

25 July 2018

EVE INVESTMENTS QUARTERLY UPDATE FOR THE PERIOD ENDING 30 JUNE 2018

Highlights

Jenbrook

- EVE entered a binding Share Purchase Deed to acquire 100% of leading organic tea tree oil producer Jenbrook Pty Ltd, one of Australia's largest organic tea tree oil producers supplying both local and international markets with high quality tea tree oil and hydrosol
- Acquisition includes plantation assets and a 49% holding in rapidly growing US distribution business Naturally Australian Products LLC, a prominent natural oils distributor in the USA
- Strong revenue generating, Jenbrook reported revenues of \$2.1 million for FY17 from its tea tree products, with a further unaudited contribution of US\$1.5 million from its subsidiary NAP
- The NAP acquisition facilitates direct distribution access to the U.S. market for all of EVE's portfolio of products and allows EVE to capture 49% of the distributors margin
- Shareholder Meeting to be held on 24 August to approve transaction under Listing Rule 11.1.2

Meluka Health

- Meluka Health signed a binding conditional Term Sheet with The Hydroponics Company Limited (ASX: THC) and Jenbrook Pty Ltd to grow cannabis on a portion of Jenbrook's Robyndale tea tree plantation in Northern New South Wales
- Lease with The Hydroponics Company Limited (THC) and Jenbrook Pty Ltd finalised in July to grow cannabis on a portion of Jenbrook's Robyndale tea tree plantation

Omni Innovation

- Omni Innovation's distribution partner, Eagle Health will continue to roll out diabetes experience and education stores throughout 2018 and 2019
- Based on continuing strong customer support and ongoing refinement of the business model, Eagle Health aims to open 100 stores across China

EVE Investments (ASX:EVE), an ASX listed technology investment company, has today released its Appendix 4C Report for the three month period to 30 June 2018 and is pleased to provide a review of its progress for the quarter.

Jenbrook

Jenbrook Acquisition

During the quarter, EVE announced its plans to acquire 100% of NSW organic tea tree oil producer Jenbrook Pty Ltd from Jenbrook founder and sole shareholder, Bryan Easson. Jenbrook is an established, Certified Organic tea tree farm in the Northern Rivers Region of NSW Australia. It owns 100% of *Jendale*, a 1,147 acre old growth tea tree plantation, along with 100% of *Robyndale* a 1,000 acre plantation used in the production of organic tea tree oil for distribution throughout the U.S. and Europe. In addition, Jenbrook has a 49% holding in distributor, Naturally Australian Products LLC., a preeminent distributor of natural extracts and oils into the United States.

Through its two tea tree plantations, Jenbrook harvests and sells tea tree oils, extracts and products to its 49% subsidiary, Naturally Australian Products and to third party international customers. It reported unaudited revenue of \$2.1 million for the financial year 2017 from its tea tree products, with a further unaudited contribution of US\$1.5 million from the 49% owned NAP.

The acquisition is expected to bring strong operational synergies with EVE's existing investment in Meluka Health and will provide an important strategic advantage by securing a vertically integrated supply chain for its unique organic raw honey products.

Details of the proposed Jenbrook acquisition

The Company entered into a Share Purchase Deed with Bryan Easson, Robyn Ingersole and Meluka Health Pty Ltd, for the 100% purchase of Jenbrook. Bryan Easson is the owner of Jenbrook and has the benefit of a management loan. Robyn Ingersole works within the Jenbrook business and has the benefit of a management loan. Meluka Health Pty Ltd is a party as it has agreed to a standstill in respect of existing options it has over some assets of Jenbrook. Meluka Health is currently held as to 50% by EVE.

On completion of the Deed, EVE will pay the sole shareholder, Mr Easson, \$2.864m in exchange for 100% of the shares in Jenbrook. A refundable deposit of \$135,000 was paid on execution of the Deed, which was executed on 19 June 2018, and will be deducted from the \$2.864m at settlement.

At completion and in order to extinguish management loans, EVE will further pay \$272,040 and issue 30,226,666 shares to Bryan Easson and Robyn Ingersole at a deemed issue price of 0.9 cents per share.

At completion, EVE, as a 100% shareholder of Jenbrook, will assume responsibility for bank debt facilities held by Jenbrook as well as various Chattel Loans. These debt facilities total approximately \$700,000 and are used as working capital for the business of Jenbrook and Naturally Australian Products.

Completion of the transaction is subject to the following Conditions Precedent:

- Release or discharging of encumbrances on the Jenbrook Shares (if any);
- Consent from Jenbrook's bank regarding the release and replacement of security interests to the satisfaction of both parties;
- Consent or waiver being received by Jenbrook from Chattel Loan holders to enter into the Deed and replace guarantees; and
- No material breach of any Seller or Buyer warranties occurring.

Additionally, the ASX advised the Company that shareholder approval under ASX Listing Rule 11.1.2 will be required to complete the transaction. Subsequent to quarter end, a Notice of Meeting was distributed for the upcoming General Meeting of the Company to be held on Friday, 24 August.

The Conditions Precedent are required to be met within 75 days of execution of the Deed (by 3 September 2018).

Meluka Health

THC Agreement

During the quarter Meluka Health also signed a legally binding conditional Joint Opportunities Term Sheet with The Hydroponics Company Limited and Jenbrook Pty Ltd, to grow cannabis on a portion of Jenbrook's northern New South Wales Robyndale tea tree plantation.

THC is a leading, diversified cannabis business with a focus on development and delivery of medical cannabis products and the manufacture and distribution of hydroponic equipment and has agreed to supply Meluka Health with Medicinal Cannabis for use in the production of its 100% owned Meluka Honey business (medicinal cannabis supply agreement). The Medicinal Cannabis will be grown by THC under a lease with Jenbrook over a portion of the Robyndale plantation (lease agreement).

THC are required to develop and fund the infrastructure necessary for the plantation of medicinal cannabis crops on the property including installation of necessary equipment for crop processing and the development of necessary intermediary processing facilities, subject to obtaining necessary licences and approvals. In return, Meluka Health will supply THC with Tea Tree Extract for use in the development of medicinal cannabis products (tea tree supply agreement).

THC recently acquired an Australian Bio-Manufacturing Facility including freehold land, building, and operational assets formerly owned by LEO Pharma. This facility acquired by THC is one of the largest pharmaceutical botanical extraction and refinement plant in the Southern Hemisphere. Therefore, in addition the partnership between THC and EVE Investments to grow medicinal cannabis on Jenbrook's Robyndale tea tree plantation, additional synergies exist in researching and processing botanicals from the old growth Melaleuca using THC's recently acquired facility.

Subsequent to quarter end, it was announced that the parties have agreed the following terms:

- Medicinal cannabis supply agreement where THC will provide exclusive access to THC's medicinal cannabis for use by Meluka Health in its Meluka honey products (the **Cannabis Off-Take Agreement**);
- Tea Tree Extract supply agreement with Meluka Health for THC to access Meluka's extract products for use in development of new medicinal cannabis products (the **Tea Tree Extract Agreement**); and
- Lease agreement with Jenbrook for the use of a portion of Jenbrook's Robyndale tea tree plantation for the growing of medicinal cannabis (the **Lease Agreement**).

Relevant licence applications have been agreed by THC and will be lodged on an expedited basis.

The acquisition of Jenbrook will be an important step for EVE in terms of establishing a revenue base with tremendous growth opportunities and importantly it creates a strong working synergy with Meluka Honey and the opportunities being pursued with THC. By having ownership of the Jenbrook assets, EVE can exercise greater control over expansion plans for the Jendale plantations whilst EVE's shareholding in NAP will assist with accelerated sales growth for both the Jenbrook and Meluka Honey suite of products.

Omni Innovation

China Distribution Expansion

Omni's Innovation's Chinese partner, Eagle Health released information regarding the first quarter performance of Hutang-1 (the name of the pre-meal drink in the Chinese market) for people with Type 2 diabetes and pre-diabetes. They noted that by the end of March 2018, the product had reached over 80,000 consumers, including over 24,000 diabetes or pre-diabetes patients and has showed promising conversion to sales.

Following on from the awareness gained in the market and the initial reach of the first four diabetes experience and education stores opened in Xiamen, China, Eagle Health will continue to open stores throughout 2018 and 2019 and on the basis of further strong customer support and ongoing refinement of the business model, has the aim to open 100 stores across China. This strategy will initially focus on Eagle Health's home market of Fujian Province, with expansion into other provinces to follow.

Eagle Health believe that this retail footprint will enable access to up to 570 million consumers across China which will provide significant marketing opportunities. By engaging with diabetic consumers through education, this will also open further retail channels for Eagle Health to sell the Hutang-1 pre-meal shake diabetes product.

EVE looks forward to the continued progress of Eagle Health in its expansion during 2018 & 2019.

Corporate

After discussions with ASX during the quarter, both EVE and the ASX agreed that EVE was no longer a 'Listed Investment Company', as defined in the ASX Listing Rules. Accordingly, the Company announced it will no longer be releasing monthly Net Tangible Asset Statements. The Company confirmed it will continue to release Quarterly, Half Yearly and Annual Reports.

Despite the change to EVE's status, it will continue as an investment entity that is currently pursuing a strategy of seeking to identify and evaluate emerging technology investment opportunities to add to its investment portfolio. Future investments may, where appropriate, include EVE acquiring greater than a 50% investment stake in individual companies as well as taking an active role in management.

For more information:

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About EVE Investments

EVE Investments invests in technology companies with a focus on the medical nutrition sector. The Company's investment strategy has a three-pronged approach.

1. To invest in businesses that are in the early growth phase with the aim to support their expansion programs.
2. To identify products that have unique medicinal properties and a global reach application.
3. Preference for natural organic products that have demonstrated medicinal benefits.

For further information, please visit www.eveinvestments.com.au

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

EVE INVESTMENTS LTD

ABN

89 106 523 611

Quarter ended ("current quarter")

30 JUN 18

Consolidated statement of cash flows

1. Cash flows from operating activities

- 1.1 Receipts from customers
- 1.2 Payments for:
 - (a) research and development
 - (b) product manufacturing and operating costs
 - (c) advertising and marketing
 - (d) leased assets
 - (e) staff costs
 - (f) administration and corporate costs
- 1.3 Dividends received (see note 3)
- 1.4 Interest received
- 1.5 Interest and other costs of finance paid
- 1.6 Income taxes paid
- 1.7 Government grants and tax incentives
- 1.8 Other (provide details if material)
- 1.9 **Net cash from / (used in) operating activities**

2. Cash flows from investing activities

- 2.1 Payments to acquire:
 - (a) property, plant and equipment
 - (b) businesses (see item 10)
 - (c) investments
 - (d) intellectual property
 - (e) other non-current assets
- 2.2 Proceeds from disposal of:
 - (a) property, plant and equipment
 - (b) businesses (see item 10)
 - (c) investments
 - (d) intellectual property
 - (e) other non-current assets
- 2.3 Cash flows from loans to other entities
- 2.4 Dividends received (see note 3)
- 2.5 Other (provide details if material) – Jenbrook deposit
- 2.6 **Net cash from / (used in) investing activities**

	Current quarter \$'000	Year to date (12 months) \$'000
	-	-
	-	-
	(22)	(51)
	-	-
	(183)	(402)
	(103)	(372)
	-	-
	12	16
	-	-
	-	-
	-	-
	(296)	(809)
	-	-
	-	-
	-	(640)
	-	-
	-	-
	-	-
	-	-
	-	-
	-	(200)
	-	-
	(135)	(135)
	(135)	(975)

	Current quarter \$'000	Year to date (12 months) \$'000
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	4,776
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	1,066
3.4 Transaction costs related to issues of shares, convertible notes or options	(7)	(406)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	(7)	5,436
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	4,351	260
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(296)	(809)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(135)	(975)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(7)	5,436
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of quarter	3,912	3,912

	Current quarter \$'000	Previous quarter \$'000
5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1 Bank balances	1,612	3,501
5.2 Call deposits	2,300	850
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,912	4,351

	Current quarter \$'000
6. Payments to directors of the entity and their associates	
6.1 Aggregate amount of payments to these parties included in item 1.2	61
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
Director fees	

	Current quarter \$'000
7. Payments to related entities of the entity and their associates	
7.1 Aggregate amount of payments to these parties included in item 1.2	54
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
Serviced office and administration staff	

	Total facility amount at quarter end \$'000	Amount drawn at quarter end \$'000
8. Financing facilities available Add notes as necessary for an understanding of the position		
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

		\$'000
9.	Estimated cash outflows for next quarter	
9.1	Research and development	-
9.2	Product manufacturing and operating costs	-
9.3	Advertising and marketing	10
9.4	Leased assets	-
9.5	Staff costs	175
9.6	Administration and corporate costs	100
9.7	Other (provide details if material) – Jenbrook transaction (if approved by shareholders)	3,001
9.8	Total estimated cash outflows	3,286

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)		Acquisitions	Disposals
10.1	Name of entity	-	-
10.2	Place of incorporation or registration	-	-
10.3	Consideration for acquisition or disposal	-	-
10.4	Total net assets	-	-
10.5	Nature of business	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Steven Jackson
Company Secretary

25 July 2018

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.