liabilities and shareholders' equity	\$ 6,547,737	\$ 7,973,290

*The accompanying notes are an integral part of these statements.*

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Product sales, net of sales allowances	\$ 83,127	\$ 1,760,040	\$ 271,899	\$ 3,408,427
Operating expenses:				
Cost of goods sold	15,093	839,572	138,335	1,855,052
Research and development		372,937	136,442	689,475
Selling, general and administrative	233,718	1,379,502	633,500	2,938,288
Loss on impairment of equipment and leasehold improvements		4,880,516		4,880,516
Gain on sale of equipment		(26,979)		(44,557)
Total operating expenses	248,811	7,445,548	908,277	10,318,774
Loss from operations	(165,684)	(5,685,508)	(636,378)	(6,910,347)
Other income:				
Gain on sale of Harpin Protein Technology			113,968	
Gain on sale of investment				99,884
Interest income	84,103	55,558	148,064	116,672
Total other income	84,103	55,558	262,032	216,556
Loss before income taxes	(81,581)	(5,629,950)	(374,346)	(6,693,791)
Income taxes				
Net loss	\$ (81,581)	\$ (5,629,950)	\$ (374,346)	\$ (6,693,791)
Basic and diluted net loss per share	\$ (0.01)	\$ (0.69)	\$ (0.05)	\$ (0.82)
Weighted average shares outstanding used to compute net loss per share	8,149,554	8,143,950	8,149,554	8,139,752

*The accompanying notes are an integral part of these statements.*

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**EDEN BIOSCIENCE CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

	Six Months Ended June 30,	
	2007	2006
Cash flows from operating activities:		
Net loss	\$ (374,346)	\$ (6,693,791)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization		350,744
Gain on sale of Harpin Protein Technology	(113,968)	
Recognition of cumulative translation adjustment	103,470	

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	Six Months Ended June 30,	
Loss on impairment of equipment and leasehold improvements		4,880,516
Stock compensation expense	10,901	203,959
Gain on sale of equipment		(44,557)
Gain on sale of investment		(99,884)
Accretion expense	5,672	15,406
Deferred rent payable	(1,406)	78,756
Changes in assets and liabilities:		
Accounts receivable	149,544	(990,527)
Inventory	281,438	835,914
Prepaid expenses and other assets	327,571	78,909
Accounts payable	(135,895)	(112,185)
Accrued liabilities	(318,917)	(210,183)
Net cash from operating activities	(65,936)	(1,706,923)
Cash flows from investing activities:		
Proceeds from sale of Harpin Protein Technology	1,903,074	
Purchase of equipment		(16,377)
Proceeds from sale of investment		100,000
Proceeds from sale of equipment	50,000	164,557
Net cash from investing activities	1,953,074	248,180
Cash flows from financing activities:		
Proceeds from issuance of common stock		21,000
Net cash from financing activities		21,000
Effect of foreign currency exchange rates on cash and cash equivalents	(67,661)	54,514