



**eve investments**

ABN 89 106 523 611

Appendix 4D Half-year report  
In compliance with ASX Listing Rule 4.2.A.3  
For the period ended 31 December 2019

## Results for Announcement to the Market

	Half-year ended 31-Dec-19 AUD	Up / Down	% Movement
Revenue from ordinary activities	653,121	Down	31.65%
Loss from ordinary activities after tax attributable to members	(1,700,357)	Up	29.70%
Net loss for the period attributable to members	(1,700,357)	Up	29.70%

## Dividends / distributions

No dividends were declared or paid during the period.

## Net tangible assets per security

	Half-year ended 31-Dec-19 AUD	Half-year ended 31-Dec-18 AUD
Net tangible assets per ordinary security	0.0030	0.0230

## Details of entities over which control has been gained or lost during the period

n/a

## Details of associates and joint venture entities

	Percentage of Ownership Interest		Contribution to Gain (Loss)	
	Half-year ended 31-Dec-19 %	Half-year ended 31-Dec-18 %	Half-year ended 31-Dec-19 AUD	Half-year ended 31-Dec-18 AUD
Omniblend Innovation Pty Ltd	37.7%	37.7%	(314,363)	(420,538)
Meluka Health Pty Ltd	n/a	50.0%	n/a	(140,666)
Wayland Copper Ltd	34.8%	34.8%	-	-

## Compliance Statement

Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' Report and the financial statements for the half-year ended 31 December 2019. This report is based on the financial statements for the half-year ended 31 December 2019 of EVE Investments Limited, which have been reviewed by BDO. The Independent Auditor's Report provided is included in the financial statements for the half-year ended 31 December 2019.



# eve investments

ABN 89 106 523 611

Interim Financial Report  
for the six months ended  
31 December 2019

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**Interim Financial Statements - 31 December 2019**

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## **Directors' Report**

### **Interim Financial Statements - 31 December 2019**

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The Directors of the Group present their report for EVE Investments Limited for the half-year ended 31 December 2019.

#### **Directors**

Directors of the company at any time during or since the end of the half-year are:

Mr George Cameron-Dow – Non-Executive Chairman

Mr Gregory (Bill) Fry – Managing Director

Mr Alasdair Cooke – Non-Executive Director

Mr Michael Pixley – Non-Executive Director

Mr Carlos Jin – Non-Executive Director (appointed 10 December 2019)

Ms Joalin Chou – Non-Executive Director (appointed 21 January 2020)

#### **Review of Operations**

EVE Investments is an Australian Securities Exchange listed vertically integrated producer of branded health, nutrition and wellness products. The Company has global reach and application to fast-growing markets across Australia and New Zealand, Asia Pacific and North America.

#### **Jenbrook**

Jenbrook owns Jendale a 1,147-acre old growth tea tree forest and Robyndale a 1,000-acre plantation used in the production of organic tea tree oil for distribution to international markets. Seasonal harvesting of the plantation areas was completed in July. Small scale wild crafted harvesting continued throughout the period to provide supply of wild crafted organic tea tree oil.

Jenbrook's farms are located in the Bungawalbin valley region of northern NSW. This region was impacted by bushfires late in the Dec quarter. Fortunately, the properties escaped with minimal damage to the forest and no damage to the plantation areas or infrastructure. The plantation tea tree harvest is expected to commence in the March 2020 quarter, subject to seasonal rainfall. Old growth forest areas that were impacted by the bushfires are already evidencing rapid regrowth of tea tree leaf.

The demand for Jenbrook's organic tea tree oil, particularly from the US market, continues to outstrip current supply. The company is focused on initiatives to increase its supply of organic tea tree oil and the newly developed tea tree extract to meet this demand. It will also be seeking to expand the sales of its tea tree hydrosol which is a by-product of producing tea tree oil that is gaining wider acceptance in the cosmetic industry.

#### **Meluka Australia – Distribution**

##### *China*

In mid-December Meluka Australia undertook a product launch in China to Hunan Yandi Bioengineering (Yandi), a leading green life and health care distributor and one of China's largest direct selling organisations with over one million members in its distribution network.

Meluka showcased its unique range of honey products to Yandi's direct sales and marketing network at its annual vendor event for an audience of over 1500 members of Yandi's sales team. Following the product launch, the Company was very pleased to receive first purchase orders for its honey products in China. The order in late December comprised of 21,144 units of Meluka honey and underlines the significant commercial potential for Meluka's honey range in China.

##### *United States*

Meluka appointed US company, Buy Box Experts to assist with its Amazon strategy. Buy Box Experts are a highly regarded Amazon focused, full-service optimisation company that will assist in formulating and executing Meluka Australia's Amazon strategy. During the period, work was undertaken in conjunction with Buy Box Experts to optimise Meluka's listings, resulting in a significant increase in exposure to US consumers and Meluka has been recording month-on-month sales growth of its honey.

*Australia*

Meluka Australia appointed a new distributor covering Victoria, South Australia and Tasmania during the period. The distribution channel covers health food stores and high-end retailers in these states which means Meluka Australia now has distribution in all Australian states (excluding WA).

**Meluka Australia - Product Development**

*Tea Tree Oil*

The Company continued to make strong progress on the development of its own Meluka branded tea tree oil products and is due to launch two offerings in the March 2020 quarter – a wild crafted organic tea tree oil and an organic tea tree oil, both of which will be sourced from the Company's tea tree plantation.

It is expected that the first production run of these products will be distributed in China.

*Bio-Fermented Probiotic Concentrate*

During the period, the Company commenced manufacturing of its first Meluka branded bio-fermented honey and lemon concentrate drink. It is expected that this product will be launched in China, Australia, the US and Japan in the March 2020 quarter. The initial launch will be focused on market testing and feedback before a larger manufacturing run. Additional flavours are planned to be added to the bio-fermented range in the second half of calendar year 2020.

**Naturally Australian Products LLC (NAP) (49% EVE ownership)**

NAP is a US based marketing and wholesale distribution company Naturally Australian Products Inc (NAP). The Company was founded in 2013 and sells essential oils, carrier oils and hydrosols to an established and growing North American customer base.

**Omni Innovation (38% EVE ownership)**

During the period, Omni Innovation's Chinese distribution partner, ASX listed Eagle Health Holdings Ltd (Eagle) (ASX:EHH) continued to progress its application for registration of the Hutang-1 product formula with the National Medical Products Administration (NMPA) (formerly China Food & Drug Administration) as a Food for Special Medical Purpose (FSMP). Once registered sales of Hutang-1 can then commence as a registered product.

Omni Innovation is exploring potential additional partners for the Chinese market as well as the opportunity to reposition its technology for additional applications in Australia and offshore markets.

**Corporate**

The Company appointed AGC Capital Securities Pty Ltd ("AGC Capital") to assist with securing strategic partners to support its growth activities. The process led by AGC Capital resulted in EVE electing to complete a two-tranche placement by entering into Subscription Deeds with two parties; Everhoney Biotech Australia Pty Ltd ("Everhoney") and Hong Kong Jusheng Bolang Technology Co., Limited ("Jusheng Bolang"). The First Subscription raised \$2,411,145 at \$0.005 with shares being issued in mid-December 2019. The Second Subscription raised \$6,888,986 at \$0.01 and was completed in mid-January 2020.

Everhoney subscribed for \$5,270,074 of the placement, being \$1,366,315 in the First Subscription and \$3,903,759 in the Second Subscription, while Jusheng Bolang subscribed for \$1,044,829 in the First Subscription and \$2,985,227 in the Second Subscription for a total subscription of \$4,030,057.


On 10 December 2019, Everhoney appointed Mr Carlos Jin to the board as their representative. On 21 January 2020, Ms Joalin Chou was appointed by Jusheng Bolang as their representative. Each party is entitled to a representative while they maintain a minimum shareholding in the Company of 10%.

**Directors' Report**  
**Interim Financial Statements - 31 December 2019**

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**Auditor's Independence Declaration**

The auditor's Independence Declaration is set out on page 18 and forms part of the Directors' report for the half year ended 31 December 2019.



Gregory (Bill) Fry  
Managing Director  
Perth, 24 February 2020

**Consolidated Statement of Profit or Loss & Other Comprehensive Income**  
**For the half-year ended 31 December 2019**

		<b>31-Dec-19</b>	<b>31-Dec-18</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
Revenue	8	653,121	955,543
Costs of goods sold		(416,712)	(959,452)
<b>Gross profit / (loss) before fair value adjustments</b>		<b>236,409</b>	<b>(3,909)</b>
Change in fair value of biological assets		70,880	-
<b>Gross profit / (loss)</b>		<b>307,289</b>	<b>(3,909)</b>
Other income		455	10,659
Professional fees	9	(120,899)	(50,364)
Employee benefit expense	9	(648,348)	(386,140)
Share-based payments		(160,491)	(103,081)
Share of net profit / (loss) of associates accounted for using the equity method	3	(314,363)	(561,205)
Other expenses	9	(795,611)	(215,933)
Net financial expense		(3,683)	(1,030)
<b>Loss before income tax</b>		<b>(1,735,651)</b>	<b>(1,311,003)</b>
Income tax expense / (benefit)		35,294	-
<b>Loss for the period</b>		<b>(1,700,357)</b>	<b>(1,311,003)</b>
<b>Total comprehensive loss attributable to:</b>			
Equity holders of the Company		(1,700,357)	(1,311,003)
<b>Total comprehensive loss for the period</b>		<b>(1,700,357)</b>	<b>(1,311,003)</b>
<b>Loss per share for loss attributable to the ordinary equity holders of the Company:</b>			
Basic and diluted loss per share (cents)		(0.07)	(0.06)

*The consolidated statement of profit or loss & other comprehensive income is to be read in conjunction with the accompanying notes.*



**Consolidated Statement of Financial Position**  
**As at 31 December 2019**

	Note	31-Dec-19 \$	30-Jun-19 \$
<b>Assets</b>			
<i>Current Assets</i>			
Cash and cash equivalents		1,775,957	340,260
Trade and other receivables		193,296	449,141
Inventories		243,914	105,591
<b>Total current assets</b>		<b>2,213,167</b>	<b>894,992</b>
<i>Non-current Assets</i>			
Property, plant and equipment	4	4,716,317	4,609,288
Goodwill		825,059	825,059
Intangibles		130,631	137,463
Right-to-use assets		82,896	-
Biological assets		118,391	26,826
Equity accounted investments	3	1,513,635	1,827,998
Loans to associates		334,723	239,833
Deferred tax assets		216,665	217,491
<b>Total non-current assets</b>		<b>7,938,317</b>	<b>7,883,958</b>
<b>Total assets</b>		<b>10,151,484</b>	<b>8,778,950</b>
<b>Liabilities</b>			
<i>Current Liabilities</i>			
Trade and other payables		673,189	563,733
Borrowings	6	659,945	577,208
Lease liabilities		44,025	-
Deferred consideration		245,000	245,000
<b>Total current liabilities</b>		<b>1,622,159</b>	<b>1,385,941</b>
<i>Non-current Liabilities</i>			
Borrowings	6	522,613	722,653
Lease liabilities		39,310	-
Deferred tax liability		785,386	821,507
<b>Total non-current liabilities</b>		<b>1,347,309</b>	<b>1,544,160</b>
<b>Total liabilities</b>		<b>2,969,468</b>	<b>2,930,101</b>
<b>Net assets</b>		<b>7,182,016</b>	<b>5,848,849</b>
<b>Equity</b>			
Issued capital	10	26,505,521	23,602,354
Reserves		251,814	273,182
Accumulated losses		(19,575,319)	(18,026,687)
<b>Total equity attributable to shareholders of the Company</b>		<b>7,182,016</b>	<b>5,848,849</b>

*The consolidated statement of financial position is to be read in conjunction with the accompanying notes.*

**Consolidated Statement of Changes in Equity  
For the half-year ended 31 December 2019**

	Issued capital	Accumulated losses	Share-based payments	Total
Half-year ended 31 December 2019	\$	\$	\$	\$
<b>Total equity at 1 July 2019</b>	<b>23,602,354</b>	<b>(18,026,687)</b>	<b>273,182</b>	<b>5,848,849</b>
Loss for the period	-	(1,700,357)	-	(1,700,357)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	(1,700,357)	-	(1,700,357)
<b>Transactions with owners in their capacity as owners:</b>				
Share issue net of issue costs	2,873,033	-	-	2,873,033
Share based payment expense	(19,199)	-	179,690	160,491
Transfer from reserve to issued capital	49,333	-	(49,333)	-
Transfer from reserve to accumulated losses	-	151,725	(151,725)	-
	2,903,167	151,725	(21,368)	3,033,524
<b>Total equity at 31 December 2019</b>	<b>26,505,521</b>	<b>(19,575,319)</b>	<b>251,814</b>	<b>7,182,016</b>

**Half-year ended 31 December 2018**

<b>Total equity at 1 July 2018</b>	<b>22,710,032</b>	<b>(15,505,681)</b>	<b>176,107</b>	<b>7,380,458</b>
Loss for the period	-	(1,311,003)	-	(1,311,003)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	(1,311,003)	-	(1,311,003)
<b>Transactions with owners in their capacity as owners:</b>				
<b>Share issue net of issue costs</b>	220,874	-	-	220,874
Share based payment expense	-	-	103,081	103,081
Transfer from reserve to accumulated losses	-	117,500	(117,500)	-
	220,874	117,500	(14,419)	323,955
<b>Total equity at 31 December 2018</b>	<b>22,930,906</b>	<b>(16,699,184)</b>	<b>161,688</b>	<b>6,393,410</b>

*The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.*

**Consolidated Statement of Cash Flows**  
**For the half-year ended 31 December 2019**

	<b>31-Dec-19</b>	<b>31-Dec-18</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Cash paid to suppliers and employees	(1,767,447)	(1,333,504)
Interest received	455	9,861
Interest paid	(29,887)	(17,638)
Receipts from customers	581,043	730,361
<b>Net cash (used) in operating activities</b>	<b>(1,215,834)</b>	<b>(610,920)</b>
<b>Cash flows from investing activities</b>		
Loans to associates	-	(228,491)
Acquisition of businesses	-	(3,001,040)
Acquisition of property, plant and equipment	(92,830)	(76,785)
<b>Net cash (used) in investing activities</b>	<b>(92,830)</b>	<b>(3,306,316)</b>
<b>Cash flows from financing activities</b>		
Proceeds from the issue of share capital	3,081,145	-
Payment for share issuance costs	(226,611)	(20,939)
Proceeds / (repayments) from / (of) borrowings	(110,171)	272,040
<b>Net cash provided by financing activities</b>	<b>2,744,363</b>	<b>251,101</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>1,435,697</b>	<b>(3,666,135)</b>
<b>Cash and cash equivalents at 1 July</b>	<b>340,260</b>	<b>3,912,370</b>
Effect of exchange rates fluctuations on cash held	-	-
<b>Cash and cash equivalents at 31 December</b>	<b>1,775,957</b>	<b>246,235</b>

*The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.*

### 1. Basis of preparation of half-year statements

These general purpose financial statements are for the interim half-year reporting period ended 31 December 2019 and have been prepared in accordance with *Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Act 2001*.

The financial report does not include all the notes of the type normally included in the annual financial statements. Accordingly, this report is to be read in conjunction with the annual financial statements for the year ended 30 June 2019 and any public announcements made by EVE Investments Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

### 2. Significant accounting Policies

The accounting policies applied by the Group in these interim financial statements are the same as those applied by the Group in its financial statements as at and for the year ended 30 June 2019 and corresponding interim reporting period, with addition to those noted below:

#### **New, revised, or amending Accounting Standards and Interpretations adopted**

The entity has adopted all new, revised, or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the entity.

#### **AASB 16 Leases**

AASB 16 replaces AASB 117 Leases and related interpretations. AASB 16 removes the classification of leases as either operating leases or finance leases – for the lessee – effectively treating all leases as finance leases. Most leases will be capitalised on the statement of financial position by recognising a lease liability for the present value obligation and a 'right of use' asset. The right of use asset is calculated based on the lease liability plus initial direct costs, prepaid lease payments and estimated restoration costs less lease incentives received. This will result in an increase in the recognised assets and liabilities in the statement of financial position as well as a change in the expense recognition with interest and depreciation replacing operating lease expense. There are exemptions for short-term leases and leases of low-value items.

Lessor accounting remains similar to current practice, i.e. lessors continue to classify leases as finance and operating leases.

AASB 16 is effective from annual reporting periods beginning on or after 1 January 2019. The application of AASB 16 Leases became effective for the Company on 1 July 2019 and has not had a material effect on the Company's financial statements. The Company applied the modified retrospective approach.

There is no material impact of the new and revised Standards and Interpretations on the Company and therefore, no material change is necessary to Group accounting policies.

#### **Standards and Interpretations in issue not yet adopted**

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the half-year ended 31 December 2019.

There is no material impact of the proposed Standards and Interpretations on the Company.

### 3. Investments in associates

The Company's investments into both Omni Innovation and Naturally Australia Products LLC ("NAP") are recognised as investments in associates. The Company holds only 37.7% of Omni Innovation and is not in a position to control the Company's Board or overall direction, although it does hold significant influence.

**Notes to the consolidated financial statements**  
**31 December 2019**

*Significant Judgment*

The 49% investment in NAP has been deemed to be a joint venture with the other equity holder. Key decisions that impact on NAP effectively require the approval of all of NAP's shareholders and therefore EVE is not in a position to control the investment in its own right.

	31-Dec-19 \$	30-Jun-19 \$
<b>Investments in associates</b>		
<b>Balance at the beginning of the period</b>	1,827,998	3,179,984
Acquisition of interest in Naturally Australian Products	-	7,533
Derecognition of investment in Meluka Health	-	(437,406)
Share of losses after income tax	(314,363)	(922,113)
<b>Balance at the end of the period</b>	<b>1,513,635</b>	<b>1,827,998</b>

	Ownership		Company's share of:		
	interest	Assets	Liabilities	Revenues	Profits / (losses)
	%	\$	\$	\$	\$
Omni Innovation	37.70%	319,972	5,851	-	(314,363)
Naturally Australian Products	49.00%	375,383	605,914	485,691	(93,913)

The \$1,513,635 value of investments at 31 December represented the carrying value of Omni Innovation. The Company's \$93,913 share of losses after income tax in Naturally Australian Products hasn't been taken up as the carrying value of the investment in Naturally Australian Products is carried at nil.

*Loans to associates*

	31-Dec-19 \$	30-Jun-19 \$
<b>Loans to associates</b>		
<b>Balance at the beginning of the period</b>	239,833	-
Loans to associates	119,161	474,490
Derecognition on acquisition of 100% of Meluka Health	-	(150,613)
Unrealised foreign exchange movement	(3,331)	2,482
Amortised financial expense	(20,940)	(86,526)
<b>Balance at the end of the period</b>	<b>334,723</b>	<b>239,833</b>

Loans to associates have a repayment date of 30 June 2023 and have a nil interest rate.

The loans to associates have a fair value of \$334,723 and were calculated based on cash flows discounted using an 8% discount rate. The amortised finance expense has been recognised as a financing cost in the period.

Notes to the consolidated financial statements  
31 December 2019

4. Property, plant and equipment

	Freehold land	Freehold buildings	Bearer assets	Furniture & fittings	Motor vehicles	Plant & equipment	Computer Equipment	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>At 30 June 2019</b>								
Cost or fair value	2,776,758	242,157	1,312,752	3,318	15,846	412,231	1,528	4,764,590
Accumulated depreciation	-	(10,327)	(68,190)	(480)	(4,515)	(70,620)	(1,170)	(155,302)
Net book amount	2,776,758	231,830	1,244,562	2,838	11,331	341,611	358	4,609,288
<b>Half-year ended 31 December 2019</b>								
Opening net book amount	2,776,758	231,830	1,244,562	2,838	11,331	341,611	358	4,609,288
Additions	-	-	-	-	-	215,329	-	215,329
Disposals	-	-	-	-	-	(2,358)	-	(2,358)
Depreciation charge	-	(6,874)	(41,273)	(291)	(2,725)	(54,633)	(146)	(105,942)
Closing Net Book Amount	2,776,758	224,956	1,203,289	2,547	8,606	499,949	212	4,716,317
<b>At 31 December 2019</b>								
Cost or fair value	2,776,758	242,157	1,312,752	3,318	15,846	623,560	1,528	4,975,919
Accumulated depreciation	-	(17,201)	(109,463)	(771)	(7,240)	(127,611)	(1,316)	(263,602)
Net book amount	2,776,758	224,956	1,203,289	2,547	8,606	495,949	212	4,712,317

5. Business combinations

a) Jenbrook Pty Ltd

On 30 August 2018, the Company acquired 100% of the shares of Jenbrook Pty Ltd, an established certified organic tea tree farm in the Northern Rivers region of NSW. In the prior period, the Company had provisionally recognised the fair values of the identifiable assets and liabilities of Jenbrook based upon the best available information as of the reporting date.

The provisional accounting has been finalised and no adjustments were made to the acquisition date accounting as disclosed in the June 2019 Annual Report.

b) Meluka Health Pty Ltd

On 25 February 2019, the Company acquired the remaining 50% of shares in Meluka Health Pty Ltd, an organic Australian honey and contract manufacturing business, that it did not previously control. In the prior period, the Company had provisionally recognised the fair values of the identifiable assets and liabilities of Meluka Health based upon the best available information as of the reporting date.

The provisional accounting has been finalised and no adjustments were made to the acquisition date accounting as disclosed in the June 2019 Annual Report.

6. Borrowings

	31-Dec-19	30-Jun-19
	\$	\$
<b>Borrowings</b>		
Revolving facility (i)	413,930	474,101
Jenbrook loan (ii)	200,040	50,000
Other unsecured borrowings	45,975	53,107
<b>Current borrowings</b>	659,945	577,208
Jenbrook loan (ii)	-	200,040
Meluka loan (iii)	100,613	100,613
Business loan (iv)	422,000	422,000
<b>Non-current borrowings</b>	522,613	722,653

**Notes to the consolidated financial statements**  
**31 December 2019**

- (i) Variable interest rate with no end date. Secured by a mortgage against the Robyndale property.  
(ii) Variable interest rate with an end date of September 2020. Secured by a mortgage against the Jendale property.  
(iii) Nil interest rate with a 3-year term, ending in 2022.  
(iv) Variable interest rate with a 15-year term, ending in 2034. Secured by a mortgage against the Robyndale property.

**7. Segment reporting**

The Company's Board receives segment information across two reportable business segments, Agriculture and Investment.

<b>Period ended 31 December 2019</b>	<b>Agriculture</b>	<b>Investment</b>	<b>Unallocated</b>	<b>Consolidated</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Total segment revenue	653,121	-	-	653,121
Segment net gain / (loss) after tax	(572,828)	(20,940)	(1,106,589)	(1,700,357)
Segment assets	6,676,531	1,848,358	1,626,595	10,151,484
Segment liabilities	2,782,679	-	186,789	2,969,468
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Period ended 31 December 2018</b>				
Total segment revenue	955,543	-	-	955,543
Segment net gain / (loss) after tax	(299,837)	(1,011,166)	-	(1,311,003)
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Period ended 30 June 2019</b>				
Segment assets	6,602,871	2,067,831	108,248	8,778,950
Segment liabilities	2,743,522	-	186,578	2,930,101

**8. Revenue**

	<b>31-Dec-19</b>	<b>31-Dec-18</b>
	<b>\$</b>	<b>\$</b>
<b>At a point in time</b>		
Tea tree, essential oils and honey sales	400,020	955,543
Contract manufacturing	253,101	-
	<b>653,121</b>	<b>955,543</b>

*Disaggregation of revenue from contracts with customers*

The Group derives its revenue from the sale of tea tree, essential oils and honey and the provision of contract manufacturing services. The transfer of goods is a point in time for all product lines.

Revenue is recognised when or as the Group transfers control of goods or services to a customer at the amount to which the Group expects to be entitled. If the consideration promised includes a variable component, the Group estimates the expected consideration for the estimated impact of the variable component at the point of recognition and re-estimated at every reporting period.

The Group primarily generates revenue from the sale of tea tree oil and essential oils, honey sales and contract manufacturing.

**Notes to the consolidated financial statements**  
**31 December 2019**

Revenue from the sale of these goods is recognised when control over the inventory has transferred to the customer. Control is generally considered to have passed when:

- physical possession and inventory risk is transferred (including via a third-party transport provider);
- payment terms for the sale of goods can be clearly identified through invoices issued to customers; and
- the customer has no practical ability to reject the product where it is within contractually specified limits.

**9. Expenses**

	<b>31-Dec-19</b>	<b>31-Dec-18</b>
	<b>\$</b>	<b>\$</b>
<b>Professional fees</b>		
Audit fees	31,222	21,093
Tax consulting services	2,980	2,700
Legal costs	13,325	29,228
Corporate consultants	37,500	-
Other professional fees	35,872	(2,657)
	<b>120,899</b>	<b>50,364</b>
<b>Employee benefit expense</b>		
Salaries & superannuation	491,218	199,290
Directors Fees	157,130	186,850
	<b>648,348</b>	<b>386,140</b>
<b>Other expenses</b>		
Administration costs	137,524	75,956
Marketing costs	278,353	-
Premises costs	52,419	17,430
Financing costs	20,940	-
Share registry expense	46,099	47,137
Travelling costs	110,220	43,038
Depreciation	113,479	44,961
Amortisation	6,832	-
Interest expense	29,887	17,638
(Gain)/loss on sale of assets	(142)	-
(Gain)/loss on settlement of fees paid in equity	-	(30,227)
	<b>795,611</b>	<b>215,933</b>

**10. Issued capital**

	<b>31-Dec-19</b>	<b>30-Jun-19</b>
	<b>\$</b>	<b>\$</b>
Issued capital	28,220,347	25,071,368
Cost of share issue	(1,714,826)	(1,469,014)
	<b>26,505,521</b>	<b>23,602,354</b>



**Notes to the consolidated financial statements**  
**31 December 2019**

	31-Dec-19 Shares	30-Jun-19 Shares	31-Dec-19 \$	30-Jun-19 \$
<b>Balance at the beginning of the period</b>	2,393,314,323	2,238,804,322	23,602,354	22,710,032
Placement at 0.5 cents per share	619,928,998	16,866,666	3,099,645	84,333
Placement at 0.6 cents per share		99,166,668		595,000
Issue of shares to extinguish loan at 0.8 cents per share	-	30,226,667	-	241,813
Conversion of options / performance rights	9,250,000	8,250,000	-	-
Shares issued in lieu of fees to directors	12,333,332	-	49,333	-
Capital raising costs	-	-	(245,811)	(28,824)
<b>Balance at the end of the period</b>	<b>3,034,826,653</b>	<b>2,393,314,323</b>	<b>26,505,522</b>	<b>23,602,354</b>

**11. Share-based payments**

Equity-settled share-based payments are measured at fair value at the date of grant. Fair value is measured by use of a Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

	31-Dec-19 \$	31-Dec-18 \$
Shares / Options in lieu (a)	73,015	-
Performance rights (b)	87,476	103,081
<b>Share-based payments recognised in the income statement</b>	<b>160,491</b>	<b>103,081</b>
Broker options (c)	19,201	-
<b>Share-based payments capitalised</b>	<b>19,201</b>	<b>-</b>

**a) Shares and options in lieu**

During the period the Board members agreed to convert accrued fees for into equity on the same terms as the placement announced in July 2019. The issue of shares and attaching options was approved by the Company's shareholders at a shareholder meeting in September 2019. The shares and attaching options were issued on 2 October 2019.

Director	Accrued director fees	Shares received	Value of shares received	Options received	Value of options received
	\$	No.	\$	No.	\$
George Cameron-Dow	10,000	2,000,000	8,000	2,000,000	2,319
Michael Pixley	17,500	3,500,000	14,000	3,500,000	4,058
Alasdair Cooke	17,500	3,500,000	14,000	3,500,000	4,058
Gregory Fry	16,667	3,333,332	13,333	3,333,332	3,865
	61,667	12,333,332	49,333	12,333,332	14,300

The fair value of the shares on issue date \$0.004/share have been recognised in the Company's accounts as a share-based payment. The value of each option (\$0.00116) was derived from a Black-Scholes calculation taking into account the exercise price of \$0.006, the underlying share price on the grant date of \$0.004, a volatility of

100% and a risk-free rate of 0.75%. The value of the options was been recognised in the Company's accounts as a share-based payment.

**b) Performance rights**

The EVE Employee Incentive Scheme is designed to provide long-term incentives for senior managers and above (including executive Directors) to deliver long-term shareholder returns. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Performance Rights are granted under the plan for no consideration. Performance Rights granted under the plan carry no dividend or voting rights. When vested, each performance right is convertible into one ordinary share.

The terms and conditions of each grant of performance rights is disclosed within the 30 June 2019 Annual Report.

At each reporting date the likelihood of each performance right hurdle is reviewed by management and the share-based payment adjusted accordingly. During the year \$87,476 (2018: \$103,081) of expense was recorded. This value was based off the underlying share price on the date of issue and likelihood of the performance right hurdle being met.

**c) Broker options**

On 2 October 2019 the Company issued 10,000,000 broker options related to the placement completed in July 2019. The value of the options was \$19,201 and was capitalised as a capital raising cost. The value was derived from a Black-Scholes calculation taking into account the exercise price of \$0.006, the underlying share price on the grant date of \$0.004, a volatility of 100% and a risk-free rate of 0.75%.

**12. Dividends**

No dividends were declared or paid by the Company.

**13. Related parties**

Transactions with the related parties are consistent with those disclosed in the 30 June 2019 financial report.

On 2 October 2019, \$61,667 of accrued director fees were settled through the issue of 12,333,332 shares and 12,333,332 unlisted options with the difference in fair value being accounted for within share based payments. Refer to note 11(a) for details on the settlement of these fees.

**14. Capital and other commitments**

There were no capital or other commitments at reporting date.

**15. Contingent assets and liabilities**

There are no identified contingent assets or liabilities as at reporting date.

**16. Events occurring after the reporting period**

On 15 January 2020, the Group completed a capital raising of \$6,888,986 (before costs) at a price of \$0.01 per share. On 21 January 2020, Ms Joalin Chou was appointed as a Non-Executive Director of the Company.

Other than disclosed above no matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations, results or the state of affairs of the entity in future financial years.

**Directors' Declaration**  
**Interim Financial Statements - 31 December 2019**

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- 1 In the opinion of the directors of EVE Investments Limited:
  - a. The financial statements and notes set out on pages 6 to 16 are in accordance with the Corporations Act 2001, including:
    - i. Giving a true and fair view of the entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
    - ii. Complying with AASB 134 Interim Financial Reporting, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - b. there are reasonable grounds to believe that EVE Investments Limited 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 directors.



Gregory (Bill) Fry  
Managing Director  
Perth, 24 February 2020

**Auditor's Independence Declaration**  
**Interim Financial Statements - 31 December 2019**

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**DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF EVE INVESTMENTS LIMITED**

As lead auditor for the review of EVE Investments Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of EVE Investments Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Dean Just', is written over a light blue horizontal line.

**Dean Just**  
**Director**

**BDO Audit (WA) Pty Ltd**  
Perth, 24 February 2020

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## **INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of EVE Investments Limited

### **Report on the Half-Year Financial Report**

#### **Conclusion**

We have reviewed the half-year financial report of EVE Investments Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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 the Group is not in accordance with the *Corporations Act 2001* including:

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

#### **Directors' responsibility for the Half-Year Financial Report**

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year 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 half-year 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 half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its financial 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 the Group, 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 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 the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

**BDO Audit (WA) Pty Ltd**

BDO  
A handwritten signature in black ink, appearing to read 'Dean Just', written over the printed name.

**Dean Just**  
**Director**

Perth, 24 February 2020