

## AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT

### Appendix 4D

#### Half Year Ending 31 December 2017

1. The current reporting period is the half year ended 31 December 2017. The previous corresponding period is the half year ended 31 December 2016.
2. Results for announcement to the market:

	31 December 2017 \$000's	31 December 2016 \$000's	% Change	Up / Down
<b>2.1</b> Revenue from ordinary activities	856	468	82.9	Up
<b>2.2</b> Loss from ordinary activities after tax attributable to shareholders	(5,526)	(3,324)	66.25	Up
<b>2.3</b> Loss for the half year attributable to shareholders	(5,526)	(3,324)	66.25	Up

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

**2.6** Revenues increased largely due to EdenCrete® sales increasing compared to the previous corresponding period. The loss for the half year increased due to increased employee benefits expense resulted from workforce expansion over the prior year.

For the full review of operations please refer to the Half Year Accounts to 31 December 2017 released to market on 28 February 2018.

### 3. Net tangible assets per share

	31 December 2017	31 December 2016
Net tangible* assets per share	\$0.0081	\$0.0186

\* - 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 2018. The Eden Innovations Ltd accounts are not subject to dispute or qualification.



*eden*

**Innovations that work.<sup>TM</sup>**

**Interim Financial Report**  
for the half year ended 31 December 2017

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## HIGHLIGHTS

### EDENCRETE®

#### Progress in Georgia

- GDOT
  - FHWA approves use of EdenCrete® in GDOT federally funded repair projects.
  - First federally funded repair project in Georgia likely to involve replacement of 11 lane miles (17.7 km) of pavement on I-16 using estimated US\$1.2 million of EdenCrete®.
  - Latest GDOT estimate is for 16 State Funded full depth slab replacement projects for the current year (ending 30 June 2018), with the estimated value of EdenCrete® to be required of approximately US\$1million.
  - At 30 January 2018, 5 of these projects, that will use approximately US\$400,000 worth of EdenCrete®, were currently active, comprising 2 projects in progress, 1 project pending a start, and 2 projects out for tender.
  - Invitations to Bid (ITBs) for the 11 remaining projects are scheduled progressively over the next 3-4 months.
- Eden received a follow-up order in Georgia to supply approx. 1,400 gallons of EdenCrete® to be used in the replacement of 3,400 square metres of concrete hardstand area that is subject to heavy-duty wear and abrasion.
- Possible projects with MARTA using EdenCrete® are under consideration.

#### Progress in Texas

- Existing contract with TxDOT approved, pre-stressed concrete beam manufacturer was extended to include supplying EdenCrete® to 2 additional plants owned by same customer.
- Trials with other TxDOT manufacturers anticipated.

#### New Product Development

- Product development completed for:
  - High concentration, lower cost EdenCrete®HC, and
  - EdenCrete®Pz for use in concrete made with pozzolanic cements, which represents up to 30% on the total concrete market.
- Encouraging performance achieved in extensive in-house testing.

- Eight independent laboratory trials using regional cements and commercial mixes have commenced, testing up to eight performance characteristics, to assist in US marketing.
- Strong interest in EdenCrete®HC and EdenCrete®Pz received at commercial release during World of Concrete convention in Las Vegas in January 2018.
- Up to 30 commercial trials of a wide range of performance characteristics planned for next 3 - 6 months with sales expected to increase progressively over the coming year.
- ASTM trials of EdenCrete®Pz have commenced with encouraging preliminary results.
- NTPEP trials of EdenCrete®HC and EdenCrete®Pz now scheduled to start in March 2018.

Denver Public Works undertook follow-up evaluation trials of EdenCrete® when exposed to heavy dosages of de-icing salts and road chemicals.

EdenCrete® trials for bridge trials with Virginia DOT and North Carolina DOT are under discussion.

EdenCrete® was approved for use by the Colorado DOT, West Virginia DOT and Alaska DOT and in January received conditional approval from Oregon DOT.

Testing of EdenCrete®HC and EdenCrete®Pz with Korean cements at Eden's Colorado plant are underway.

#### Optiblend® Dual Fuel

Orders received in USA and India during the period for US\$180,000.

## CORPORATE DIRECTORY

### **DIRECTORS:**

Gregory H Solomon LLB [Executive Chairman]  
Douglas H Solomon BJuris LLB [Hons] [Non-Executive]  
Guy T Le Page BA, BSc [Hons], MBA, FFIN, MAusIMM [Non-Executive]  
Richard J Beresford FAICD FAIE [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  
Fax +61 8 9282 5866  
Email: [mailroom@edeninnovations.com](mailto:mailroom@edeninnovations.com)  
Website: [www.edeninnovations.com](http://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® (Eden 100%)

#### Sales of EdenCrete®

Eden's original annual sales target for this financial year of US\$6 million, based on anticipated sales of the original EdenCrete®, may still be achieved but has become less certain due to two main factors. These are:

- the total estimated number of the GDOT full depth slab replacement projects to be undertaken this year [including Federally funded projects] has been revised from twenty three projects to sixteen projects; and
- sales in Texas having been slower than anticipated due in large part to extended delays in the customer's production caused by extreme weather events [Hurricane Harvey and extreme winter cold].

Eden, however, is still hopeful of achieving a significant part of the current year's goal based both on existing projects utilising EdenCrete® that are underway or already in the pipeline, supplemented by anticipated initial sales of EdenCrete®HC and EdenCrete®Pz that are projected to start to grow over the next 6 months.

### Georgia

#### GDOT 2017/2018 Repair Projects

##### State funded projects

In June 2017 Eden received confirmation from Georgia Department of Transportation (GDOT) that EdenCrete® would be used in all State funded, full depth slab repair jobs this financial year.

The current, revised GDOT estimate is that there will be sixteen State funded, full depth slab replacement projects during the current financial year [ending 30 June 2018] that will require approximately US\$1million worth of EdenCrete®.

Five of these projects, requiring approximately US\$400,000 of EdenCrete®, are currently active. These comprise two projects that are under construction, one project that has been tendered, the contract let and the project is being prepared for commencement, and two projects that are currently out for tender.

The remaining eleven Invitations to Bid (ITBs) should be advertised over the next 3-4 months.

##### Federal/GDOT funded projects

In September 2017 Eden also received Federal Highway Administration (FHWA) approval for use of EdenCrete® in partially federally funded, full depth slab repair projects in Georgia. A large FHWA/ GDOT funded repair project for replacement of many lane miles of badly worn pavement on I-16 Interstate Highway is anticipated to be advertised for tender in the next 1-4 months.

In September 2017 Eden was advised that this project would occur this financial year and could involve the replacement of perhaps 11 lane miles of pavement, which was anticipated could require the use of up to approximately US\$1.3 million of EdenCrete®. Final details of this project and the actual amount of EdenCrete® that will be required will be known when the tender details are advertised.

#### Follow-up Order in Georgia for Ultra Heavy Wear and Abrasion Project

During the period Eden received a follow-up order for 1,400 gallons [5,500 litres] of EdenCrete® for use in concrete at a railway wagon repair plant in Georgia, to replace approximately 4,100 square yards [3,428m<sup>2</sup>] of concrete hardstand area that is subject to significant wear and abrasion. This follows the successful performance of EdenCrete® enriched concrete in an earlier project undertaken at the same site in April 2016 [see announcement ASX: EDE 18 April 2016] and an earlier field trial undertaken in September 2015.

The project, at a major regional maintenance facility in Georgia for a large US company where very heavy steel components from a national transport fleet are repaired and maintained, took a month to complete and involved replacement of approximately 700 cubic yards of concrete to which US\$35,000 of EdenCrete® was added at 2 gallons/yard<sup>3</sup> of concrete [9.055 litres/m<sup>3</sup>].

The concrete section that was replaced in April 2016 was exposed to extreme rolling loads, impact loads, and abrasive wear, with a loading of up to 40,000 pounds per square yard that usually severely cracked the concrete and required frequent replacement. The new, far greater area of concrete that was recently replaced, will not be exposed to such a heavy loading, but will still be exposed to significant rolling loads, impact loads and abrasive wear. The use of EdenCrete® in the earlier project enabled the entire replacement section to be constructed with significantly less materials and labour than would have been required for an alternative new ultra-high strength mix design, delivering a 45% reduction in the total costs of that project compared with the budgeted cost of carrying out the same work using the new ultra-high strength mix design.

The decision to halve the dosage rate of EdenCrete® to two gallons per yard<sup>3</sup> of concrete in the latest project, compared with four gallons per yard<sup>3</sup> of concrete used in the first project, is considered a very strong testimony to the benefits EdenCrete® delivered in the first project.

### **Projects with MARTA under consideration**

Following a technical presentation, made during the period to the senior engineering staff at the Metropolitan Atlanta Rapid Transit Authority (MARTA) of the benefits delivered by EdenCrete®, including a review of the project undertaken in July 2016 with MARTA [see Eden announcement ASX: EDE 18 July 2016], a number of possible forthcoming MARTA projects are being considered by MARTA in which EdenCrete® may be used.

Atlanta, the sixth fastest growing metropolitan area in the US, has a current population of more than 7 million people that is expected to grow to 8 million by 2020.

MARTA is the primary public transport operator in Atlanta and operates a network of bus routes that link to a rapid transit system consisting of 48 miles [77km] of rail track with 38 train stations. It carries, in total, over 430,000 passengers per day, the sixth largest number of any US city. To cater for this growth, a number of alternatives for expansion are being considered, all of which could generate significant opportunities for the use of EdenCrete® in new projects that are being considered. MARTA also undertakes a considerable amount of annual maintenance.

The broad level of interest that has been shown by the MARTA engineering staff in the benefits that EdenCrete® can deliver is very encouraging and it is hoped that this interest will translate into future projects over the next six to twelve months.

### **Texas**

#### **Texas Pre-stressed Concrete Manufacturers**

A leading TxDOT-approved pre-stressed bridge beam manufacturer in Texas has already been supplied with 3 tanker loads of EdenCrete® worth over US\$300,000 since April 2017 and a fourth tanker load was scheduled in February 2018. The customer has recently extended the contract to include also supplying two additional plants, and annual sales to this customer alone could now be worth up to US\$1.4 million over a full year.

Discussions for trials with a number of other TxDOT approved pre-stressed bridge beam manufacturers for trails have commenced and trials are anticipated over the next few months.

### **EdenCrete® New Product Development**

During the period Eden completed the development and in-house testing of both EdenCrete®HC, a high concentration, lower cost version of the original EdenCrete®, and EdenCrete®Pz, a new product suitable for use in concrete made using a combination of Portland cement and pozzolanic cements. Pozzolanic cements represent approximately 9% of all cement used in the US but because it generally comprises between only 15-40% of the total cementitious material in a concrete mix, pozzolanic cements are estimated to be used in 30-35% of all concrete produced in the US, making this a significant target market.

Further product development of a wider range of specialty variations of EdenCrete® for various specific specialist concrete applications is continuing. This development work is technically complex and will take time and requires comprehensive testing of each new application before any new products will be made available commercially.

During the period Eden further expanded its highly skilled and experienced product development team that now includes a highly qualified and experienced chemist, a chemical engineer and various concrete experts. The newly constructed, well-equipped product development facility within Eden's Mead Way plant includes both a chemistry laboratory, and concrete production and testing facilities.

#### **Development of EdenCrete®HC and EdenCrete®Pz completed**

Encouraging performance levels have been achieved with EdenCrete®HC and EdenCrete®Pz in the in-house testing programme, and each is anticipated to deliver cost competitive benefits to a wide range of customers across the US.

#### **Independent laboratory trials started of EdenCrete®HC and EdenCrete®Pz**

To assist in the marketing, eight respected, independent US laboratories, all in different States, were selected by our sales team to test the new products for various applications using regional cements and widely used commercial mixes. This testing has commenced and each will test up to eight different performance characteristics including compressive strength, flexural strength, split tensile strength, abrasion resistance, modulus of elasticity, shrinkage, permeability and scaling.

This wide range of testing, that is will take 3-5 months to complete, will provide independent data on regional performance in widely used mix designs, that will assist our sales team in marketing our products across the US. Some encouraging preliminary results have been received already.



## REVIEW OF OPERATIONS (Continued)

### Commercial trials to commence following commercial release at World of Concrete

The commercial release of both EdenCrete®HC and EdenCrete®Pz took place at the 2018 World of Concrete convention in Las Vegas in January 2018 and generated significant interest. Up to 30 commercial trials of these products, targeting the wide range of performance characteristics that are being tested in the independent laboratory trials, are planned to occur over next three to six months, starting in New York with trials of EdenCrete®Pz in ready mix trucks using a widely used commercial mix that includes 40% blast furnace slag in its cementitious material.

### ASTM Trials of EdenCrete®Pz

ASTM C494 “S” trials of EdenCrete®Pz have also commenced at an independent laboratory and will take 12 months to complete fully, although earlier sales for some applications are anticipated as more results progressively become available. The ASTM specifications mandate that admixtures must be tested in a specified 100% Portland cement mix (i.e. containing no pozzolanic cement). To be successful in this ASTM trial, EdenCrete®Pz must simply not reduce the performance of the concrete when compared with the same mix that contains no EdenCrete®Pz. For the ASTM trial, EdenCrete®Pz was added to the mix at the rate of 18.5 ounces [0.55 litres] per cubic yard [0.7646 m<sup>3</sup>] of concrete.

Encouragingly, to date only the 3 day and 7 day results for both compressive strength and flexural strength have been received in the ASTM trials, and in all these tests, the strength of the concrete to which the EdenCrete®Pz had been added was greater than the strength of the standard mix.

### NTPEP Trials of EdenCrete®HC and EdenCrete®Pz

NTPEP trials of both new products were scheduled to commence in February 2018 at an independent laboratory appointed by NTPEP, but have been delayed for a few weeks whilst additional trials first take place at Eden’s laboratory. These tests will take 12 months to complete. Successful NTPEP trial results should enable these new products to be approved for use by the various State Departments of Transportation that exclusively require the NTPEP testing process to have first been completed before approving any new product for use on their roads and bridges.

### EdenCrete®HC

*EdenCrete®HC is a higher concentration (double strength) version of EdenCrete® that produces performance levels equivalent to at least twice that of the standard EdenCrete®. It retains the same chemistry as EdenCrete®. However, as only half the volume for at least the same*

*performance improvement is required, it results in greatly reduced transport and storage costs, and a net overall higher value product per gallon. As a consequence, it will be sold at a price that will enable customers to achieve at least the same performance level as from the standard EdenCrete® but at a significantly lower effective price per cubic yard of concrete than they can achieve with standard EdenCrete® at the current price. Over time, because EdenCrete®HC is simply a lower cost, concentrated version of EdenCrete®, it is anticipated that EdenCrete®HC will largely replace EdenCrete® in the market.*

### EdenCrete®Pz

*EdenCrete®Pz is a new product that is compatible with concrete that includes pozzolanic cements, which the original EdenCrete® did not greatly assist. EdenCrete®Pz significantly expands the market for EdenCrete® products. Pozzolanic concrete is a high strength alternative form of concrete that is used in a variety of applications, such as pre-cast concrete, high-rise and general construction, large industrial concrete structures such as bridges and dams, and marine settings. Pozzolanic concrete is based on using pozzolanic cement as a replacement for portion of the standard cement (Ordinary Portland Cement, or OPC) in the concrete formation process.*

### US State Departments of Transportation Approvals

During the period Eden received approval for the use of EdenCrete® from the Department of Transportation in Colorado, West Virginia and Alaska. In January 2018 conditional approval from the Department of Transportation in Oregon was also received.

EdenCrete® is now approved and in commercial use in both Georgia and Texas, and approved for the use in one or more applications by the Departments of Transportation in 9 other States of the US (all of which States are shown in dark grey or black on Figure 1), representing approximately:

- 25% of the total US population;
- 39% of the total US land area;
- 36,294 bridges that are structurally deficient or functionally obsolete\*; or
- 26% of the total number of such bridges in the USA\*.

\* DOT Fact Sheets Highlight Grim State of US Roads and Bridges – 9 July 2015

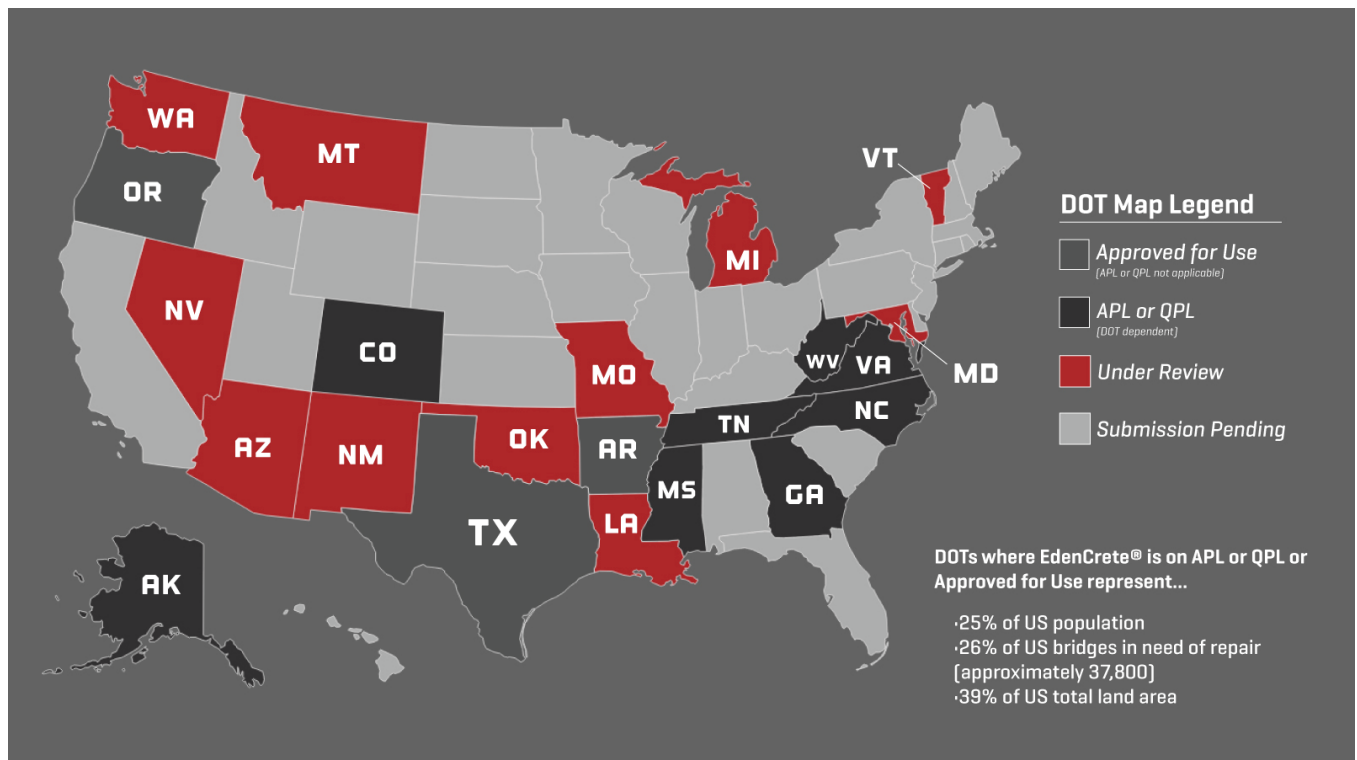


Figure 1. Map of USA showing current position of DOTs Approval

As at the date of this report, applications for approval of the use of EdenCrete® have also been lodged in 11 other US States (shown in red on Figure 1) and submissions are planned for the other States that do not exclusively require the NTPEP testing to be completed.

EdenCrete® is a Type S admixture. Each DOT handles Type S admixtures differently. Some have them on their Qualified Products List (QPL) or Approved Products List (APL). QPL and APL mean the same thing, but different states use different nomenclature. Conversely, the State may choose not to have Type S admixtures on the QPL or APL and may simply allow them to be used on a project-by-project basis or mix design approval process. That is what the Oregon DOT has chosen to do, which is similar to the approach by both Texas DOT and Arkansas DOT.

In Georgia, EdenCrete® is approved for use in the GDOT 24 hour full depth slab replacements mix and is included in the GDOT specifications for full depth slab replacements. In addition the US Federal Highway Administration (FHWA) has now approved the use of EdenCrete® in concrete used by the Georgia GDOT in repair projects in Georgia that are partly federally funded (and to which FHWA contributes 80% of the costs). EdenCrete® was used by GDOT in its first commercial, highway repair project in March 2017 and further sales are anticipated in the current financial year. EdenCrete® is also undergoing a 12 months' field trial for new road construction that will conclude after 12 months of service, which should be sometime in the first three to four months of 2019.

Eden anticipates that the initial FHWA approval for use in the repair projects in Georgia may well help should future FHWA approval be required in any other state (where EdenCrete® is specified by name).

In Texas, TxDOT has approved the use of EdenCrete® in two proprietary concrete mixes used by a precast manufacturer of pre-stressed beams for bridges, in which EdenCrete® is now being used on a regular basis. Test work with a number of other TxDOT approved precast manufacturers has either been carried out or is also under discussion.

Eden is endeavouring to secure trials that could lead to further contracts as early as possible in these States.

#### **EdenCrete® trials in bridge projects with both Virginia DOT and North Carolina DOT under discussion**

Trials of EdenCrete® in concrete to be used in bridge projects in both Virginia and North Carolina are being discussed with the Departments of Transportation in each of these States. EdenCrete® is already included on the both the VDOT Approved Products List and the NCDOT Approved Products List. Eden is working to try and arrange these trials as soon as is reasonably possible.

## REVIEW OF OPERATIONS (Continued)

### Other Trials

#### **Denver Public Works undertook follow-up evaluation trials of EdenCrete® when exposed to heavy dosages of de-icing salts and road chemicals.**

Following positive results from initial trials with the Denver Public Works in February 2017, a further field trial involving two larger sections of concrete pavement with EdenCrete® was undertaken in Denver to further evaluate EdenCrete® where use of significant quantities of de-icing salts and road chemicals breaks down the concrete.

The Denver Public Works has confirmed that these additional trials should provide sufficient data to enable it to assess the benefits that EdenCrete® delivers. The completion of the trials is likely to be sometime in the next 12 months, after the winter period during which large quantities of de-icing salts and road chemicals are used on the roads and sidewalks.

It is hoped that positive results will translate into the Denver Public Works commencing to use EdenCrete® on a broad scale, and could also potentially lead to its use in other areas of Colorado by other government agencies. Relevantly, the Colorado Department of Transportation (CDOT) recently added EdenCrete® to its Approved Products List.

The results from these trials also have great relevance for the future marketing of EdenCrete® for use on highways, roads, bridges, sidewalks, airport runways and anywhere where concrete is subject to snow and ice and de-icing salts and road chemicals are commonly used.

#### **Korean EdenCrete® Trials**

In June 2017, Eden signed a Memorandum of Understanding ("MOU") with Korea Consultants International Co., Ltd. ("KCI"), a Seoul-based engineering consulting firm, to jointly review the feasibility of KCI being appointed as the sole distributor in the Republic of Korea ("Korea") for EdenCrete®.

Trials of EdenCrete® with Korean cement are continuing. The chemistry of cement used in Korea is different from cement manufactured in the US and Eden is presently undertaking test work in Colorado on three different Korean cements to try and increase each of their responses to EdenCrete®HC and EdenCrete®Pz. In the same manner that Eden solved the issues with pozzolanic cements that led to the development of EdenCrete®Pz, Eden is presently making encouraging progress with these trials, and is hopeful of achieving a successful outcome with the Korean cement over the next few months that could help open up a significant market.

The current MOU signed between Eden and KCI is non-binding and preliminary, and depending upon the progress and outcomes from these tests and further discussions with the relevant government bodies, which may take a further several months or more to complete, Eden and KCI intend to negotiate the possible appointment of KCI as the exclusive distributor of EdenCrete® in Korea, a country of over 50 million people that is a major user of concrete for both high rise construction and infrastructure.

#### **Proposed Georgia EdenCrete® Production Facility**

In April 2016 Eden's wholly owned US subsidiary, EdenCrete Industries Inc. ("ECI") secured an attractive financial assistance and incentives package worth an aggregate of US\$24.76 million to assist its planned establishment of a large scale global manufacturing plant in Augusta, Georgia on 57.75 hectares (143.5 acres) of industrial land located in the Augusta Industrial Park that is being provided by the Augusta Economic Development Authority ("AEDA").

The construction of the access road, through the Augusta Industrial Park to the proposed site has been commenced but progress has been delayed due to design changes made by AEDA.

ECI proposes to establish its large-scale global EdenCrete® production facility in Augusta over the next seven years at a currently estimated cost of US\$67 million for the first phase, to create approximately 251 jobs, and upon which the incentive package is conditional.

#### **On-Going Joint Research Projects**

##### **High strength CNT enriched concrete requiring little or no reinforcing steel**

The three-year research project with Deakin University ("Deakin"), partly funded by an Australian Research Council ("ARC") Linkage Grant, into ultra-high strength carbon nanotube enriched concrete requiring little or even no reinforcing steel, continued during the period.

Trial work continued at Deakin with EdenCrete® enriched concrete for a range of applications and the initial results will be followed up.

This project offers Eden a great opportunity to collaborate in world-leading, high level research into how its EdenCrete® carbon nanotube enriched concrete admixture affects concrete at a nano-scale, delivering increased flexural and compressive strength, increased abrasion resistance and reduced permeability, amongst other benefits.

This research could potentially lead to both the improvement of EdenCrete® and the development of ultra-high strength concrete that requires little or no steel re-enforcing. Quite apart from the enormous environmental and financial implications that such an outcome would have, it also has major implications for the global construction industry. Eden has already made significant progress with EdenCrete® towards achieving this goal, and this new project should assist in accelerating this progress.

#### **EdenPlast™ / CNT Enriched Polymers and Plastics**

The jointly funded research project between Eden and the University of Queensland ("UQ") in Brisbane for the development on a new method for producing carbon nanotube ("CNT") enriched thermoplastic composites, continued during the period. This project was awarded a Linkage Research Grant worth A\$310,000 by the Australian Research Council ("ARC") that is payable over three years to meet part of the costs, and to which project both Eden and UQ will also contribute.

At a laboratory scale, preliminary trials by UQ produced a 50 per cent increase in stiffness of polypropylene and an increase in electrical conductivity with the addition of 0.5 weight per cent CNT.

This new project aims to unravel the mechanisms by which these outstanding property improvements are achieved and to scale up the process to an industrial level. The targeted outcomes are economical, lighter and stronger plastics for manufacturing applications such as rotational moulding, transport and electronic packaging. Whilst this targeted objective will take time to complete, the ongoing results continue to remain highly encouraging.

#### **OPTIBLEND® DUAL FUEL SYSTEM (EDEN 100%)**

##### **OptiBlend® Progress**

During the last six months period, Eden Innovations LLC, Eden's wholly owned U.S. subsidiary, and Eden Innovations India Pvt Ltd received OptiBlend® purchase orders for approximately US\$180,000.

##### **OptiBlend® Background**

*Eden has developed an efficient dual fuel system that is capable of operating on diesel engines and displacing up to 70% of the diesel fuel with natural gas. If Hythane™ fuel (hydrogen enriched natural gas) is used in place of natural gas the displacement of diesel fuel could be as high as 80%. The use of the natural gas will greatly reduce greenhouse gas emissions and, in places where natural gas is cheaper than diesel, will also reduce fuel costs. It has significant market potential particularly in the diesel-powered generator set ("genset") market.*

## DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2017.

### 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 Guy T Le Page*  
*Mr Richard J Beresford*

### Review of Operations

The net loss after income tax for the half year was \$5,525,773 [2016: \$3,323,953].

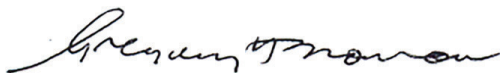
A review of the operations of the Group during the half-year ended 31 December 2017 is set out in the Review of Operations on Page 4.

### 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 2017.

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

Director



Gregory H Solomon

Dated this 27<sup>th</sup> day of February 2018



**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 2017, 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**

Amar Nathwani

**Amar Nathwani**  
Director

Perth  
27 February 2018

**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 2017

	Note	Consolidated Group 31 Dec 2017 \$	Consolidated Group 31 Dec 2016 \$
Revenue		855,834	467,578
Other income		1,319	3,584
Changes in inventories		[6,769]	168,485
Raw materials and consumables used		[119,649]	[295,180]
Depreciation and amortisation expense		[493,085]	[189,324]
Employee benefits expense		[3,789,857]	[2,507,467]
Finance costs		[12,871]	[49]
Other financial items	3	[134,281]	554,199
Other expenses		[2,008,737]	[1,525,779]
Loss before income tax		[5,708,096]	[3,323,953]
Income tax [expense]/benefit		182,323	-
Loss for the period		[5,525,773]	[3,323,953]
<b>Other Comprehensive Income / (Loss)</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchanges differences on translating foreign operations		114,421	304,047
Income tax relating to other comprehensive income		-	-
Total other comprehensive income / (loss), after tax		114,421	304,047
<b>Total Comprehensive Income / (Loss) attributable to members of the parent</b>			
		[5,411,352]	[3,019,906]
Basic/Diluted loss per share [cents per share]		[0.437]	[0.271]

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	Consolidated Group 31 Dec 2017 \$	Consolidated Group 30 Jun 2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		1,040,398	7,984,726
Trade and other receivables		518,666	103,421
Inventories		606,423	613,192
Other current assets		177,190	104,844
<b>TOTAL CURRENT ASSETS</b>		<b>2,342,677</b>	<b>8,806,183</b>
NON-CURRENT ASSETS			
Property, plant and equipment		10,388,011	10,463,280
Intangible assets		4,199,145	3,711,401
<b>TOTAL NON-CURRENT ASSETS</b>		<b>14,587,156</b>	<b>14,174,681</b>
<b>TOTAL ASSETS</b>		<b>16,929,833</b>	<b>22,980,864</b>
CURRENT LIABILITIES			
Trade and other payables		1,200,670	1,939,047
Provisions		113,797	217,452
Interest bearing liabilities	9	218,393	104,783
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,532,860</b>	<b>2,261,282</b>
NON-CURRENT LIABILITIES			
Interest bearing liabilities	9	918,135	1,154,260
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>918,135</b>	<b>1,154,260</b>
<b>TOTAL LIABILITIES</b>		<b>2,450,995</b>	<b>3,415,542</b>
<b>NET ASSETS</b>		<b>14,478,838</b>	<b>19,565,322</b>
EQUITY			
Issued capital	2	83,510,031	83,385,716
Reserves		7,004,252	6,689,278
Accumulated losses		[76,035,445]	[70,509,672]
<b>TOTAL EQUITY</b>		<b>14,478,838</b>	<b>19,565,322</b>

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Ordinary Share Capital	Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2016</b>	68,890,525	5,588,069	[191,271]	[59,245,902]	15,041,421
Shares issued during the period	14,277,711	-	-	-	14,277,711
Share based payment during the period	-	404,415	-	-	404,415
Loss for the period	-	-	-	[3,323,953]	[3,323,953]
Other comprehensive income	-	-	304,047	-	304,047
<b>Balance at 31 December 2016</b>	83,168,236	5,992,484	112,776	[62,569,855]	26,703,641
<b>Balance at 1 July 2017</b>	83,385,716	6,911,632	[222,354]	[70,509,672]	19,565,322
Shares issued during the period	124,315	-	-	-	124,315
Share based payment during the period	-	429,395	-	-	429,395
Loss for the period	-	-	-	[5,525,773]	[5,525,773]
Other comprehensive income	-	-	[114,421]	-	[114,421]
<b>Balance at 31 December 2017</b>	83,510,031	7,341,027	[336,775]	[76,035,445]	14,478,838

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	<b>Consolidated Group 31 Dec 2017</b>	<b>Consolidated Group 31 Dec 2016</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	584,244	298,754
Payments to suppliers and employees	[5,418,078]	[3,938,359]
Interest received	1,319	3,584
Net cash used in operating activities	<u>[4,832,515]</u>	<u>[3,636,021]</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for development of intangibles	[664,088]	[428,302]
Purchase of property, plant and equipment	<u>[1,164,942]</u>	<u>[2,122,835]</u>
Net cash used in investing activities	<u>[1,829,030]</u>	<u>[2,551,137]</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from shares issued	128,514	14,307,351
Repayment of borrowings	<u>[221,740]</u>	<u>-</u>
Net cash provided by financing activities	<u>[93,226]</u>	<u>14,307,351</u>
Net increase in cash held	[6,754,771]	8,120,193
Net increase/(decrease) due to foreign exchange movements	[189,557]	765,351
Cash at beginning of period	<u>7,984,726</u>	<u>11,249,445</u>
Cash at end of period	<u><u>1,040,398</u></u>	<u><u>20,134,989</u></u>

The accompanying notes form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

### 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 2017 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.

#### Financial Position

These financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities 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 \$5,525,773 [2016: \$3,323,953] and a cash outflow from operating activities of \$4,832,515 [2016: \$3,636,021].

Subsequent to the end of the period 46,523,806 EDEO options were exercised raising \$1,395,714 and Eden agreed to make a placement to institutional and sophisticated investors to raise approximately A\$6.2 million (before the costs of the issue).

Based on the above events and a cashflow forecast prepared by management for the next 12 months, the directors are confident that the going concern basis is appropriate.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 July 2017, and have not been applied in preparing these consolidated financial statements. The Group does not plan to adopt these standards early. The new standards include AASB 9 – Financial Instruments, AASB 15 – Revenue from contracts with customers and AASB 16 – Leases. Based on the current operations of the Group, management are of the view that these standards and amendments will not have a significant impact on the financials.

#### Accounting Policies

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the June 2017 financial report except for the adoption of new and revised Accounting Standards. 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.

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.

### NOTE 2: ISSUED CAPITAL

	31 Dec 2017	30 June 2017	31 Dec 2017	30 June 2017
	No.	No.	\$	\$
<b>a. Ordinary shares</b>				
At the beginning of reporting period	1,262,172,800	1,163,937,561	83,385,716	68,890,525
Shares issued during the year	4,143,815	98,235,239	124,315	14,495,191
At reporting date	1,266,316,615	1,262,172,800	83,510,031	83,385,716

- 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

<b>b. Options</b>	<b>31 Dec 2017 No.</b>	<b>30 June 2017 No.</b>
At the beginning of reporting period	275,268,282	253,663,345
Options issued	330,000	37,861,269
Options exercised	[4,143,815]	[14,901,906]
Options lapsed	[704,821]	[1,354,426]
At reporting date	270,749,646	275,268,282

	<b>2017 \$</b>	<b>2016 \$</b>
<b>NOTE 3: OTHER FINANCIAL ITEMS</b>		
Foreign exchange gain / [loss]	[116,845]	554,199
Impairment expense	[17,436]	-
Total	[134,281]	554,199

### NOTE 4: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Under a resale price commitment agreement between the Company and an employee currently in the process of being finalized, the Company has tentatively agreed to reimburse the employee for an amount yet to be determined [ranging from US\$200,000 to US\$400,000] in lost home value if the employee were to sell their home at a loss on or before June 30, 2027, subject to certain exceptions.

The Directors are not aware of any other contingent assets or contingent liabilities as at 31 December 2017.

### NOTE 5: COMMITMENTS

Under an employee salary guarantee, the Group must pay US\$22,500 during the period January 2018 through June 2018.

### NOTE 6: EVENTS SUBSEQUENT TO BALANCE DATE

46,523,806 EDEO options were exercised and 46,523,806 ordinary fully paid shares were issued raising \$1,395,714.

On 21 February 2018 Eden agreed to make a placement to institutional and sophisticated investors, of approximately 56,500,000 ordinary shares at an issue price of 11 cents per share, to raise approximately A\$6.2 million [before the costs of the issue].

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

### NOTE 7: 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:

	2017 \$	2016 \$
<b>Key Management Personnel</b>		
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.	10,075	20,067
The Group reimbursed Mr R Marmaro for moving costs incurred in the amount of US\$41,161 and recorded an accrual for additional moving expenses in the amount of US\$31,609.	93,254	-

### NOTE 8: SHARE BASED PAYMENTS

On 28 August 2017, 330,000 share options were granted to an employee under the Eden Employee Share Option Plan ("ESOP"). The exercise price of the options of \$0.25 was 125% of the market price of the shares at the time the options were approved. The options vest over a three year period, in three equal annual tranches on 21 August 2018, 21 August 2019 and 21 August 2020 (will receive one third of his total entitlement each year), subject to him still being employed on each vesting date. The contractual life of each option is 3.25 years. There is no cash settlement of the options. The fair value of the options granted during the 6 months ended 31 December 2017 was estimated on the date of grant using the following assumptions:

Dividend yield [%]	0.00
Expected volatility [%]	55.5
Risk-free interest rate [%]	1.61
Expected life of the share options [years]	2.5
Underlying share price [\$]	0.185

The weighted average fair value of the options granted during the six month period was \$0.046 (31 December 2016: \$0.088). For the six months ended 31 December 2017, the Group has recognised \$429,395 of share based payments expense in the statement of profit or loss (31 December 2016: \$404,415)

### NOTE 9: INTEREST BEARING LIABILITIES

In October 2016, the Group purchased the building it had previously leased for US\$1,171,579. The purchase was partially financed with a \$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.

	2017 \$	2016 \$
Current	218,393	231,939
Non-current	918,135	1,231,155
	<u>1,136,528</u>	<u>1,463,094</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

### NOTE 10: 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 \$
<b>2017</b>				
External sales	820,774	35,060	-	855,834
Internal sales	612,095	-	(612,095)	-
Total segment revenue	1,432,869	35,060	(612,095)	855,834
Segment Result	(4,232,436)	(36,458)	(92,295)	(4,361,189)
Unallocated expenses				(1,334,036)
Result from operating activities				(5,695,225)
Finance costs				(12,871)
Loss before income tax				(5,708,096)
Income tax benefit				182,323
Loss after income tax				(5,525,773)
Segment assets	12,637,733	105,207	(343,405)	12,399,535
Unallocated assets				4,530,298
Total assets				16,929,833
Segment liabilities	2,278,181	498,072	(459,986)	2,316,267
Unallocated liabilities				134,728
Total liabilities				2,450,995
Capital expenditure	1,164,944		664,087	1,829,031
Depreciation and amortisation	334,178	-	158,907	493,085
<b>2016</b>				
External sales	438,219	29,359	-	467,578
Internal sales	576,838	-	(576,838)	-
Total segment revenue	1,015,057	29,359	(576,838)	467,578
Segment Result	(2,552,465)	(69,306)	(115,194)	(2,736,965)
Unallocated expenses				(586,939)
Result from operating activities				(3,323,904)
Finance costs				(49)
Loss before income tax				(3,323,953)
Income tax benefit				-
Loss after income tax				(3,323,953)
Segment assets	8,524,428	186,461	-	8,710,889
Unallocated assets				20,366,335
Total assets				29,077,224
Segment liabilities	32,039,557	737,368	(30,525,186)	2,251,739
Unallocated liabilities				121,844
Total liabilities				2,373,583
Capital expenditure	3,525,215	-	428,302	3,953,517
Depreciation and amortisation	82,046	-	107,278	189,324

## DIRECTORS' DECLARATION

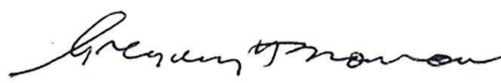
The directors of the company declare that:

1. The financial statements and notes, as set out on pages 12 to 19:

- a. comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- b. give a true and fair view of the consolidated entity's financial position as at 31 December 2017 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 company 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 27<sup>th</sup> day of February 2018



## 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 2017, 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 2017 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*.

#### 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.

#### 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 2017 and its performance for the period ended on that date; and complying with 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.

**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](mailto:audit@nexiaperth.com.au)  
**w** [nexia.com.au](http://nexia.com.au)

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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 Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

NPAS

**Nexia Perth Audit Services Pty Ltd**

Amar Nathwani

**Amar Nathwani**  
Director

Perth  
27 February 2018

