Eden Energy Ltd

(ABN 58 109 200 900)

and Controlled Entities

Interim Financial Report for the Half-Year Ended 31 December 2008

CONTENTS

HIGHLIGHTS

Corporate

- **Cash of A$7.8m (plus the supply of a hydrogen reformer) was raised from the sale of selected US hydrogen assets and portion of Eden's UK coal seam methane assets.**
- **A$6.1m cash has been received to date, with balance of $1.7million cash plus receipt of a hydrogen reformer due over next five months.**

Hydrogen / Hythane® Projects

India

- **First public Hythane® refuelling station, built by Hythane Co for Indian Oil Corporation, completed in January 2009.**
- **First Hythane® bus demonstration project scheduled for late 2009 / early 2010 in Gujarat. Letter of Intent received from Gujarat State Petroleum for this project which will utilise the hydrogen reformer to be received as part of the sale of HyRadix.**
- **Hythane Co's OptiBlend low cost, low emissions diesel / Natural Gas dual fuel kit proposed to be trialled on a diesel generator in April / May 2009.**

USA

- **San Francisco Airport (SFO) Hythane Project**
- **Funding approved for 27 Hythane® fuelled vehicles**
- **Applications have been lodged for additional funding to enable Eden to develop a Hythane® station at San Francisco Airport, but some additional funding is required.**
- **Hythane Engine Certification – Hythane Company, in conjunction with BAF Technologies, anticipates obtaining CARB and EPA certification in April 2009 for the 2009 Ford E-450, which will be used for the SFO project. This will allow Hythane Co to sell and market a Hythane-fuelled vehicle commercially, and not be limited to use for demonstration projects only.**
- **Negotiations are underway with various parties to secure a suitable site to test Eden's diesel / Natural Gas dual fuel kit on a generator in the United States.**

Pyrolysis Project – University of Queensland

- **Eden has agreed, in principle, to take a licence from UQ over its 50% share in the patents and intellectual property developed under this project, and has commenced negotiation with a major overseas company for development and scaling-up of this technology to produce hydrogen and solid carbon (including carbon nanotubes) which can be used in place of materials such as steel and aluminium, in lieu of producing carbon dioxide.**

United Kingdom Coal Bed Methane / Natural Gas

- **Eden has completed the sale of a 45% interest (out of its 50% interest) in coal seam methane rights in four licences in South Wales. Eden retains a 5% interest in the CSM rights in these four licences (which contain a estimated resource of between 380- 650 bcf of methane) plus a 50% interest in 14 other such licences in South Wales and England, and a 50% interest in all deeper conventional oil / Natural Gas rights to all 18 licences.**

Geothermal Energy / Australian Natural Gas Target

- **Eden is examining strategies for spinning the geothermal / Australian Natural Gas assets out as a separate entity.**

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, FINSIA, MAusIMM** (Non-Executive)
Richard J Beresford **FAICD FAIE** (Non-Executive)

COMPANY SECRETARY:
Aaron P Gates **B.Com, CA**

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SOLICITORS:
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Minter Ellison
1 King William Street
Adelaide SA 5000

AUDITORS:
Grant Thornton (WA) Partnership
Chartered Accountants
Level 1
10 Kings Park Road
West Perth WA 6005

SHARE REGISTRY:
Advance Share Registry Services
150 Stirling Highway
Nedlands WA 6009

STOCK EXCHANGE LISTING:
ASX Code: EDE (ordinary shares) EDEO (options expiring 30 September 2009)

Quotation has been granted for all the ordinary shares and all issued options of the company on all Member Exchanges of the Australian Stock Exchange Limited.

REVIEW OF OPERATIONS

CORPORATE

Sale of Assets Completed - $7.8million cash raised

Eden has now completed the sale of 90% of its coal seam methane rights in four petroleum exploration and development licences in South Wales (raising $5.8m) and is part way through receiving the sale proceeds from the sale in January of two of its US hydrogen subsidiaries (HyRadix Inc and Eden Cryogenics LLC), for a total price of $2m plus receiving a completed and installed hydrogen reformer. To date, $300,000 of the $2m cash from the hydrogen asset sale has been received, with the balance to be received over the next five months. Similarly, the hydrogen reformer is scheduled for delivery in April / May 2009.

Eden has received approximately $6.1 million in cash, and is scheduled to receive a further $1.7m in cash during the next five months.

The directors are endeavouring to structure Eden's budget and ongoing activities so that the funds on hand and to be received together with any other inflow that may become available will be sufficient to enable Eden to meet its projected expenses for the next 12- 18 months. The Company is actively seeking projects in the United States and India which will generate revenue and the target is to enable the Company to achieve a positive cash flow from its operations within the next 2-3 years. At the same time will continue exploring all other ways of both developing all its assets and if thought appropriate raising further capital to supplement the funds available for future expenditure on the Company's various projects.

HYDROGEN / HYTHANE® PROJECTS

Hythane® and Dual Fuel (Eden 100%)

Hythane® is a premium blend of 93% Natural Gas and 7% hydrogen by energy (80 Natural Gas / 20% Hydrogen by volume). It increases engine efficiency by up to 10% and reduces emissions of oxides of nitrogen (NOx) and carbon monoxide (CO) by up to 50% compared with pure Natural Gas. NOx is the primary cause of photochemical smog and is a major contributor to lung cancer and respiratory ailments. CO is a highly poisonous gas.

First Public Indian Hythane® Station

The first public Hythane® refuelling station (see Figures 1-4), built by Hythane Co at Dwarka, near Delhi, for Indian Oil Corporation (a largely Indian Government-owned oil company), was completed in January 2009. Hythane Co was awarded the contract to build this station in a public tender process, ahead of major international competition. The first vehicle that was refuelled was a Hythane® tuned car, developed by Indian Oil under the Indian government hydrogen programme.

The station comprises an electrolyser capable of producing 5Nm3 of hydrogen per hour, a compressor, blender, storage tanks and dispenser (see Figure 2).

It is anticipated that at least one if not two further Hythane stations will be built in Delhi ahead of the Commonwealth Games which are scheduled to be held in October 2010 in Delhi. Hythane Co proposes to tender to supply these stations.

First Indian Hythane® bus demonstration project

This project, which is intended to be a full commercial scale demonstration is scheduled to be operating by late 2009 / early 2010 in Gujarat. The project is intended to involve the following:

- Installation of a hydrogen reformer capable of producing 100nm3/ hour of hydrogen
- Compression, storage, blending and dispensing equipment for production and delivery of Hythane®
- Approximately 50 buses operating on Hythane®.

In January 2009, Gujarat State petroleum, our proposed partner in this project and with whom a preliminary agreement was signed in 2007, issued to Eden a Letter of Intent to proceed with this project. Work is now underway preparing the engineering drawings in anticipation of the completion in the next month or so of the first Indian manufactured HyRadix reformer which will be supplied to Eden as part of the consideration for the sale of HyRadix, and be used to supply the required hydrogen.

Figure 1 First Public Indian Hythane® Station and First Hythane® Fuelled Car

Figure 2 The electrolyser and compressor at the Dwarka Hythane® Station

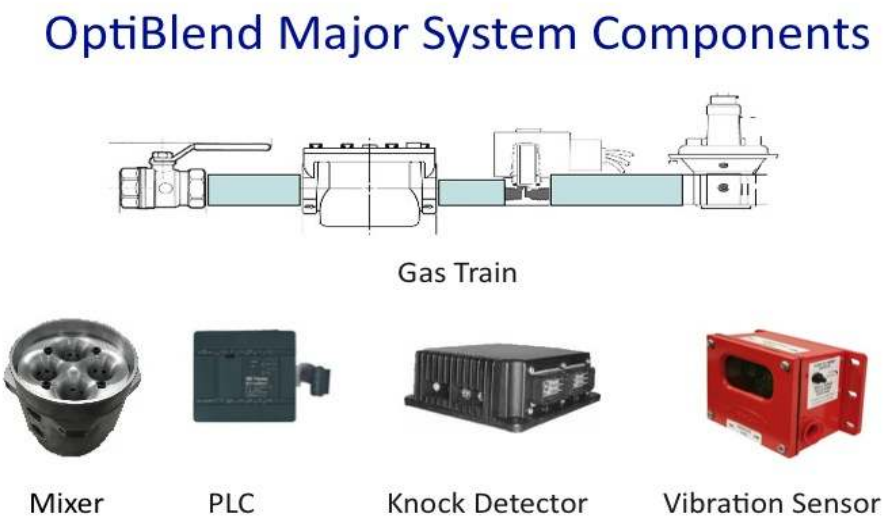
Figure 3 Signboard at the Dwarka Hythane® Station showing HCNG (Hythane®)

Figure 4 First Refuelling at Dwarka Hythane® Station, by Hythane Co personnel

REVIEW OF OPERATIONS

OptiBlend Diesel / Natural Gas/ Hythane® Dual Fuel Project

Eden continues to progress its Diesel Dual Fuel Project. A dual fuel kit has been developed to enable the Indian manufactured 400kW Cummins diesel generator, which was earlier sent to the Hythane® Company's test facility in Colorado, to run on a combination of diesel and Hythane® or diesel and natural gas.



This kit is capable of being adapted to any suitable diesel engine.

EDEN'S PROGRESS TO DATE

Within this highly favourable and emerging energy market environment, Eden, on its "first mover basis", has made significant progress during the past 3 years in marketing Hythane® in India. Highlights to date include:-

1. In March 2007, Eden entered into an agreement with Gujarat State Petroleum ("GSPC") to promote Hythane® and to conduct a Hythane® bus demonstration in the state of Gujarat. This has been re-affirmed in January 2009 by GSPC forwarding a Letter of Intent to Eden. This project has the support of the Gujarat State Government and is planned to start by late 2009/ early 2010.

2. For the past two years, Eden has been working with Ashok Leyland pursuant to an agreement entered into in December 2006, developing Hythane® compatible bus engines.

3. In May 2007, Eden entered into an agreement with Larsen & Toubro, a world class Indian engineering company, to manufacture in India the hydrogen reformers of HyRadix Inc, then a wholly owned subsidiary Eden. The first reformer was completed in January 2009 and is scheduled for delivery to Eden within the next month or so..

4. In January 2009, Eden completed the construction for Indian Oil Corporation, which is one of India's largest petroleum marketing groups, of the first public hydrogen/ dispensing station in India to supply fuel to motor vehicles running on either hydrogen or Hythane® (see above).

5. Eden has completed the development work on the dual fuel kits (see above) and anticipates a large emerging market for this product.

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REVIEW OF OPERATIONS

UNIVERSITY OF QUEENSLAND ("UQ") – PYROLYSIS PROJECT (EDEN 50%)

This project has identified that in addition to production of hydrogen and carbon powder and fibres (commonly known as Carbon Black), instead of producing carbon dioxide, under certain conditions, multi-walled and single-walled carbon nanotubes were produced together with hydrogen, and under other conditions, instead of causing the methane molecules to separate into carbon and hydrogen, the molecules amalgamated to form more complex liquid hydrocarbons, some of which could potentially be used in the production of plastics.

Carbon nanotubes have enormous tensile strength (several hundred times stronger than steel) as well as being exceptional conductors of electricity, and this process potentially opens up large markets for this carbon in both the structural materials markets and the electronics market.

Eden has reached a preliminary agreement in principle with the University of Queensland ("UQ") for Eden to take a licence from UQ over its 50% interest in the patents and intellectual property developed by this project, to enable Eden to progress its initial discussions with a major overseas company in relation to the up-scaling and commercialisation of this exciting technology and has commenced discussions with a foreign corporation for a joint venture to develop this technology and scale it up with a view to then commercialising it.

UNIVERSITY OF QUEENSLAND ("UQ") – NEW GAS TO LIQUIDS RESEARCH PROJECT (EDEN 50%)

Eden and The University of Queensland ("UQ") have taken out a provisional patent application on a new simplified method of producing liquid hydrocarbons and hydrogen from methane (natural gas), and have secured a $500,000 Australian Research Council Grant to fund a significant portion of the 3 year project. Preliminary indications are that the new process has potential for production of both ethylene (which is used in the plastics industry as a major feedstock) and liquid motor vehicle fuel from natural gas, with highly encouraging economic potential particularly related to stranded natural gas fields in remote locations. A formal agreement to proceed with this project was entered into by Eden and UQ.

SOUTH WALES COAL BED METHANE PROJECT (EDEN EARNING 50%)

Prospective Resource Estimate

Following the completion of the first phase of exploration drilling in its South Wales Coal Seam Methane project, Eden commissioned independent consultant, RISC Pty Ltd to provide an initial CSM resource estimate. This resource estimate is based on wellbore data from the 3 holes drilled to date in PEDL 100 (Aberavon-1, Llangeinor-1, Pencoed-1) and available regional data from 33 offset wells previously drilled by British Coal in the area around PEDL 100.

The RISC report indicates promising initial results, with estimated recoverable CSM resources of between 380 and 670 PJ (approximately 380 to 670 Bcf in volumetric terms) in PEDL 100. These resources are classified as Prospective Resources due to the usual uncertainties with limited data at this stage of appraisal. Further, the report concluded that the Westphalian coal characteristics appear comparable to those in some Queensland Permian CSM projects.

Further Potential Upside in CSM Resources in PEDL 100

RISC also notes potential upside to the above resource volumes as follows

- Pencoed-1 did not reach planned terminal depth and therefore did not sample full potential of the area around this well. Deeper coals which were not reached are likely to have higher gas contents. This possible extra gas has not been included in the resource estimate.
- Permeability measurements are few due to unfavourable hole conditions. Some encouraging results have been obtained.
- Fault/fracture enhanced permeability is likely and this could greatly enhance connectivity of coal seams.

As mentioned above, significant further upside exists in the area around the Pencoed-1 well. The best quality coals are in the deeper coal sections, which were not penetrated in Pencoed-1 due to drilling difficulties. Additional prospective CSM resources in the order of 80PJ to 160 PJ might have been expected if Pencoed-1 was drilled to its planned terminal depth, assuming the equivalent coal seams were encountered as in the lower sections of Aberavon-1 and Llangeinor-1 wells. This will be tested in subsequent appraisal drilling.

Completion of Eden's PEDL 100 CSM Farm-in Obligations

With the completion of the three boreholes in PEDL 100, Eden discharged its farm-in obligations under the original farmin agreements with Costal Oil and Gas Limited to earn 50% in the CSM interests in the Westphalian coal seams in PEDL 100. The purchaser from Eden has taken over the expenditure obligation of 500,000 pounds of expenditure to complete its farmin obligation on PEDLs 148 and149, the two other licences that were in the subject of the original farmin agreement, shown in Figure 1. Eden retains the obligation to expend 1 million pounds to earn a 50% interest in the deeper conventional natural gas targets in all three PEDLs. In aggregate, these PEDLs cover a combined area of 430 Km2, or more than 20% of the South Wales coal bearing basin.

Sale of 45% interest in CSM interests in PEDLs 100, 148, 149 and 218

To provide ongoing working capital, Eden entered into the agreement detailed above to sell for approximately $5.6 million 45% out of its 50% interest in the CSM rights to PEDLs 100, 148, 149 and 218 in Wales. This sale was completed on 25 February 2009. This leaves Eden with a 5% interest in the CSM in these four licences, together with its full 50% interest in the other 14 licences, and in the deeper conventional hydrocarbon targets on PEDLs 100, 148, 149 and 218.

Other Potential UK Hydrocarbon Resources

In addition to coal seam gas, there is a substantial opportunity for other unconventional gas resources, abandoned mine methane in the old mine shafts and conventional hydrocarbons in many of these new areas. Potential exists for Devonian-age shale gas and conventional hydrocarbons in sandstones located beneath the coal beds, similar to those existing in the Appalachian Trend in the United States of America, where major shale gas and Devonian-age sandstone and shale hosted natural gas deposits exist beneath the younger coal measures. It has been interpreted that the United States, the United Kingdom and Western Europe were combined at the time of deposition of both the Devonian-age sandstones and the younger coal measures, and if this interpretation proves correct, significant potential exists for conventional hydrocarbon deposits to be found in these sandstones and shales beneath the coal fields in South Wales and South Western England.

Award of 17 New Blocks

Eden Energy Ltd ("Eden") jointly with Coastal Oil and Gas Ltd and UK Methane Ltd, its Welsh coal seam methane partners, were successful in the 2008 13th round of on-shore licensing conducted by the UK Government. Applications were made by the Joint Venture for 10 additional blocks surrounding their existing South Wales coal seam methane project, and Eden and its joint venture partner were successful in 8 of those applications. In addition, applications by the Joint Venture for five blocks in the South West of England covering an area of approximately 450km2 of the coal fields, and for four blocks covering approximately 300km2 of the Kent coal fields in Eastern England were also successful.

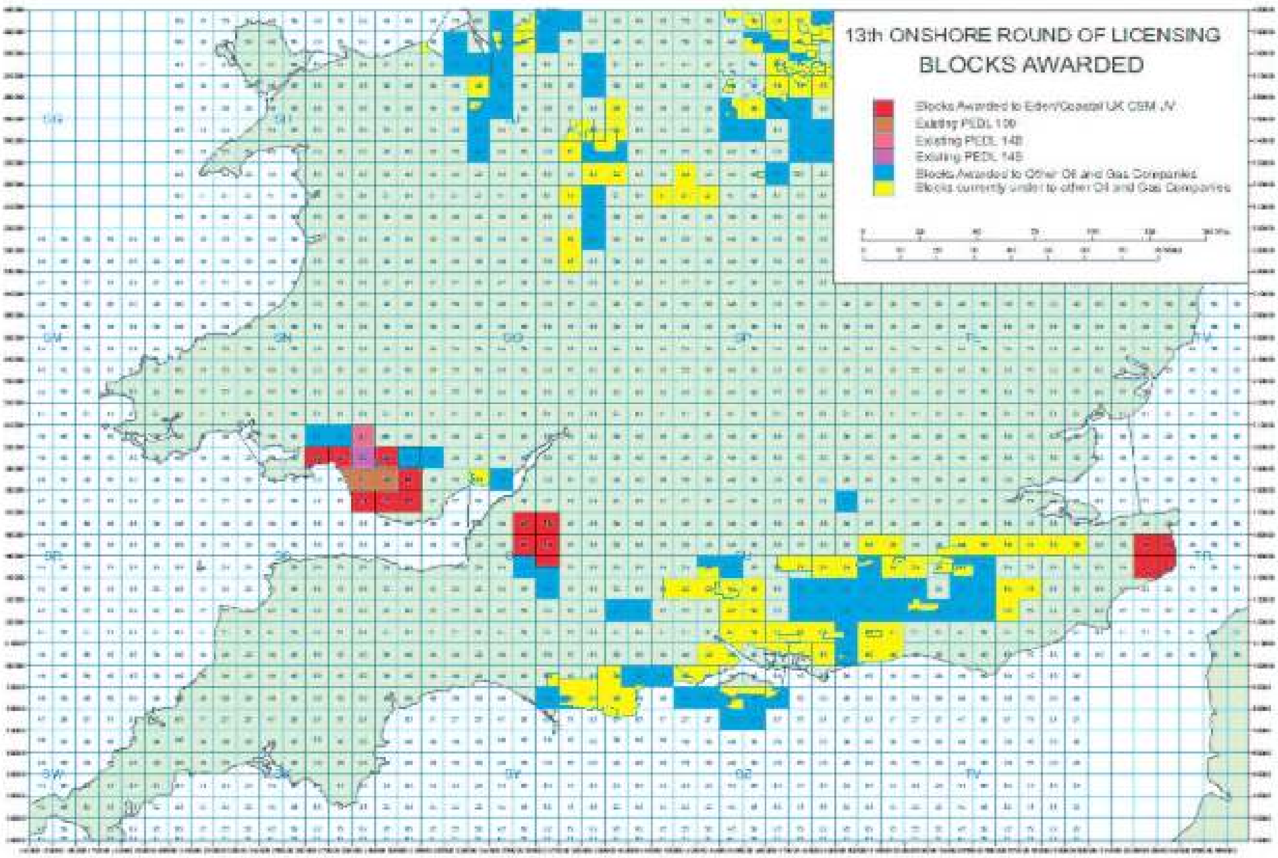

Figure 1

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2008.

Directors

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

Mr Gregory H Solomon	Mr Gregory J Egan (resigned 19 September 2008)
Mr Douglas H Solomon	Andrew Leibovitch (resigned 7 November 2008)
Mr Guy T Le Page	Richard J Beresford

Review of Operations

The net loss after income tax for the half year was $8,985,805 (2007: $5,336,389).

A review of the operations of the Group during the half-year ended 31 December 2008 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 12 for the half-year ended 31 December 2008.

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

Director

Gregory H Solomon

Dated this 16th day of March 2009

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AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF EDEN ENERGY LIMITED

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Eden Energy Limited for the half-year ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been:

a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

b No contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton (WA) Partnership

GRANT THORNTON (WA) PARTNERSHIP
Chartered Accountants

M J Hillgrove
Partner

Perth, 16 March 2009

CONSOLIDATED INCOME STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Note	Consolidated Group	
		31 Dec 2008	31 Dec 2007
		$	$
Revenue		95,274	216,715
Other income		72,876	252,995
Raw materials and consumables used		(153,904)	(157,659)
Accounting and audit expense		(87,856)	(43,384)
Advertising and marketing expense		(72,516)	(131,232)
Depreciation and amortisation expense		(13,890)	(36,524)
Employee benefits expense		(1,325,663)	(1,168,218)
Finance costs		(7,743)	(2,116)
Foreign exchange loss		-	(193,760)
Impairment expense		(479,767)	-
Legal and other consultants expense		(276,988)	(300,700)
Research and development expenditure		-	(444,190)
Rent expense		(61,448)	(63,051)
Travel and accommodation expense		(194,552)	(203,692)
Warranty expense		(98,206)	-
Other expenses		(86,762)	(501,345)
Loss before income tax		(2,691,145)	(2,776,161)
Income tax expense		-	-
Loss from continuing operations		(2,691,145)	(2,776,161)
Loss from discontinued operations	6	(6,294,660)	(2,560,228)
Loss for the period		(8,985,805)	(5,336,389)
Basic earnings per share (cents per share)		(4.9799)	(3.4275)

The accompanying notes form part of these financial statements.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2008

	Note	Consolidated Group	
		31 Dec 2008	**30 Jun 2008**
		$	**$**
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		256,372	4,322,973
Trade and other receivables		74,393	2,198,971
Inventories		537,167	4,136,948
Other current assets		29,797	509,583
Assets held for sale	6	16,025,554	-
TOTAL CURRENT ASSETS		16,923,283	11,168,475
NON-CURRENT ASSETS			
Trade and other receivables		118,096	1,518,648
Financial assets		-	4,042,419
Property, plant and equipment		266,418	1,528,716
Intangible assets		8,917,389	8,578,080
Exploration and evaluation		1,145,360	848,895
TOTAL NON-CURRENT ASSETS		10,447,263	16,516,758
TOTAL ASSETS		27,370,546	27,685,233
CURRENT LIABILITIES			
Trade and other payables		1,984,159	4,189,814
Provisions		253,522	-
Liabilities associated with assets held for sale	6	8,390,061	-
Interest bearing liabilities		1,031,682	31,456
TOTAL CURRENT LIABILITIES		11,659,424	4,221,270
NON-CURRENT LIABILITIES			
Trade and other payables		-	630,172
Interest bearing liabilities		-	52,509
TOTAL NON-CURRENT LIABILITIES		-	682,681
TOTAL LIABILITIES		11,659,424	4,903,951
NET ASSETS		15,711,122	22,781,282
EQUITY			
Issued capital		42,111,775	42,123,647
Reserves		2,865,131	937,614
Retained earnings		(29,265,784)	(20,279,979)
TOTAL EQUITY		15,711,122	22,781,282

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Share Capital				
	Ordinary	Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
	$	$	$	$	$
Balance at 1 July 2007	21,445,140	1,395,991	-	(9,369,155)	13,471,976
Shares issued during the period	13,962,324	-	-	-	13,962,324
Share issue costs during the period	(519,857)	-	-	-	(519,857)
Loss attributable to members of parent entity	-	-	-	(5,336,388)	(5,336,388)
Sub-total	34,887,607	1,395,991	-	(14,705,543)	21,578,055
Dividends paid or provided for	-	-	-	-	
Balance at 31 December 2007	34,887,607	1,395,991	-	(14,705,543)	21,578,055
Balance at 1 July 2008	42,123,647	1,595,158	(657,544)	(20,279,979)	22,781,282
Shares issued during the period	-	-	-	-	-
Share issue costs during the period	(11,872)	-	-	-	(11,872)
Options issued during the period	-	28,223	-	-	28,223
Translation of foreign controlled entities	-	-	1,899,294	-	1,899,294
Loss attributable to members of parent entity	-	-	-	(8,985,805)	(8,985,805)
Subtotal	42,111,775	1,623,381	1,241,750	(29,265,784)	15,711,122
Dividends paid or provided for	-	-	-	-	
Balance at 31 December 2008	42,111,775	1, 623,381	1,241,750	(29, 265,784)	15,711,122

The accompanying notes form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Note	Consolidated Group	
		31 Dec 2008	31 Dec 2007
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		4,116,598	947,735
Payments to suppliers and employees		(9,351,994)	(8,665,168)
Interest received		28,795	250,485
Finance Costs		-	(2,123)
Goods and Services Tax refunds		126,429	91,660
Net cash provided by (used in) operating activities		(5,080,172)	(7,377,411)
CASH FLOWS FROM INVESTING ACTIVITIES			
Exploration expenditure		(798,754)	(2,080,235)
Payment for acquisition of intangibles		-	(167,626)
Purchase of property, plant and equipment		(133,251)	(332,107)
Sale of property, plant and equipment		28,083	-
Net cash provided by (used in) investing activities		(903,922)	(2,579,968)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	13,962,324
Share issue costs		(124,614)	(519,856)
Proceeds from borrowings		2,477,406	-
Repayment of borrowings		(26,791)	(19,376)
Net cash provided by (used in) financing activities		2,326,001	13,423,092
Net increase/(decrease) in cash held		(3,658,093)	(3,465,713)
Net increase/(decrease due to foreign exchange movements		253,929	-
Cash at beginning of period		4,322,945	3,468,418
Cash at end of period	2	918,781	6,934,131

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

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.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2008 and any public announcements made by Eden Energy Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the June 2008 financial report apart from the changes in accounting policy noted below.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The following standards, amendments to standards and interpretations have been identified as those which may impact the Company in the period of initial application. They are available for early adoption at 31 December 2008, but have not been applied in preparing this financial report.

Revised AASB 101: Presentation of Financial Statements introduces as a financial statement the ‘statement of comprehensive income’. The revised standard does not change the recognition, measurement or disclosure of transactions or events that are required by other accounting standards. The revised AASB 101 will become mandatory for the Company’s 30 June 2010 financial statements. The company has not yet determined the potential effect of the revised standard on the Company’s disclosures.

Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

- Value-in-use is calculated based on the present value of cash flow projections over a ten year period with a 25% discount rate to recognise the inherent risk.
- The forecast provides for the number of installed stations increasing in the first few years until expected capacity is reached and there after remaining constant, based on projected market penetration.
- Costs have been based on historical amounts adjusted for CPI increase and improvements in margins based on internal efficiencies.

The above key estimates and assumptions reflect the directors best estimates of future events, however there is inherent uncertainty in these estimates and assumptions. No impairment has been recognised in respect of intellectual property for the half-year ended 31 December 2008.

NOTE 2: RECONCILIATION OF CASH

	31 Dec 2008 $	31 Dec 2007 $
Cash at the end of the financial year as shown in the cash flow statement is reconciled to the balance sheet as follows:		
Cash and cash equivalents	256,372	6,934,131
Cash at bank and in hand included within ‘Assets held for sale’	662,409	-
	918,781	6,934,131

NOTE 3: CONTINGENT LIABILITIES

There have been no changes in contingent liabilities since the last annual reporting date.

NOTE 4: RELATED PARTY TRANSACTIONS

		2008 $	2007 $
	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:		
a.	**Key Management Personnel**		
	Management fees and administration fees paid to Princebrook Pty Ltd, a company in which Mr GH Solomon and Mr DH Solomon have an interest.	14,590	63,000
	Legal and professional fees paid to Solomon Brothers, a firm of which Mr GH Solomon and Mr DH Solomon are partners.	11,649	6,060
	Professional fees paid to RM Capital Pty Ltd, a company of which Mr G Le Page is a director and shareholder.	27,045	-
	Consulting Fees paid to Cascades Corporation Pty Ltd, a company in which Mr A Leibovitch is a director and shareholder.	-	13,950
	Loan to Mr G Egan on interest-free terms, repayable on demand. This loan is offset by accrued directors fees of $62,752 (2007: $45,285), it is expected to be settled in the near future, he is applying for a Australian tax number.	44,967	44,967
b.	**Associated Companies**		
	Loans from Tasman Resources Ltd ("Tasman"), (which has a 24.2% fully diluted interest in the Company) repayable on demand with interest charged at National Australia Bank secured overdraft rates. This loan was repaid in full on 27 February 2009.	273,000	-
	The Company issued 750,000 $1.00 convertible notes to Fission Energy Ltd ("Fission") with interest payable at 10%pa payable monthly in arrears, secured over all the assets of Eden (excl Eden Hydrogen Inc and Eden Cryogenics LLC) and convertible at the election of the noteholder. In addition it was agreed that the Company would issue Fission with 5,000,000 options in Eden, each to acquire one share, at an exercise price of 10 cents at any time on or before 31 December 2011. The notes were repaid in full on 27 February 2009.	750,000	-

NOTE 5: EVENTS SUBSEQUENT TO BALANCE DATE

On 6 January 2009 the Company sold all the shares in Eden's two US subsidiary companies, Eden Cryogenics LLC, which has two operating businesses (Eden Cryogenics and Cyogenic Technical Services which manufacture cryogenic equipment and supply cryogenic design services) and Eden Hydrogen Inc which operates the business known as HyRadix which manufactures hydrogen reformers. The Purchaser acquired the two companies including all assets (including intellectual property) of the three businesses of Eden Cryogenics, Cryogenic Technical Services and HyRadix, and assumed liability for the funding of these businesses from 27 October 2008, along with all then existing liabilities of these three businesses.

At 31 December 2008 these businesses were disclosed as 'Discontinued Operations' and classified as 'Assets held for sale' in the balance sheet.

On 26 February 2009 the Company sold a 45% interest (out of Eden's original 50% farm in interest) in the Coal Bed Methane ("CBM") and Abandoned Mine Methane ("AMM") in the Westphalian Measures in South Wales on Petroleum Exploration and Development Licences ("PEDL") 100, 148, 149 and 218.

On 27 February 2009 the Company's securities were requoted on the Australian Securities Exchange, ending the voluntary suspension requested by the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

NOTE 6: DISCONTINUED OPERATIONS

In October 2008, the Company announced its decision to dispose of the businesses of Eden Hydrogen, Cryogenic Technical Services and Eden Cryogenics and that a conditional agreement was entered into to sell these businesses. On 6 January 2009 this sale was settled, the effect of this transaction has not been brought to account in the financial statements for the half year ended 31 December 2008.

The financial information relating to the discontinued operation is set out below and is as follows:

	31 Dec 2008	31 Dec 2007
(a) Income Statement Information	**$**	**$**
Revenue	854,432	1,222,243
Raw materials and consumables used	(526,735)	(926,904)
Accounting and audit expense	(118,675)	(51,814)
Advertising and marketing expense	(100,399)	(54,860)
Depreciation and amortisation expense	(153,631)	(25,655)
Employee benefits expense	(2,999,891)	(1,822,700)
Foreign exchange loss	(73,126)	-
Impairment expense	(1,510,440)	-
Legal and other consultants expense	(131,064)	(127,951)
Research and development expenditure	(213,268)	(206,665)
Rent expense	(91,237)	(100,673)
Travel and accommodation expense	(206,677)	(189,426)
Warranty expense	(263,028)	(230,123)
Other expenses	(760,921)	(45,700)
Loss before income tax	(6,294,660)	(2,560,228)
Income tax expense	-	-
Loss from discontinuing operations	(6,294,660)	(2,560,228)
(b) Carrying amount of assets and liabilities		
Current Assets		
Cash and cash equivalents	662,409	1,114,148
Trade and other receivables	1,256,516	571,194
Inventories	6,836,995	2,328,010
Total Current Assets	8,755,920	4,013,352
Non-Current Assets		
Property, plant and equipment	749,575	1,563,467
Trade and other receivables	1,884,566	-
Intangible assets	-	72,886
Total Non-Current Assets	2,634,141	1,636,353
Total Assets	11,390,061	5,649,705
Current Liabilities		
Trade and other payables	8,390,061	1,360,781
Total Current Liabilities	8,390,061	1,360,781
Total Liabilities	8,390,061	1,360,781
Net Assets	3,000,000	4,288,924

NOTE 6: DISCONTINUED OPERATIONS (CONTINUED)

	31 Dec 2008	31 Dec 2007
	$	$
(c) Cash flow information		
Net cash outflow from operating activities	(3,598,168)	(2,494,818)
Net cash outflow from investing activities	(129,841)	(212,297)
Net cash outflow from financing activities	3,146,978	2,954,530
Net cash inflow/(outflow)	(806,770)	247,416

NOTE 4: SEGMENT INFORMATION

(i) Geographical

The economic entity's geographical segments are located in Australia, United States of America, United Kingdom and India.

Primary reporting — Geographical segments

	Australia	United States	United Kingdom	India	Eliminations	Economic Entity (Continuing Operations)	Discontinuing Operations
	$	$	$	$	$	$	$
2008							
Sales Revenue	-	376,868	-	-	(281,594)	95,274	854,432
Other income	70,093	2,619	-	165	-	72,877	-
Total segment revenue	70,093	379,487	-	165	(281,594)	168,151	854,432
Unallocated revenue	-	-	-	-	-	-	-
Total revenue	70,093	379,487	-	165	(281,594)	168,151	854,432
Segment Result	(1,216,316)	(3,697,548)	(8,756,252)	(100,609)	11,087,906	(2,682,819)	(6,294,660)
Unallocated expenses net of unallocated revenue	-	-		-	-	-	-
Loss before income tax	(1,216,316)	(3,697,548)	(8,756,252)	(100,609)	11,087,906	(2,682,819)	(6,294,660)
Income tax expense	-	-	-	-	-	-	-
Loss after income tax	(1,216,316)	(3,697,548)	(8,756,252)	(100,609)	11,087,906	(2,682,819)	(6,294,660)
2007							
Sales Revenue	-	216,715	-	-	-	216,715	1,209,443
Other income	245,746	7,249	-	-	-	252,995	12,800
Total segment revenue	245,746	223,964	-	-	-	469,710	1,222,243
Unallocated revenue	-	-	-	-	-	-	-
Total revenue	245,746	223,964	-	-	-	469,710	1,222,243
Segment Result	(432,694)	(1,168,233)	(1,142,238)	(32,995)	-	(2,776,160)	(2,560,228)
Unallocated expenses net of unallocated revenue	-	-	-	-	-	-	-
Loss before income tax	(432,694)	(1,168,233)	(1,142,238)	(32,995)	-	(2,776,160)	(2,560,228)
Income tax expense	-	-	-	-	-	-	-
Loss after income tax	(432,694)	(1,168,233)	(1,142,238)	(32,995)	-	(2,776,160)	(2,560,228)

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 13 to 20:
   a. comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations; and
   b. give a true and fair view of the economic entity's financial position as at 31 December 2008 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 16th day of March 2009

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Independent Auditor's Review Report
TO THE MEMBERS OF EDEN ENERGY LIMITED

We have reviewed the accompanying half-year financial report of Eden Energy Limited (the Company), which comprises the balance sheet as 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising both the Company and the entities it controlled at the half-year's end or from time to time during that half-year.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards including the Australian Accounting Interpretations and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagement ASRE 2410: Review of an Interim and Other Financial Reports 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 financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Eden Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year 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 complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Eden Energy Limited is not in accordance with the Corporations Act 2001, including:

1 giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and

2 complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Significant uncertainty regarding the carrying value of intangible assets

Without qualification to the above conclusion, attention is drawn to the following matter. As disclosed in Note 1 to the financial statements, the consolidated entity has, within non-current assets, intellectual property with carrying values as at 31 December 2008 of $8,917,389.

The directors have prepared value in use calculation in assessing the recoverable amounts of these assets on the basis of the key estimates as outlined in Note 1 to the financial statements. Key estimates include the number of installed stations increasing in the first few years until expected capacity is reached and there after remaining constant, based on market penetration and the consolidated entity's ability to source additional capital injections in the future to enable the further development of the intellectual property. The estimates and assumptions within the value in use calculation have a significant risk of being different to actual outcomes due to change in economic or market conditions and / or due to events beyond the control of management and hence there is significant uncertainty regarding the carrying value of the intangible assets.

Grant Thornton (WA) Partnership

GRANT THORNTON (WA) PARTNERSHIP
Chartered Accountants

M J Hillgrove
Partner
Perth, 16 March 2009