



Innovations that work.™

ACN 109 200 900

AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT

Appendix 4D

Half Year Ending 31 December 2019

1. The current reporting period is the half year ended 31 December 2019. The previous corresponding period is the half year ended 31 December 2018.
2. Results for announcement to the market:

| | 31 December 2019 \$000's | 31 December 2018 \$000's | % Change | Up / Down |
|--|-----------------------------------|-----------------------------------|-------------|--------------|
| 2.1 Revenue from ordinary activities | 1,189 | 1,471 | 19.2 | Down |
| 2.2 Loss from ordinary activities after tax attributable to shareholders | (4,093) | (4,148) | 1.3 | Down |
| 2.3 Loss for the half year attributable to shareholders | (4,093) | (4,148) | 1.3 | Down |

2.4 & 2.5 No dividends are proposed and no dividends were declared or paid during the current or prior period.

2.6 Revenues decreased largely due to a later start of the second GDOT / Federal (FHWA) funded project incorporating EdenCrete®. The loss for the half year decreased slightly, decreased employee benefits expense offset reduced revenue.

For the full review of operations please refer to the Half Year Accounts to 31 December 2019 released to market on 28 February 2020.

3. Net tangible assets per share

| | 31 December 2019 | 31 December 2018 |
|--------------------------------|---------------------|---------------------|
| Net tangible* assets per share | \$0.0072 | \$0.0084 |

* - This does not include any value for Eden's investment in its pyrolysis technology, EdenCrete® or Optiblend® as these are intangible assets.

4. Gain or loss of control over entities

Eden Innovations Ltd did not gain or lose control over any entities during the period.

5. Dividends

No dividends are proposed and no dividends were declared or paid during the current or prior period.

6. Dividend Reinvestment Plans

The Company does not have a dividend reinvestment plan.

7. Details of associates/joint ventures

The Company does not have any associates or joint ventures.

8. Foreign Entities Accounting Standards

N/A

9. Status of review of accounts

The half year report is based on accounts which have been subject to an independent review and were announced to the market on 28 February 2020. The Eden Innovations Ltd accounts are not subject to dispute or qualification. An emphasis of matter paragraph regarding going concern has been included in the review report.



eden

Innovations that work.™

Interim Financial Report
for the Half-Year Ended 31 December 2019

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HIGHLIGHTS

SALES DURING THE HALF YEAR

| | Sales 31 Dec 2019 A\$000's | Sales 31 Dec 2018 A\$000's | Sales % Change |
|------------|---|---|---------------------------|
| EdenCrete® | 709 | 1,007 | [30%] |
| OptiBlend® | 479 | 476 | 1% |
| Total | 1,188 | 1,483 | [20%] |

EDENCRETE®

- Sales during the half year period decreased by 30% compare to the December 2018 half year, in part due to a reduction in the value of EdenCrete® sales for most GDOT highway repair projects during this period, including a reduction of ~A\$294,000 of sales due to a later start of the GDOT/Federal [FHWA] funded project, representing almost all of the reduction in sales revenue.

USA

- Encouraging growth in the number of US States where EdenCrete® sales and/or trials are occurring.
- Restructuring of US sales team commenced and two commission-only sales representatives appointed to supplement existing sales team.

Georgia

- The second GDOT / Federal [FHWA] funded project using EdenCrete® for pavement repairs on 11 miles of highway, commenced during the quarter and was completed in February 2020, US\$520,000 of EdenCrete was used.
- Following the successful completion of a 12 month field trial, EdenCrete® accepted for use on GDOT construction and maintenance projects for mainline paving.
- The first GDOT bridge trial of EdenCrete® concrete.
- GDOT funded highway repair projects occurred requiring US\$107,500 of EdenCrete®.
- First Georgia ready-mix operator commences using standard EdenCrete® concrete mixes.
- The Port of Savannah [part of the Georgia Port Authority] agreed to conduct an EdenCrete® trial on concrete on a wharf where very heavy loading and abrasion from repeated movement of large gantry container cranes is experienced.

Colorado

- Important CDOT trial of EdenCrete® on I-70 Interstate Highway to take place in 2021.
- Ongoing repeat sales to 5 ready mix operators and 7 shotcrete operators in Colorado.
- Evaluation of long term field trials for Denver Public Works anticipated by mid-2020.

New York

- First order for EdenCrete®Pz received from New York ready mix company for use in low-midrise construction and bulk dispensing system installed in their plant.

South Carolina

- EdenCrete® used in South Carolina at a plant operated by an international tyre company in an outdoor concrete storage area for large, industrial tyres.

Ohio

- First order received from an Ohio-based ready mix company and bulk dispensing system installed in their plant for future sales.

Utah, Illinois, Indiana, Wisconsin, Oklahoma, Florida and Pennsylvania

- Trials with new customers took place, have commenced or are being planned in these States, and initial sales are anticipated to start in 2020.

NTPEP Approvals Obtained

- NTPEP approval of EdenCrete® and EdenCrete®Pz received, opening the way for approvals by all US DOTs.

Status of DOT Approvals

- Vermont Agency of Transportation, California Department of Transportation, Oklahoma DOT, South Carolina DOT, Kentucky DOT and the Louisiana DOT approved the use of both EdenCrete® and EdenCrete®Pz and Alabama, Colorado, Tennessee DOT and Alaska approved the use of EdenCrete®Pz.
- Since the end of the period, the use of EdenCrete®Pz has also been approved by North Carolina DOT and the use of EdenCrete® has been approved by Alabama DOT.
- Currently DOTs from 18 States have approved the use of EdenCrete® and 12 have approved the use of EdenCrete®Pz.

AUSTRALIA AND NEW ZEALAND

- Eden received and dispatched the first Australian EdenCrete® order for Parchem.
- Initial regulatory approval to import EdenCrete® into Australia for trials received by Parchem.
- Commercial trials have commenced in Australia - 40 trial requests received to date.

INDIA

- During the period, a series of significant meetings and discussions took place in India with several major concrete manufacturers and/or construction companies, as well as with relevant government agencies and positive responses were received.
- Samples of Indian cement and flyash were dispatched to Eden in Colorado for preliminary trialling, which subsequently produced encouraging results.
- A number of advanced trials of lower cost, stronger concrete are being undertaken in India.

EUROPE

- Advanced trials in two European countries for a range of applications.

SOUTH KOREA

- Trials with a number of companies are continuing.

US EDENCRETE® PATENT ALLOWED

- US patent application no. 15/597,198 allowed - includes 24 claims directed to the production of the EdenCrete® family of products.

OPTIBLEND®

- Sales of OptiBlend® Dual Fuel Systems, worth approx. A\$479,000, during the period, with continued market interest in both the USA and India.
- Appointment of new commission-only sales representatives in USA and India.

EdenPlast™

- US Patent No. 10,472,240 issued - includes 16 claims directed to the production of the EdenPlast® family of products.

CORPORATE

- Eden completed a share purchase plan [SPP], raising \$2,908,000 [before costs] through the issue of 58,160,000 Shares at 5 cents per share.
- New executive appointments in Eden Innovations LLC [Eden US].

CORPORATE DIRECTORY

DIRECTORS:

Gregory H Solomon LLB [Executive Chairman]

Douglas H Solomon BJuris LLB [Hons] [Non-Executive]

Lazaros Nikeas B.A. [Non-Executive]

Stephen D Dunmead B.Sc., M.Sc., Ph.D. [Non-Executive]

COMPANY SECRETARY:

Aaron P Gates B.Com, CA, AGIA

REGISTERED OFFICE:

Level 15

197 St Georges Terrace

Perth

Western Australia 6000

Tel +61 8 9282 5889

Email: mailroom@edeninnovations.com

Website: www.edeninnovations.com

SOLICITORS:

Solomon Brothers

Level 15

197 St Georges Terrace

Perth WA 6000

AUDITORS:

Nexia Perth Audit Services Pty Ltd

Level 3

88 William Street

Perth WA 6000

SHARE REGISTRY:

Advanced Share Registry Services

110 Stirling Highway

Nedlands WA 6009

STOCK EXCHANGE LISTING:

ASX Code: **EDE** [ordinary shares]

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited.

REVIEW OF OPERATIONS

EDENCRETE®

During the six months, total EdenCrete® sales [A\$709,000] were achieved, which is lower than during the corresponding period in 2018 [A\$1,007,000]. In part this was due to a reduction in the value of EdenCrete® sales for GDOT highway repair projects during this period, including lower comparative sales from the second Federal/GDOT funded project that commenced, compared to sales from the first such project in the corresponding period in 2018.

However, this downward trend in sales is not anticipated to be reflective of the longer term sales trajectory.

The restructuring and expansion of the US sales force, the continuing growth in the number of US EdenCrete® customers, the increase in the number of US states where sales and/or trials are occurring, supported by the extension in the geographic footprint of EdenCrete® into a number of other countries where EdenCrete® trials are occurring are expected to help drive increased sales in the coming quarters.

OptiBlend® sales are also anticipated to increase over the coming quarters as new commission-only sales representatives, two of whom have been appointed, help drive an increase in OptiBlend® sales in both India and USA.

More details of the progress made during the six month period are detailed below.

USA

GROWTH OF US FOOTPRINT

Regular sales to repeat customers continue in a number of US States, for a range of projects including building construction and maintenance, driveways, industrial flooring, shotcrete applications, and highway repairs. During the period, sales of EdenCrete® products have occurred in Georgia, Colorado, New York, South Carolina and Ohio.

During this same period, trials with new and a number of potentially significant customers that operate in a range of market sectors, took place, are presently underway, or are being planned in Georgia, Colorado, New York, South Carolina, Idaho, Ohio, Utah, Illinois, Indiana, Wisconsin, Oklahoma, Florida and Pennsylvania.

Experience over the past three years has shown that a significant proportion of the growth in EdenCrete® sales over this time has occurred following earlier successful trials or projects, with news of the successes often being passed on to potential new customers by various means, including by contractors who undertook the successful project.

US EDENCRETE® SALES FORCE

To service the increasing US interest and help accelerate the growth in sales, the structure of the US sales team has been reviewed and two or three new sales people are planned. To date one further member of the sales team has been appointed.

Additionally, Eden has also appointed, or is discussing the possible appointment of a number of new sales representatives that will sell EdenCrete® products on a commission-only basis. To date two sales representatives have been appointed who will provide sales coverage in Texas, Wisconsin, Illinois and Indiana.

GEORGIA INFRASTRUCTURE

Second GDOT/FHWA funded highway repair project

17.35 Miles of repairs on I-285 (Fulton, Cobb) - US\$520,000 worth of EdenCrete®

The second highway repair project in Georgia, to be jointly funded by the Federal Highway Administration (FHWA) [80%] and the Georgia Department of Transportation (GDOT) [20%] that includes EdenCrete® in the concrete mix, commenced late in September 2019, and was completed in February 2020.

The US\$17.4 million project involves the replacement of numerous sections of concrete pavement along 17.35 miles of Interstate Highway I-285 and State Road SR 407 in Fulton and Cobb counties. The initial specifications for the project were that it would involve the replacement of only approximately 5,146 cubic yards of concrete, requiring approximately 10,292 gallons of EdenCrete® worth US\$257,300.

As occurred with the first FHWA / GDOT jointly funded project, where the initial scope of the project was progressively expanded by almost 40%, Eden delivered EdenCrete® worth US\$520,000 for this project.

Upcoming GDOT funded repair projects

During the period, four State funded repair projects requiring approximately US\$107,500 worth of EdenCrete® were advertised for tender but these projects will not occur, and the sales take place, until sometime in 2020.

GDOT- First EdenCrete® bridge trial in Georgia

EdenCrete® is being trialled in a GDOT bridge trial on a bridge across Little River northern Georgia, testing EdenCrete® in the new concrete decking. The project commenced in November 2019 when the first test span was poured, and the second (and last) test span was successfully poured in December 2019.

The fresh properties of the EdenCrete® concrete satisfied all the required specifications. Further, the EdenCrete® concrete was tested for compressive strength and flexural

REVIEW OF OPERATIONS (Continued)

strength over a 28 day period, delivering the following positive results:

| | | | |
|----------------|----------------------|----------|-----------------|
| After 24 Hours | Compressive strength | 2767 PSI | 12% over design |
| After 72 Hours | Compressive strength | 4790 PSI | 37% over design |
| After 28 Days | Compressive strength | 6787 PSI | 70% over design |
| After 28 Days | Flexural strength | 915 PSI | 41% over design |

The performance of the concrete decking will be monitored for the period of the trial, which could be up to 2 years. However, this monitoring period may be reduced by GDOT if it is satisfied with the performance levels that are achieved in other existing bridge trials of EdenCrete® that are being conducted by other DOTs, some of which have been underway for more than a year.

MARTA

Eden has been in recent discussions with the Metropolitan Atlanta Rapid Transit Authority (MARTA), which has a number of light rail station rehabilitation projects planned over the next few years, and Eden is hopeful that the first suitable project that uses EdenCrete® will be nominated during 2020.

MARTA published a joint white paper with Eden in 2018 detailing the strong performance of EdenCrete® achieved in a two year field trial at the Brady Mobility Facility in Atlanta, Georgia. MARTA remains a high priority target for use of EdenCrete® products in suitable future infrastructure projects.

The anticipated inclusion in one or more MARTA projects will provide a very strong recommendation for EdenCrete® that is considered likely to assist in the future marketing into similar projects in other US cities as well as in other countries.

GDOT Mainline Paving

Following the successful completion of a 12 months field trial, EdenCrete® has been approved for use on GDOT construction and maintenance projects for mainline paving. The trial took place on a state highway in Comer County, Georgia and involved adding EdenCrete® into 80 yards of a new, two lane concrete highway (see Figure 1).

The successful 12 month evaluation undertaken by GDOT that only commenced after the new roadway was opened to traffic, resulted in the GDOT New Products Evaluation Committee accepting EdenCrete® for use in the construction and maintenance of new concrete pavements under GDOT Specifications Sections 430 and/or 439.



Figure 1. Completed section of highway with added EdenCrete

This successful outcome opens the way for the possible future use of EdenCrete® in the construction of new roads and highways in Georgia, the annual budget for which currently exceeds US\$700 million per annum.

Port of Savannah

During the six months, the Port of Savannah (part of the Georgia Port Authority) agreed to conduct a trial of EdenCrete® in a section of concrete on one of its wharves that is subject to a very heavy loading and abrasion from the wheels of the large container cranes moving back and forth as containers are loaded and unloaded (known as the "runway") (see Figure 2).

The concrete runways at the port are exposed to both a salty environment and extreme rolling loads and abrasive wear that cause cracking, abrasion and breakdown of the concrete, requiring the worn concrete to be frequently ripped up and replaced under a highly disruptive, scheduled maintenance programme.



Figure 2. Container crane at Port of Savannah showing wheels on "runway"

The trial was undertaken after the end of the six months' period, and all the laboratory trials of the compressive strength of the concrete that was used showed that the EdenCrete® concrete comfortably exceeded the required minimum strength. The trial involves the monitoring of the longer term performance of the concrete.

Relevantly, EdenCrete® has been successfully trialled and commercially used on various occasions in a number of similar heavy duty wear applications in Georgia and also has been successfully trialled, and commercially used, to assist concrete withstand the effects of salt, largely due to the improvements that EdenCrete® delivers in relation to both permeability and scaling of the concrete.

First Georgia ready-mix operator commenced marketing standard EdenCrete® concrete mixes

Eden has secured its first Georgia based ready-mix operator that has developed a standard concrete mix incorporating EdenCrete® products and intends to market it on a regular basis.

This follows similar success in Colorado, where after the development by one ready mix operator of an EdenCrete® enhanced concrete mix, others followed and now 6 ready-mix operators have EdenCrete® mixes, leading to rapidly increasing EdenCrete® sales in Colorado, which is hoped will also occur in Georgia and adjoining South Carolina.

COLORADO

Continued growth of EdenCrete® sales in Colorado

During the six months, usage and sales of EdenCrete® products in Colorado continued to rise. Currently there are 5 ready mix operators and 7 shotcrete operators in Colorado using EdenCrete® on a regular basis.

NEW YORK

EdenCrete®Pz – First Sale into New York Market

During the six months Eden received its first order for EdenCrete®Pz in New York from a ready-mix operator and a bulk tank and dispensing system was installed in their premises to enable the dosing of EdenCrete®Pz to be remotely managed and incorporated into the concrete during batching in the same automated manner that the other components are added.

SOUTH CAROLINA

A key focus area, initially mainly targeting Georgia, Colorado and surrounding States, has been industrial business applications including manufacturing and warehouse flooring, and surrounding hard stand areas.

During the six months, the first order was received for EdenCrete® for use in a concrete storage area in a plant in South Carolina for a major international tyre company. As a result of subsequent recommendations by the contractor involved in this project, trials of EdenCrete® were conducted with another large company in South Carolina and a positive outcome from these trials has resulted in Eden receiving an order and EdenCrete® being used in a similar project in South Carolina for this second company. Further orders from both of these companies are anticipated over the coming months.

Interest, particularly for similar applications, in the broad range of performance benefits and project lifecycle cost savings delivered by EdenCrete®, continues to grow amongst a range of general contractors, architects and engineers, and ready mix suppliers.

OHIO

During the period the first order was received from an Ohio based ready - mix company and a bulk tank and dispensing system was installed in their plant. This represents the first sale into Ohio.

UTAH, ILLINOIS, INDIANA, WISCONSIN, OKLAHOMA, FLORIDA AND PENNSYLVANIA

During the six months, trials with new and a number of potentially significant customers that operate in a range of market sectors took place, are presently underway or being planned in Utah, Illinois, Indiana, Wisconsin, Oklahoma, Florida and Pennsylvania.

This significant extension of the EdenCrete® footprint in the US is an important development and is considered likely to result in significantly increased US sales emerging over the coming year. The recent appointment of the initial commission-only sales representatives, who operate in States where EdenCrete® products have not been or not currently being sold, is anticipated to accelerate this growth in the US EdenCrete® footprint.

Further, based upon Eden's experience over the past three years a considerable proportion of the growth in EdenCrete® sales occur following successful trials or projects, with news of successes being passed on to potential new customers by various means, including by contractors who undertook the successful project.

REVIEW OF OPERATIONS (Continued)

AUSTRALIA AND NEW ZEALAND EXCLUSIVE DISTRIBUTOR

In November 2019, Parchem Construction Supplies Pty Ltd, the Australian and New Zealand distributor of the EdenCrete® range of products, was successful in obtaining approval in Australia for up to 60,000 litres of EdenCrete® to be imported and trialled. The delay in obtaining this approval was due to no prior applications having been made to import into Australia products containing carbon nanotubes.

Commercial trials of EdenCrete®, which is being paid for by the customers, have since commenced and Parchem has already received approximately 40 requests to conduct commercial trials. It is hoped that the final approval that will enable unrestricted commercial sales in Australia to commence, will be received later in 2020.

The commercial interest received to date is very encouraging and is hoped will rapidly translate into significant commercial sales in Australia once this final approval is obtained. This approval is expected later in 2020.

INDIA

During the six months a series of significant meetings and discussions took place in India with a number of major concrete manufacturers and/or construction companies, as well as with a number of relevant government agencies. A very positive response was received from all groups. As a result a number of samples of Indian cement and flyash were dispatched to Eden in Colorado for preliminary trialling, which produced positive results. In consequence Eden's chief scientist has now visited India a number of times and participated in laboratory trials that were conducted by a number of these large Indian companies. These trials are progressing and in several cases, are now at an advanced stage.

Great interest is being shown particularly in EdenCrete®Pz enriched concrete mixes that often include a significantly higher percentage of low cost Indian fly ash and a reduced quantity of the more expensive Portland cement, frequently resulting in lower cost, higher performing concrete. In some cases these trials have advanced from laboratory trials to truck trials.

In India, flyash is regularly available at a price that is typically significantly lower than the price of Portland cement, and as EdenCrete®Pz in particular may assist increase the ratio of flyash to Portland cement that can be used in any concrete mix without reducing, and in some cases increasing the performance of the concrete, it offers the potential to meaningfully reduce the cost of the concrete.

The Indian concrete market is amongst the largest concrete markets in the world, and the readily available, low cost flyash makes this market one of Eden's most exciting prospects.

EUROPE and MIDDLE EAST

Advanced trials are currently underway in two European countries with a major construction company and a ready mix concrete company, following extensive laboratory trials in each case over the past six months. Requests for trials have also been received from other European and Middle Eastern countries.

A successful outcome from either or both of these current European trials would provide a strong launching pad into both the large and highly developed European concrete market, and potentially also into the Middle Eastern market.

SOUTH KOREA

Trials in Korea are continuing with a number of major companies. These follow the highly successful durability trials at Hanyang University at the end of 2018. Eden is hopeful that they will translate into significant commercial sales later in 2020.

OPTIBLEND®

During the six months Eden recorded the following OptiBlend® sales:

OptiBlend® Invoiced Sales for the six months to 31 December 2019

| | SALES (A\$) |
|-------|-------------|
| USA | 315,641 |
| INDIA | 163,533 |
| TOTAL | 479,174 |

Whilst these sales were in line with the sales recorded in the six months to 31 December 2018, Eden remains optimistic that OptiBlend® sales will increase over the coming periods in both USA and India. The proposed appointment of further suitable, commission-only sales representatives could assist in achieving this outcome.

EDENPLAST™

The three-year research project with the University of Queensland ("UQ") for the development on a new method for producing carbon nanotube ("CNT") enriched thermoplastic composites, which is partly funded by an Australian Research Council ("ARC") Linkage Grant, continued, focusing on commercialisation, and considering possible new areas for investigation.

Eden has also been reviewing possible commercial markets and potential partners but no decisions have yet been reached.

INTELLECTUAL PROPERTY

US Patents Allowed for EdenCrete® and EdenPlast®

During the six months, the US Patent and Trademark Office issued one application and allowed another application that were each lodged in 2017. Details of these two US patents are as follows:

US patent application no. 15/597,198 has been allowed and includes 24 claims directed to the production of the EdenCrete® family of products; and

US Patent No. 10,472,240 has been issued and includes 16 claims directed to the production of the EdenPlast® family of products.

In addition, corresponding patent applications have been lodged in the US that include claims directed to the composition of the EdenCrete® and EdenPlast® family of products. Corresponding patent applications have also been lodged in five other countries pursuant to the Patent Convention Treaty.

These two US patents are both broad in their scope, covering in each case the use of a wide variety of carbon nanoparticles in the manufacture of concrete and plastic products including carbon nanotube particles, carbon nanofiber particles, graphene particles, graphite particles, carbon black, polycrystalline carbon particles, nanodiamonds and fullerene particles.

The two US patents are intended to provide significant protection in the USA for the considerable intellectual property that Eden has developed over the past 10 years in relation to the EdenCrete® and EdenPlast® family of products.

Eden now holds ten US patents protecting its technologies in different areas, along with corresponding patents in a number of other countries. Eden also holds three other current US patent applications that are still being considered.

CORPORATE

Share Purchase Plan

During the six months, the company completed a successful share purchase plan (SPP), which raised \$2,908,000 (before costs of \$40,924) through the issue of 58,160,000 shares at an issue price of 5 cents per share. The funds raised were used for general working capital.

New Executive Appointments

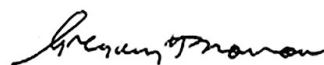
In an effort to accelerate growth in the US sales, during the period Roger Marmaro, who has been with Eden US since 2005, and had been its CEO since 2008, assumed the newly created role of President of US Sales, focusing 100% of his time on driving sales, managing the US sales team and adding new strategic sales channels.

Roger has an intimate knowledge of Eden's products and for six months had been acting as Sales Manager, in addition to being the CEO of Eden US. The change in role will enable his full efforts to be focused exclusively on sales.

Associated with this move, Dag Grantham took over the role of CEO of Eden US. Dag joined Eden in September 2016 as Senior Vice President Business Development. Dag has an impressive background that includes 20 years of distinguished leadership in the US Air Force, General Manager of National Specialty Aggregates, a wholly owned subsidiary of Pebble Technology Inc., and Director of Flight Standards for NetJets Aviation.

Secured loan of US \$1.85 million completed

In January 2020, to fund ongoing working capital, Eden secured US\$1.85 million in debt financing by way of a 2-year, interest only loan from a publicly listed US real estate financing institution, which is secured against Eden's two freehold properties in Colorado, U.S. (owned by Eden's 100% owned U.S. subsidiary Eden Innovations LLC)



Gregory H Solomon
Executive Chairman

For information, please contact Greg Solomon
[+61 8 9282 5889] or visit www.edeninnovations.com

DIRECTORS' REPORT

Your directors submit the financial report of Eden Innovations Limited and its controlled entities ["Group"] for the half-year ended 31 December 2019.

Directors

The names of directors who held office during or since the end of the half-year:

Mr Gregory H Solomon
Mr Douglas H Solomon
Mr Lazaros Nikeas
Dr Stephen Dunmead

Review of Operations

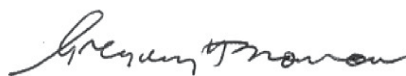
The net loss after income tax for the half-year was \$4,092,532 (2018: \$4,148,305).

A review of the operations of the Group during the half-year ended 31 December 2019 is set out in the Review of Operations on Page 5.

Auditor's Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 11 for the half-year ended 31 December 2019.

This report is signed in accordance with a resolution of the Board of Directors.



Director

Gregory H Solomon

Dated this 27th day of February 2020



Lead Auditor's independence declaration under section 307C of the *Corporations Act 2001*

To the directors of Eden Innovations Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the period ended 31 December 2019, there have been:

- (i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

NPAS

Nexia Perth Audit Services Pty Ltd

A handwritten signature in black ink, appearing to read 'Muranda Janse Van Nieuwenhuizen'.

Muranda Janse Van Nieuwenhuizen
Director

Perth
27 February 2020

**Nexia Perth
Audit Services Pty Ltd**
ACN 145 447 105
Level 3, 88 William Street
Perth WA 6000
GPO Box 2570, Perth WA 6001
p +61 8 9463 2463
f +61 8 9463 2499
e audit@nexiaperth.com.au
w nexia.com.au

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

| | Note | Consolidated Group | |
|--|------|--------------------|--------------------|
| | | 31 Dec 2019 | 31 Dec 2018 |
| | | \$ | \$ |
| Revenue | | 1,188,566 | 1,471,193 |
| Other income | | 4,019 | 16,125 |
| Changes in inventories | | [44,498] | 63,327 |
| Raw materials and consumables used | | [252,063] | [328,544] |
| Depreciation and amortisation expense | | [625,213] | [520,441] |
| Employee benefits expense | | [2,572,610] | [2,825,433] |
| Finance costs | | [14,637] | [13,915] |
| Other financial items | 3 | 35,701 | 24,918 |
| Other expenses | | [1,811,797] | [2,035,535] |
| Loss before income tax | | [4,092,532] | [4,148,305] |
| Income tax (expense)/benefit | | - | - |
| Loss for the period | | [4,092,532] | [4,148,305] |
| Other Comprehensive Income / (Loss) | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Exchanges differences on translating foreign operations | | [6,516] | 555,172 |
| Income tax relating to other comprehensive income | | - | - |
| Total other comprehensive income / (loss), after tax | | [6,516] | 555,172 |
| Total Comprehensive Income / (Loss) attributable to members of the parent | | [4,099,048] | [3,593,133] |
| Basic/Diluted loss per share (cents per share) | | [0.240] | [0.281] |

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

| | Note | Consolidated Group | |
|--------------------------------------|------|--------------------|-------------------|
| | | 31 Dec 2019 | 30 Jun 2019 |
| | | \$ | \$ |
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | 695,640 | 3,217,555 |
| Trade and other receivables | | 424,159 | 315,267 |
| Inventories | | 689,155 | 735,290 |
| Other current assets | | 224,887 | 58,307 |
| TOTAL CURRENT ASSETS | | 2,033,841 | 4,326,419 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 12,158,856 | 12,463,621 |
| Intangible assets | | 7,562,242 | 6,524,192 |
| TOTAL NON-CURRENT ASSETS | | 19,721,098 | 18,987,813 |
| TOTAL ASSETS | | 21,754,939 | 23,314,232 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 705,448 | 1,069,010 |
| Interest bearing liabilities | 7 | 315,355 | 247,422 |
| Provisions | | 139,063 | 156,954 |
| TOTAL CURRENT LIABILITIES | | 1,159,866 | 1,473,386 |
| NON-CURRENT LIABILITIES | | | |
| Interest bearing liabilities | 7 | 521,064 | 772,355 |
| Other liabilities | | 22,553 | 28,757 |
| TOTAL NON-CURRENT LIABILITIES | | 543,617 | 801,112 |
| TOTAL LIABILITIES | | 1,703,483 | 2,274,498 |
| NET ASSETS | | 20,051,456 | 21,039,734 |
| EQUITY | | | |
| Issued capital | 2 | 105,503,776 | 102,636,700 |
| Reserves | | 9,190,911 | 8,953,733 |
| Accumulated losses | | [94,643,231] | [90,550,699] |
| TOTAL EQUITY | | 20,051,456 | 21,039,734 |

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2019

| | Ordinary Share Capital | Share based payment Reserve | Foreign Currency Translation Reserve | Accumulated Losses | Total |
|---|---------------------------|-----------------------------------|---|-----------------------|-------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2018 | 91,230,956 | 7,668,777 | 196,216 | [81,334,379] | 17,761,570 |
| Shares issued during the period, net of costs | 4,152,270 | - | - | - | 4,152,270 |
| Share based payment during the period | - | 212,375 | - | - | 212,375 |
| Loss for the period | - | - | - | [4,148,305] | [4,148,305] |
| Other comprehensive income | - | - | 555,172 | - | 555,172 |
| Balance at 31 December 2018 | 95,383,226 | 7,881,152 | 751,388 | [85,482,684] | 18,533,082 |
| Balance at 1 July 2019 | 102,636,700 | 8,134,763 | 818,970 | [90,550,699] | 21,039,734 |
| Shares issued during the period, net of costs | 2,867,076 | - | - | - | 2,867,076 |
| Share based payment during the period | - | 243,694 | - | - | 243,694 |
| Loss for the period | - | - | - | [4,092,532] | [4,092,532] |
| Other comprehensive income | - | - | [6,516] | - | [6,516] |
| Balance at 31 December 2019 | 105,503,776 | 8,378,457 | 812,454 | [94,643,231] | 20,051,456 |

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

| | Consolidated Group | |
|---|---------------------------|--------------------|
| | 31 Dec 2019 | 31 Dec 2018 |
| | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | 1,068,484 | 1,506,369 |
| Payments to suppliers and employees | (4,878,600) | (4,726,736) |
| Interest paid | (24,026) | (27,011) |
| Interest received | 3,671 | 1,813 |
| Net cash used in operating activities | (3,830,471) | (3,245,565) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Payment for development of intangibles | (1,278,778) | (969,485) |
| Purchase of property, plant and equipment | (77,132) | (1,833,851) |
| Net cash used in investing activities | (1,355,910) | (2,803,336) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from shares issued | 2,908,000 | 4,152,270 |
| Payment of share issue costs | (64,527) | (10,742) |
| Proceeds from borrowings | 110,874 | - |
| Repayment of borrowings | (301,361) | (301,752) |
| Net cash provided by financing activities | 2,652,986 | 3,839,776 |
| Net increase in cash held | (2,533,395) | (2,209,125) |
| Net increase/(decrease) due to foreign exchange movements | 11,480 | 55,541 |
| Cash at beginning of period | 3,217,555 | 3,489,730 |
| Cash at end of period | 695,640 | 1,336,146 |

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 1: BASIS OF PREPARATION

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with AASB 134 ensures compliance with IAS 34: Interim Financial Reporting.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2019 and any public announcements made by Eden Innovations Ltd during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules. The half-year report does not include full disclosures of the type normally included in an annual financial report.

Going Concern

These financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business.

The Group has reported a net loss for the period of \$4,092,532 (2018: \$4,148,305) and a cash outflow from operating activities of \$3,830,471 (2018: \$3,245,565). Subsequent to the end of the period Eden raised US\$1.85m (A\$2.7m) via debt secured against its two Colorado properties. The directors are confident that the Group, subject to being able to raise further capital, will be able to continue its operations as a going concern.

Without such capital, the net loss for the year and the cash outflow from operating activities indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The continuing applicability of the going concern basis of accounting is dependent upon the Group's ability to source additional finance. Unless additional finance is received the Group may need to realise assets and settle liabilities other than in the normal course of business and at amounts which could differ from the amounts at which they are stated in these financial statements.

Accounting Policies

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the June 2019 financial report except for the adoption of new and revised Accounting Standards.

New and amended standards adopted by the Group

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current half-year, including AASB 16. The new and revised Standards and amendments thereof and Interpretations do not have any material impact on the disclosures or on the amounts recognised in the Group's condensed consolidated financial statements.

AASB 16 Leases – The Group has adopted the practical expedients, in relation to short-term leases and leases of low-value assets for property and equipment. Payments are recognised on a straight-line basis as an expense in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 2: ISSUED CAPITAL

| | 31 Dec 2019 | 30 June 2019 | 31 Dec 2019 | 30 June 2019 |
|---|---------------|---------------|-------------|--------------|
| | No. | No. | \$ | \$ |
| a. Ordinary shares | | | | |
| At the beginning of reporting period | 1,660,801,742 | 1,382,990,110 | 102,636,700 | 91,230,956 |
| Shares issued during the period, net of costs | 62,794,624 | 277,811,632 | 2,867,076 | 11,405,744 |
| At reporting date | 1,723,596,366 | 1,660,801,742 | 105,503,776 | 102,636,700 |

- i. The ordinary shares on issue have no par value and there is no limited amount of authorised share capital.
- ii. Ordinary shares participate in dividends and in the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

| | 31 Dec 2019 | 30 June 2019 |
|--------------------------------------|-------------|---------------|
| | No. | No. |
| b. Options | | |
| At the beginning of reporting period | 111,559,056 | 215,279,588 |
| Options issued | 1,000,000 | 81,700,834 |
| Options exercised | - | (138,410,209) |
| Options lapsed/cancelled | (4,800,000) | (47,011,157) |
| At reporting date | 107,759,056 | 111,559,056 |

| | 31 Dec 2019 | 30 June 2019 |
|--------------------------------------|-------------|--------------|
| | No. | No. |
| c. Performance rights | | |
| At the beginning of reporting period | - | - |
| Performance rights issued | 26,391,012 | - |
| Performance rights lapsed/cancelled | - | - |
| At reporting date | 26,391,012 | - |

| | 31 Dec 2019 | 31 Dec 2018 |
|--------------------------------------|-------------|-------------|
| | \$ | \$ |
| NOTE 3: OTHER FINANCIAL ITEMS | | |
| Foreign exchange gain / [loss] | 35,701 | 24,918 |
| Total | 35,701 | 24,918 |

NOTE 4: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Directors are not aware of any contingent assets or contingent liabilities as at 31 December 2019.

NOTE 5: EVENTS SUBSEQUENT TO BALANCE DATE

On 24 January 2020 Eden announced that to fund ongoing working capital, Eden secured US\$1.85 million in debt financing by way of a 2-year, interest only loan from a publicly listed US real estate financing institution, which is secured against Eden's two freehold properties in Colorado, U.S. [owned by Eden's 100% owned U.S. subsidiary Eden Innovations LLC ["Eden US"]].

No other matters or circumstances have arisen since the end of the period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 6: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:

| | 31 Dec 2019 \$ | 31 Dec 2018 \$ |
|---|-------------------|-------------------|
| Key Management Personnel | | |
| Management fees and administration fees paid / payable to Princebrook Pty Ltd, a company in which Mr GH Solomon and Mr DH Solomon have an interest. | 150,000 | 150,000 |
| Legal and professional fees paid to Solomon Brothers, a firm in which Mr GH Solomon and Mr DH Solomon are partners. | 10,542 | 22,872 |

NOTE 7: INTEREST BEARING LIABILITIES

Interest bearing liabilities mainly relates to the purchase of the building it had previously leased, in October 2016 for US\$1,171,579. The purchase was partially financed with a US\$1,054,421 note payable to the seller, an unrelated individual. The note matures in October 2022, carries interest at 2%, and is secured by a deed of trust on the property.

| | 31 Dec 2019 \$ | 30 Jun 2019 \$ |
|-------------|-------------------|-------------------|
| Current | 315,355 | 247,422 |
| Non-current | 521,064 | 772,355 |
| | <u>836,419</u> | <u>1,019,777</u> |

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 8: SEGMENT INFORMATION

The Group has identified its operating segments based on internal reports that are reviewed and used by the Board of Directors (chief operating decision maker) in assessing performance and determining allocation of resources. Activities of the Group are managed on Group structure basis and operating segments are therefore determined on the same basis. In this regard the following list of reportable segments has been identified.

- Eden Innovations LLC – EdenCrete® sales and development and Optiblend™ sales, service and manufacturing in USA.
- Eden Innovations India Pvt Ltd –Optiblend™ sales, service and manufacturing in India.

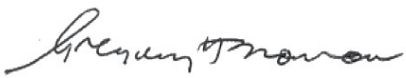
| | Eden Innovations LLC \$ | Eden Energy India Pvt Ltd \$ | Eliminations \$ | Economic Entity \$ |
|----------------------------------|-------------------------------|------------------------------------|--------------------|-----------------------|
| 2019 | | | | |
| External sales | 1,039,277 | 149,289 | - | 1,188,566 |
| Internal sales | 1,090,535 | - | (1,090,535) | - |
| Total segment revenue | 2,129,812 | 149,289 | (1,090,535) | 1,188,566 |
| Segment Result | (2,807,090) | (996) | (36,899) | (2,844,985) |
| Unallocated expenses | | | | (1,232,910) |
| Result from operating activities | | | | (4,077,895) |
| Finance costs | | | | (14,637) |
| Loss before income tax | | | | (4,092,532) |
| Income tax benefit | | | | - |
| Loss after income tax | | | | (4,092,532) |
| Segment assets | 13,680,663 | 332,333 | - | 14,012,996 |
| Unallocated assets | | | | 7,741,943 |
| Total assets | | | | 21,754,939 |
| Segment liabilities | 1,510,511 | 486,560 | (458,312) | 1,538,759 |
| Unallocated liabilities | | | | 164,724 |
| Total liabilities | | | | 1,703,483 |
| Capital expenditure | 77,132 | - | 1,264,450 | 1,341,582 |
| Depreciation and amortisation | 398,812 | - | 226,401 | 625,213 |
| 2018 | | | | |
| External sales | 1,225,338 | 245,854 | - | 1,471,193 |
| Internal sales | 822,137 | - | (822,137) | - |
| Total segment revenue | 2,047,476 | 245,854 | (822,137) | 1,471,193 |
| Segment Result | (3,012,423) | 161,781 | (80,728) | (2,931,370) |
| Unallocated expenses | | | | (1,203,020) |
| Result from operating activities | | | | (4,134,390) |
| Finance costs | | | | (13,915) |
| Loss before income tax | | | | (4,148,305) |
| Income tax benefit | | | | - |
| Loss after income tax | | | | (4,148,305) |
| Segment assets | 14,269,852 | 403,213 | - | 14,673,065 |
| Unallocated assets | | | | 6,229,014 |
| Total assets | | | | 20,902,079 |
| Segment liabilities | 2,201,003 | 515,159 | (467,209) | 2,248,953 |
| Unallocated liabilities | | | | 120,044 |
| Total liabilities | | | | 2,368,997 |
| Capital expenditure | 1,833,851 | - | 969,485 | 2,803,336 |
| Depreciation and amortisation | 350,072 | 115 | 170,254 | 520,441 |

DIRECTORS' DECLARATION

The directors of the company declare that:

- 1. The financial statements and notes, as set out on pages 12 to 19:
 - a. comply with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - b. give a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date.
- 2. In the directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director 

Gregory H Solomon

Dated this 27th day of February 2020



Independent Auditor's Review Report to the members of Eden Innovations Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying interim financial report of Eden Innovations Limited and its controlled entities (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2019, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the period ended on that date, other selected explanatory notes and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year end or from time to time during the period.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Eden Innovations Limited and its controlled entities is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of Matter - Material Uncertainty Related to Going Concern

Without modifying our review conclusion, we draw attention to Note 1 of the interim financial report, which indicates that the Group will require further funding in the next twelve months from the date of this report to fund its planned operating costs. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Directors' Responsibility for the Interim Financial Report

The directors of the Company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such controls as the directors determine are necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Nexia Perth
Audit Services Pty Ltd
ACN 145 447 105
Level 3, 88 William Street
Perth WA 6000
GPO Box 2570, Perth WA 6001
p +61 8 9463 2463
f +61 8 9463 2499
e audit@nexiaperth.com.au
w nexia.com.au

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Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Eden Innovations Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Eden Innovations Limited, would be in the same terms if given to the directors as at the time of this Review Report.

NPAS

Nexia Perth Audit Services Pty Ltd



M. Janse Van Nieuwenhuizen
Director

Perth
27 February 2020

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