



eve investments

ABN 89 106 523 611

ANNUAL REPORT 2020



Corporate Directory

Directors

Mr George Cameron-Dow
Non-Executive Chairman

Mr Gregory (Bill) Fry
Managing Director/CEO

Mr Alasdair Cooke
Non-Executive Director

Mr Carlos Jin
Non-Executive Director

Ms Joalin Chou
Non-Executive Director

Mr Steven Jackson

Company Secretary

Principal Registered Office in Australia

Suite 1
245 Churchill Avenue
Subiaco WA 6008

Share Registry

Link Market Services
Level 12, QV1 Building
250 St Georges Terrace
Perth WA 6000

Stock Exchange Listing

EVE Investments Limited
shares are listed
on the Australian Securities
Exchange (ASX: EVE)

Auditor

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Solicitors

Fairweather Corporate
Lawyers
Suite 2, 589 Stirling Highway
Cottesloe WA 6011

Bankers

Bankwest Limited
Bankwest Place, 300 Murray
Street
Perth WA 6000

Website

www.eveinvestments.com.au



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The Bungwalbin Valley provides a pristine, clean, and green environment for our healthy honey bees to forage in. We believe strong trees and healthy bees produce superior honey.

Dear Shareholders,

2020 has truly been a transformational year for the business of EVE with several key milestones being achieved that position the Company for a successful future and allowing it to execute its strategy for the Jenbrook and Meluka business divisions.

Key milestones include:

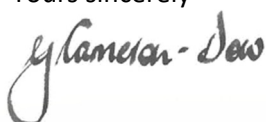
- Completing \$9.3m placement with two strategic investors Everhoney Biotech Australia Pty Ltd and Hong Kong Jusheng Bolang Technology Co., Limited.
- The product launch in China to Hunan Yandi Bioengineering (Yandi), a leading green life and health care distributor and one of China's largest direct selling organisations with over one million members in its distribution network.
- Following the launch, the Company has received three orders for its raw honey product with strong demand seeing the product sell out before stock arrives in China.
- The Company launched its first branded tea tree oil product, with the maiden sale to Yandi for the Chinese market highlighting the value of the Chinese market to the Company's growth.
- Continual growth of our sales through our distributor network in Australia as well as direct to consumer sales channels in Australia and the United States.
- The launch of the Company's unique bio-fermented honey and lemon probiotic concentrate targeting the growing gut health market segment. The response to the new product has been beyond the Company's expectations and we look forward to expanding out the probiotic concentrate line in the coming year.

While the year has brought challenges with the Australian bushfire seasons and the global impacts of COVID-19, our Company has not taken a backward step in this period, with continuing growth in our Australian operations and our team managing to keep exports to key markets such as China and the United States continuing throughout this period, despite the global logistical challenges.

I would like to thank the management team and all our employees for their adaptability and resilience during this time in ensuring that we continued to meet the needs of our customers and stakeholders.

EVE is uniquely positioned in the growing wellness sector with an expanding range of products with global appeal. The coming year will see the Company growing its position in our existing markets as well as expanding into new key jurisdictions in Asia and Europe. We thank shareholders for their support and look forward to sharing our journey with you over the coming years as we execute EVE's business strategy.

Yours sincerely



George Cameron-Dow
Non-Executive Chairman



Funding to Support Growth

This year was a transformational year for our Company with perhaps the greatest milestone being the completion of a large capital raising to two strategically aligned investors. The capital raising secured \$9.3m and was completed in January 2020, introducing two new investors, Everhoney Biotech Australia Pty Ltd (Everhoney) and Hong Kong Jusheng Bolang Technology Co., Limited (Jusheng Bolang) to the Company register.

The funding from Everhoney and Jusheng Bolang has provided the Company with the capital to roll out its program of expansion over the next 3 years targeting the key markets of China, US, Australia and Japan. The funding allows for the expansion of product marketing and promotional activities, the continued development of Meluka Australia product ranges as well as modernising the operations at Jenbrook's organic tea tree farms in the Bungawalbin region of northern New South Wales.

Company Joins Forces with Hunan Yandi for China Distribution

The Company conducted an extensive process in 2020 to seek out a distributor for China, a market that the Company had identified as a key growth opportunity for the Meluka Australia product range.

Meluka Australia was pleased to undertake a product launch in December 2019 in China with 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. The launch was attended by the top sellers from Yandi's network and was extremely well received by Yandi's team.

Immediately following the launch, the first order of honey was received, which was delivered in March and successfully launched through Yandi's online portal in China in May 2020. Following the launch to Yandi's distribution network, they quickly placed a second order with a third order received in August 2020.

The March quarter also saw the first order of tea tree oil placed from Yandi. The maiden production run of 57,600 units of Meluka's own branded tea tree oil at its Alstonville facility in Northern NSW was completed in June 2020. The product is the first in a line of Meluka essential oil products that have been developed for the Australian and overseas markets.

The strong demand for the Company's product in China is a credit to the work done by the Yandi and Meluka teams. The Company is incredibly pleased with the co-operation shown by Yandi and their team and believe they share our vision for the current and future Meluka Australia product offerings.

Key Appointments

The growth of the Company's operations has led to several new important appointments during the year.

- Bill Fry was elevated to the position of Managing Director and Chief Executive Officer of EVE.
- Ben Rohr was elevated to Chief Operating Officer of EVE and Chief Executive Officer of the Meluka Australia operations.
- Stephanie Yip was appointed as Marketing Manager to oversee Meluka's marketing strategy and upcoming product launches. Stephanie has over 15 years of consumer brand marketing and business management experience in the health & wellness sector.
- Jesse Redhead was appointed as Farm Manager, in charge of the Company's operations at the Jenbrook organic tea tree oil farms.

- Carlos Jin and Joalin Chou joined the Company's Board as Non-Executive Directors as representatives of Everhoney and Jusheng Bolang respectively. Non-Executive Director Michael Pixley retired at the end of the year.

These appointments have complemented the Company's existing team and will be invaluable to advance the company's global expansion. We were also proud to have expanded staff numbers across all areas of our business, with new team members added in the areas of farming, manufacturing and operations.

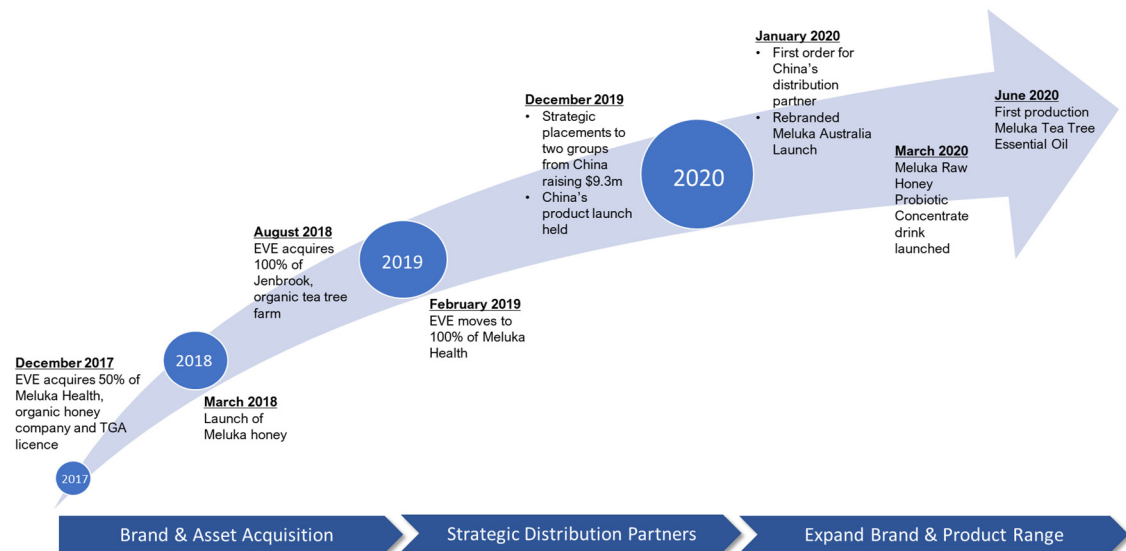


Image 1: Growth milestones for the business.

Brand Refresh

A key focus was on marketing initiatives during the year. Meluka Australia released its refreshed brand identity in December 2019, comprising of a fresh, new look across its brand packaging of consumer products, as well as across its e-commerce and social media platforms, which was very well received. As the brand had evolved, the time was right for a change and a transition to a new brand identity that better depicted our pillar; the cherished *Melaleuca alternifolia* mother trees that thrive amongst our farms, in the birthplace of Australian tea tree and at our home in the Northern NSW Bungawalbin Valley.

US Sales Growth

Alongside China, the US continues to be an important market for Meluka Australia demonstrating strong growth for our products during the year. The Company appointed US marketing and distribution experts in the period to further refine the sales and marketing strategy. During the height of COVID-19 the growing demand for Meluka Australia's products in the US resulted in rapid sales growth of our native raw honey product as well as boosting the position of the product into one of the top selling honey products in its category on Amazon in a very competitive market.

Launch of Bio-fermented Probiotic Concentrate

Another accomplishment for Meluka was the successful launch of its Bio-fermented Probiotic Concentrate to the Australian market in March 2020. The bio-fermented concentrate, manufactured

by a leading Australian probiotics company on behalf of Meluka, incorporates an Australian produced probiotic combination, targeted at improving gut health and general wellbeing.

The feedback from the market was incredibly positive and following the successful launch to Australian consumers, the Company launched the product in North America via Meluka's US e-commerce site and on Amazon US shortly after in March 2020.

In late May 2020, the Company announced a further 20,000 units of the Bio-fermented Probiotic Concentrate would be manufactured after the initial success in Australia showed a strong appetite for the product. The second order brings the addition of a new variant 'Original' flavour to be released post year end to complement the range.

Pleasingly, the addition of the concentrate to Meluka's honey range has resulted in cross selling of other honey products and Meluka will build towards more significant marketing initiatives to promote the product once the larger manufacturing run is complete.

The R&D Pipeline

Research and development are a key part of maintaining our uniqueness in the industry and the Company is pleased to be investing this area. In 2020, a key focus was on our potent tea tree extract. The extract is a unique aqueous solution that delivers tea tree's signature antimicrobial and antibacterial properties. Development of our tea tree extract will continue in 2021 with further tea tree derived products to be added to Meluka Australia's product range.

The Company has also been undertaking a program of new product development on potential Meluka Australia product offerings, this includes additional infused products in our honey range and an expansion of our successful probiotic drink line. The areas of probiotics and gut health have been identified by the Company as targets for our 2021 R&D programs, with exciting work underway to produce our own probiotic strains using bacteria from within our beehives.

At our tea tree farm, we continue to explore new ways to increase yield from our crop while maintaining its important organic status. The Company is also exploring further uses of by-products from our distillation operations to ensure that we get the most out of our tea tree and deliver unique products to our customers whilst eliminating waste.

Given the importance of honey to our Company, we have conducted research in the areas of bee health and the benefits that tea tree can play on their health. We are excited to continue our research collaborations with leading Australian universities into the positive effect foraging on tea trees has on bee health.

Product Portfolio

Raw Honey Probiotic Concentrate



Premium, organic honey products



Premium Tea Tree Essential Oil



Farming Operations

The Company owns and operates one of the largest organic tea tree plantations in Australia.

This year saw catastrophic bushfires experienced in large areas of rural Australia. Bushfires were experienced in the Bungawalbin region in Northern New South Wales where the Company's farm is situated, and although our tea tree plantation and farm infrastructure were not affected, the Company did experience fire in parts of its old-growth forest. The resilience and enduring strength of Mother Nature shone through with fire damaged areas quickly rejuvenating.

The year has seen very strong demand for Jenbrook's organic tea tree oil with orders received for 100% of the 2020 calendar year's harvest. A minimum sales price increase of 12.5% on last year's average sales price has been achieved for bulk organic tea tree oil. The demand for Jenbrook's organic tea tree oil, particularly from the US market, continued to outstrip supply and the company continues to focus on initiatives to increase its supply of organic tea tree oil and tea tree extract to meet this demand.

It will also be seeking to expand the sales of its tea tree hydrosol, a by-product of producing tea tree oil. The tea tree hydrosol is gaining wider acceptance in the cosmetic industry as a hydrating antibacterial product that can be applied directly or used as an ingredient base for cosmetic product formulations.

Naturally Australian Products

Naturally Australian Products (NAP), is a bulk essential oil distribution business owned 49% by EVE and 51% by NAP CEO Robyn Ingersole, who has over 25 years of experience within the natural ingredient industry, with a focus on essential oils, hydrosols and natural extracts. The business is based in California, USA servicing clients in North America.

The 2020 financial year was a period of strong growth for the NAP business generating \$2.3m of revenue, a 100% increase on the 2019 result. The NAP sales team has been continuing to grow their existing client order book while successfully gaining several new clients. NAP has also been able to grow its supply channels, allowing it to increase the gross margin on sales.

During the year NAP also completed a relocation to a new, larger warehouse premises which has better positioned it to grow the business and respond quickly to customer requirements for high quality essential oils. It also provides a single storage and distribution point for Meluka Australia branded products entering the US market.

Omni Innovation

During the year Omni Innovation appointed experienced corporate executive Rod Hannington as its CEO. The intellectual property program continued with the granting of patents for the Company's technology in Hong Kong, Israel and South Korea. Omni Innovation continues its strategy of the commercialisation of the intellectual property in Australia and overseas.

Overcoming Challenging Conditions

COVID-19 has significantly changed the operating landscape for all business in the near-term, but despite the economic challenges posed by COVID-19, the Company's operations experienced strong sales growth in all regions. EVE was pleased to report that all supply chains remained open and fully operational, including freight lines to our key export markets of China and North America. Importantly,

the health and wellbeing of our staff was preserved, and we were able to support our customers by maintaining operations and continuity of supply.

The Directors of the Group present their report together with the financial report of EVE Investments Limited ("the Group" or "EVE") for the financial year ended 30 June 2020.

1. Directors and Company Secretary

The Directors and Company Secretary in office at any time during or since the end of the financial year are:

Mr George Cameron-Dow – Non-Executive Chairman

Mr Gregory (Bill) Fry – Managing Director (appointed 10 December 2019, previously Executive Director)

Mr Alasdair Cooke – Non-Executive Director

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

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

Mr Michael Pixley – Non-Executive Director (resigned 30 June 2020)

Mr Steven Jackson – Company Secretary

Directors' Meetings

	Board of Directors		Remuneration Committee		Audit Committee	
	Present	Held	Present	Held	Present	Held
George Cameron-Dow	4	4	1	1	3	3
Gregory Fry	4	4	-	-	-	-
Alasdair Cooke	4	4	1	1	3	3
Carlos Jin	2	2	-	-	1	1
Joalin Chou	2	2	-	-	-	-
Michael Pixley	4	4	1	1	2	2

Biographies

Mr George Cameron-Dow | Non-Executive Chairman

Mr Cameron-Dow has extensive board experience spanning a range of industries including the pharmaceutical, biosciences and health care sectors. In addition to his extensive experience with large corporations, he has also served as chair of a number of ASX listed companies, retirement funds and a private health insurance fund. Mr Cameron-Dow has a Master of Management (cum laude) from Wits University and in 1998 attended the Stanford Executive Program at Stanford University, USA and is fellow of the Australian Institute of Company Directors. He is a founding director of investment fund manager Fleming Funds Management (previously St George Capital Pty Ltd) and investment advisory firm Fleming Capital Pty Ltd.

Other current directorships

CV Check Limited

Special responsibilities

Chairman

Chairman of audit committee

Chairman of remuneration committee

Former directorships in the last three years

-

Interests in shares and options

7,999,980 ordinary shares

3,000,000 performance rights

2,000,000 unlisted options

Mr Gregory Fry | Managing Director

Mr Fry has more than 20 years corporate experience specialising in accounting, management, business development and general corporate activities. He has vast experience in project evaluation and development, project funding, management, finance and operations. Mr Fry has been on the board of several public and private companies across the sectors of agriculture, mining, property and funds management.

Other current directorships

-

Special responsibilities

Managing Director

Former directorships in the last three years

African Energy Resources Limited

Anova Metals Limited

Interests in shares and options

71,902,622 ordinary shares

22,000,000 performance rights

3,333,332 unlisted options

Directors' Report
30 June 2020

Mr Alasdair Cooke BSc (Hons) | Non-Executive Director

Mr Cooke has more than 20 years experience, in board and senior executive positions, managing multiple publicly listed and private enterprises as well as founding a private company specialising in project incubation and development.

Other current directorships

African Energy Resources Limited
Caravel Minerals Limited

Special responsibilities

Member of the remuneration committee
Member of the audit committee

Former directorships in the last three years

Anova Metals Limited

Interests in shares and options

185,874,601 ordinary shares
3,000,000 performance rights
3,500,000 unlisted options

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

Mr Jin has nearly 30 years of working experience in foreign companies as well as Chinese state-owned enterprises, specifically in the functions of human resources management and investment management and holds a master's degree in business administration.

Other current directorships

-

Special responsibilities

Member of the remuneration committee
Member of the audit committee

Former directorships in the last three years

-

Interests in shares and options

-

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

Ms Chou holds 25 years of successful experience in all facets of sales and marketing, from product development to strategic marketing and sales management. Ms Chou has considerable experience in marketing, coupled with a deep understanding of market trends has seen her hold senior positions within leading companies and successfully drive company growth in the everchanging healthcare and wellness industry.

Other current directorships

-

Special responsibilities

-

Former directorships in the last three years

-

Interests in shares and options

-

Mr Michael Pixley | Non-Executive Director (resigned 30 June 2020)

Mr Pixley had worked as a merchant banker specialising in strategic corporate development, joint ventures and acquisitions. He has 30 years' experience in the Asian business sector and has extensive networks and relationships with key personnel in government, corporate and private sectors in the Asia Pacific region.

Other current directorships

Credit Intelligence Limited
Eneco Refresh Limited
Story-I Limited
Pan Asia Corporation Limited

Special responsibilities

Member of the remuneration committee (to 18 February 2020)
Member of the audit committee (to 18 February 2020)

Former directorships in the last three years

n/a

Interests in shares and options

6,999,980 ordinary shares
1,500,000 performance rights
3,500,000 unlisted options

Mr Steven Jackson BEc CPA | Company Secretary

Mr Jackson has more than 10 years experience in accounting, corporate governance and business development across a number of industries.

2. Remuneration Report – Audited

This Remuneration Report outlines the remuneration arrangements which were in place during the year and remain in place as at the date of this report, for the key management personnel of EVE Investments Limited. During the period the Company's Directors and Chief Operating Officer were the only key management personnel of EVE Investments Limited.

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001.

Principles of compensation

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders and conforms with market practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation;
- transparency; and
- capital management.

The Company has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- has economic profit as a core component of plan design;
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracts and retains high calibre executives.

Alignment to program participants' interests:

- rewards capability and experience;
- reflects competitive reward for contribution to growth in shareholder wealth;
- provides a clear structure for earning rewards; and
- provides recognition for contribution.

The framework provides a mix of fixed and variable pay, and a blend of short and long-term incentives. As executives gain seniority with the Company, the balance of this mix shifts to a higher proportion of "at risk" rewards. Currently no remuneration consultants are used by the Company in formulating remuneration policies.

The following table shows key performance indicators for the group over the last five years:

	2020	2019	2018	2017	2016
Loss after income tax for the year	(2,400,443)	(2,638,506)	(1,879,997)	(1,387,353)	(1,103,529)
Basic loss per share (cents per share)	(0.08)	(0.11)	(0.10)	(0.11)	(0.14)
Increase/(decrease) in share price %	20%	(38%)	33%	(33%)	50%
Dividends	-	-	-	-	-

Role of the Remuneration Committee

The Remuneration Committee is a committee of the Board. It is primarily responsible for making recommendations to the Board on:

- Non-Executive Director Fees;
- Remuneration levels of the Managing Director and other key management personnel;
- The over-arching executive remuneration framework and operation of the incentive plan; and
- Key performance indicators and performance hurdles for the executive team.

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company.

Non-Executive Directors

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-Executive Directors' fees and payments are reviewed annually by the Board. The Chairman's fees are determined independently to the fees of Non-Executive Directors based on comparative roles in the external market.

On appointment to the Board, all Non-Executive Directors enter into an agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of Director. The current base remuneration for Non-Executive Directors is \$35,000 per annum, effective since 1 April 2016.

Executive pay

An executive's total remuneration comprises base pay and benefits, including superannuation, and long-term incentive through participation in the EVE Employee Incentive Plan.

Base pay

Base pay is structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executive's discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion. There are no guaranteed base pay increases included in any executives' contracts.

Long-term incentives

Long-term incentives are provided to certain Non-Executive Directors and executives under the EVE Employee Incentive Plans.

Share trading policy

The trading of shares issued to participants under the Company's employee option plan is subject to, and conditional upon, compliance with the Company's employee share trading policy. Executives are prohibited from entering into and hedging arrangements over unvested options under the Company's employee option plan. The Company would consider a breach of this policy as gross misconduct which may lead to disciplinary action and potential dismissal.

Service contracts

On appointment to the Board, all Non-Executive Directors enter into an agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of Director.

The Company currently has the following executive agreements in place:

Gregory (Bill) Fry – Managing Director:

Base salary: \$328,500¹ effective 10 December 2019

Term: On-going

Termination benefit: 3 months base salary²

Ben Rohr – Chief Operating Officer:

Base salary: \$200,000¹

Term: On-going

Termination benefit: nil

¹ Base salary quoted is inclusive of superannuation for the year ended 30 June 2020 and is reviewed annually by the Remuneration Committee.

² Termination benefits are payable on early termination by the company, other than for gross misconduct.

Voting and comments made at the Company's 2019 Annual General Meeting

The Company received 98.73% of "yes" votes on its remuneration report for the 2019 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Director and Key Management Personnel remuneration

Details of the remuneration of the Directors and key management personnel of the Company (as defined in AASB 124 Related Party Disclosures) are set out in the following tables.

Details of remuneration

The following tables set out remuneration paid to Directors and key management personnel of the Company during the year.

Key management personnel of the Company

	Cash salary \$	Superannuation \$	Share based payments \$	Total \$	% Performance based
2020					
Directors					
George Cameron-Dow	45,228	4,772	15,310	65,310	8%
Gregory Fry	294,292	-	70,735	365,027	8%
Alasdair Cooke	17,500	-	23,049	40,549	12%
Carlos Jin ¹	19,588	-	-	19,588	0%
Joalin Chou ²	15,524	-	-	15,524	0%
Michael Pixley ³	22,500	-	23,049	45,549	11%
Key Management Personnel					
Ben Rohr	186,984	13,014	34,324	234,322	10%
Total	601,616	17,786	166,467	785,869	9%
2019	\$	\$	\$	\$	%
Directors					
George Cameron-Dow	54,795	5,205	3,000	63,000	5%
Gregory Fry	232,192	22,058	48,015	302,265	6%
Alasdair Cooke	35,000	-	3,000	38,000	8%
Michael Pixley	35,000	-	3,000	38,000	8%
Total	356,988	27,262	57,015	441,265	6%

¹ Carlos Jin appointed as a Non-Executive Director effective 10 December 2019.

² Joalin Chou appointed as a Non-Executive Director effective 21 January 2020.

³ Michael Pixley resigned as a Non-Executive Director effective 30 June 2020.

Directors may participate in the Company's Employee Incentive Plan under which they will be offered equity incentives as performance-based remuneration.

Share-based compensation

Performance rights in EVE Investments Limited are granted under the EVE Investments Employee Incentive Plan which was approved by shareholders at the 2019 Annual General Meeting. Employee Incentive Plan is designed to provide long-term incentives for Directors and key management personnel 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.

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

On 2 October 2019, the Company issued ordinary shares and attaching options with an exercise price of \$0.006 and an expiry of 31 December 2021 in consideration for accrued director fees, in line with the terms of the capital raising announced on 12 July 2019.

Directors' Report
30 June 2020

The number of securities and the fair value on the grant date is detailed below:

	Shares received	Value of shares received	Options received	Value of options received
Directors				
George Cameron-Dow	2,000,000	8,000	2,000,000	2,319
Gregory Fry	3,333,332	13,333	3,333,332	3,865
Alasdair Cooke	3,500,000	14,000	3,500,000	4,058
Michael Pixley	3,500,000	14,000	3,500,000	4,058
	12,333,332	49,333	12,333,332	14,300

The terms and conditions of each grant of performance rights affecting remuneration in the current or future period are as follows:

Director	Issue date	Expiry date	Tranche	Number of rights issued	Number of unvested rights
George Cameron-Dow	31-May-16	31-May-21	A	1,500,000	1,500,000
Alasdair Cooke	31-May-16	31-May-21	A	1,500,000	1,500,000
Gregory Fry	31-May-16	31-May-21	A	6,000,000	6,000,000
Ben Rohr	3-May-16	3-May-21	A	2,250,000	2,250,000
Ben Rohr	18-Jan-18	1-Mar-20	B	1,125,000	-
Ben Rohr	22-Nov-18	1-Mar-20	B	1,375,000	-
Ben Rohr	18-Jan-18	17-Jan-23	C	1,750,000	-
Gregory Fry	22-Nov-18	22-Nov-23	D	4,000,000	-
Gregory Fry	22-Nov-18	22-Nov-23	E	4,000,000	4,000,000
Gregory Fry	22-Nov-18	22-Nov-23	F	4,800,000	4,800,000
Gregory Fry	22-Nov-18	22-Nov-23	G	3,600,000	3,600,000
Gregory Fry	22-Nov-18	22-Nov-23	H	3,600,000	3,600,000
George Cameron-Dow	22-Nov-18	22-Nov-23	H	1,500,000	1,500,000
Alasdair Cooke	22-Nov-18	22-Nov-23	H	1,500,000	1,500,000
Michael Pixley	22-Nov-18	22-Nov-23	H	1,500,000	1,500,000
Ben Rohr	22-Nov-18	22-Nov-23	F	3,200,000	3,200,000
Ben Rohr	22-Nov-18	22-Nov-23	G	2,400,000	2,400,000
Ben Rohr	22-Nov-18	22-Nov-23	H	2,400,000	2,400,000
Total				48,000,000	39,750,000

Tranche	Hurdle
A	Omni Innovation completing an IPO or RTO on the ASX or an alternative Board approved exchange or the Trade Sale of Omni Innovation's main business
B	Continuous service until 1 March 2020
C	12 months service after completing an acquisition of 100% investment into Meluka Health P/L
D	Continuous service until 30 September 2019
E	Continuous service until 30 September 2020
F	Achievement \$10 million of gross revenue per annum in combined EVE group entities
G	Achievement of EBITDA of \$2 Million per annum in combined EVE group entities
H	Achieving a market capitalisation of \$50 Million for 15 consecutive days on which EVE is traded

Directors' Report
30 June 2020

The following performance rights are still outstanding at the end of the financial year:

Director	Number granted	Year granted	Tranche	Fair value per right	Value at grant date	Expiry date	Expected vesting year	Maximum value yet to vest
George Cameron-Dow	1,500,000	2016	A	0.008	12,000	31-May-21	n/a	12,000
Alasdair Cooke	1,500,000	2016	A	0.008	12,000	31-May-21	n/a	12,000
Gregory Fry	6,000,000	2016	A	0.008	48,000	31-May-21	n/a	48,000
Ben Rohr	2,250,000	2016	A	0.013	28,227	3-May-21	n/a	28,227
Gregory Fry	4,000,000	2019	E	0.007	28,000	22-Nov-23	2021	3,799
Gregory Fry	4,800,000	2019	F	0.007	33,600	22-Nov-23	2021	12,896
Ben Rohr	3,200,000	2019	F	0.007	22,400	22-Nov-23	2021	6,448
Gregory Fry	3,600,000	2019	G	0.007	25,200	22-Nov-23	2022	13,979
Ben Rohr	2,400,000	2019	G	0.007	16,800	22-Nov-23	2022	9,319
Gregory Fry	3,600,000	2019	H	0.007	25,200	22-Nov-23	2021	6,022
Ben Rohr	2,400,000	2019	H	0.007	16,800	22-Nov-23	2021	4,015
George Cameron-Dow	1,500,000	2019	H	0.007	10,500	22-Nov-23	2021	2,509
Alasdair Cooke	1,500,000	2019	H	0.007	10,500	22-Nov-23	2021	2,509
Michael Pixley	1,500,000	2019	H	0.007	10,500	22-Nov-23	2021	2,509

Equity instruments held by key management personnel

Share holdings

	Balance at 1/07/2019	Purchases / Sales	Issued in lieu of remuneration	Conversion of options / rights	Balance at 30/06/2020
Directors					
George Cameron-Dow	5,999,980	-	2,000,000	-	7,999,980
Gregory Fry	60,569,290	4,000,000	3,333,332	4,000,000	71,902,622
Alasdair Cooke	182,374,601	-	3,500,000	-	185,874,601
Carlos Jin ¹	-	-	-	-	-
Joalin Chou ²	-	-	-	-	-
Michael Pixley ³	3,499,980	-	3,500,000	-	6,999,980
Key Management Personnel					
Ben Rohr	21,000,000	6,200,000	-	3,750,000	30,950,000
	273,443,851	10,200,000	12,333,332	7,750,000	303,727,183

Performance rights holdings

	Balance at 1/07/2019	Issued	Converted	Balance at 30/06/2020	Vested and exercisable	Unvested
Directors						
George Cameron-Dow	3,000,000	-	-	3,000,000	-	3,000,000
Gregory Fry	26,000,000	-	(4,000,000)	22,000,000	-	22,000,000
Alasdair Cooke	3,000,000	-	-	3,000,000	-	3,000,000
Carlos Jin ¹	-	-	-	-	-	-
Joalin Chou ²	-	-	-	-	-	-
Michael Pixley ³	1,500,000	-	-	1,500,000	-	1,500,000
Ben Rohr	14,000,000	-	(3,750,000)	10,250,000	-	10,250,000
	47,500,000	-	(7,750,000)	39,750,000	-	39,750,000

Directors' Report
30 June 2020

Options holdings

	Balance at 1/07/2019	Issued ⁴	Exercised	Balance at 30/06/2020	Vested and exercisable	Unvested
Directors						
George Cameron-Dow	-	2,000,000	-	2,000,000	2,000,000	-
Gregory Fry	-	3,333,332	-	3,333,332	3,333,332	-
Alasdair Cooke	-	3,500,000	-	3,500,000	3,500,000	-
Carlos Jin ¹	-	-	-	-	-	-
Joalin Chou ²	-	-	-	-	-	-
Michael Pixley ³	-	3,500,000	-	3,500,000	3,500,000	-
Key Management Personnel						
Ben Rohr	-	3,700,000	-	3,700,000	3,700,000	-
	-	16,033,332	-	16,033,332	16,033,332	-

¹ Carlos Jin appointed as a Non-Executive Director effective 10 December 2019.

² Joalin Chou appointed as a Non-Executive Director effective 21 January 2020.

³ Michael Pixley resigned as a Non-Executive Director effective 30 June 2020.

⁴ Options issued in lieu of remuneration for Messrs Cameron-Dow, Fry, Cooke and Pixley.

Loans to key management personnel

There were no loans made to key management personnel during the year ended 30 June 2020 (2019: nil).

Other transactions with related parties

The terms and conditions of the transactions with Directors, key executives and associates and their related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-Director related entities on an arm's length basis.

	Charges from:		Charges to:	
	2020 \$	2019 \$	2020 \$	2019 \$
Mitchell River Group Pty Ltd	210,866	217,620	2,420	-
Provision of a serviced office and admin staff				
African Energy Resources Ltd	-	-	315	-
Recharge of overheads and wages				
Anova Metals Ltd	-	63	34	-
Recharge of overheads and wages				
Omniblend Innovation Pty Ltd	-	-	106	82,229
Recharge of overheads and wages				
Meluka Health Pty Ltd	-	-	-	105,025
Recharge of overheads and wages				
Naturally Australian Products Inc.	56,920	-	31,377	1,093,126
Sale of essential oils and honey, recharge of overheads				

Assets and liabilities arising from the above transactions

	2020 \$	2019 \$
Trade debtors	20,424	241,712
Loans to associates receivable	354,686	239,833
Trade creditors	43,048	69,255

This is the end of the audited remuneration report.

3. Principal Activities

The principal activity of the Group during the financial year was the agricultural operations located in northern NSW and the Meluka Honey business.

4. Operating Results

The operating loss after income tax of the Group attributable to equity holders of the Group for the financial year ended 30 June 2020 amounted to \$2,400,443 (2019: \$2,638,506).

5. Loss per Share

The basic loss per share for the Group for the year was 0.08 cents (2019: 0.11 cents) per share.

6. Dividends Paid or Recommended

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

7. Events Since the End of the Financial Year

On 21 August 2020, the Company announced that 76,666,667 unlisted 0.6 cent options had been exercised by optionholders, raising \$460,600 before costs.

The impact of the coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting period. The situation is developing and is dependent on measures imposed by territories in which the Company operates, such as workplace restrictions, travel restrictions, changes to logistics channels and any economic stimulus that may be provided.

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

8. Likely Developments and Expected Results of Operations

The Group will continue to pursue activities related to the current operations of the Group. Further information about likely developments in the operations of the Group is included in the Review of Operations.

9. Significant Changes in State of Affairs

In the opinion of the Directors, other than stated under Review of Operations, and Events Subsequent to Reporting Date, there were no significant changes in the state of affairs of the Group that occurred during the financial year under review and subsequent to the financial year end.

10. Corporate Governance Statement

The Company's Corporate Governance Statement for the year ended 30 June 2020 can be accessed from the Company's website at www.eveinvestments.com.au/corporate-governance.

11. Environmental Regulations

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes there are adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply.

The Group is not subject to the reporting requirements of both the Energy Efficiency Opportunities Act 2006 and the National Greenhouse and Energy Reporting Act 2007.

12. Share Options/Rights

As at the date of this report, the following unlisted options or performance rights were on issue:

No. of instruments	Type of instrument	Strike price	Expiry date
83,266,665	Unlisted options	0.006	31-Dec-21
53,750,000	Performance rights	-	Various
137,016,665			

13. Non-Audit Services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the Company are important.

During the year, there were no non-audit services provided by BDO Audit (WA) Pty Ltd.

14. Lead Auditors Independence Declaration under Section 307c of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 48 and forms part of the Directors' Report for the year ended 30 June 2020.

15. Indemnifying Officers

Since the end of the previous financial year, the Company has paid insurance premiums in respect of Directors' and Officers' liability, legal expenses' and insurance contracts, for current Directors and Executives of the Company.

On behalf of the Board of

EVE Investments Limited

Dated at Perth this 31 August 2020.

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'Gregory', with a large, stylized flourish underneath.

Gregory William Fry
Managing Director

Directors' Declaration
30 June 2020

The Directors of the Company declare that:

- 1) The financial statements, comprising the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and accompanying notes, are in accordance with the Corporations Act 2001; and
 - a) comply with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b) give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the Company.
- 2) In the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
- 3) In the Directors' opinion, the financial statements and notes are prepared in compliance with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board, as described in Note 2(a).
- 4) The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors and is signed on behalf of the Directors by:



Gregory William Fry
Managing Director

Perth

31 August 2020

Consolidated Statement of Profit or Loss & Other Comprehensive Income
For the year ended 30 June 2020

	Note	30-Jun-20 \$	30-Jun-19 \$
Revenue	10	2,311,168	1,597,873
Costs of goods sold		(1,437,435)	(1,635,342)
Gross profit / (loss) before fair value adjustments		873,733	(37,469)
Change in fair value of biological assets	11	126,016	314,831
Gross profit		999,749	277,362
Other income		274,500	59,857
Professional fees	12	(281,445)	(185,065)
Employee benefit expense	12	(1,467,231)	(969,355)
Share-based payments	12	(213,775)	(214,575)
Other expenses	12	(1,657,443)	(737,055)
Fair value gain on derecognition of associate		-	52,594
Share of net loss of associates accounted for using the equity method	4	(658,597)	(922,113)
Net financial expense		(217)	(156)
Loss before income tax		(3,004,459)	(2,638,506)
Income tax benefit / (expense)	13	604,016	-
Loss after income tax for the year		(2,400,443)	(2,638,506)
Total comprehensive loss attributable to:			
Equity holders of the Company		(2,400,443)	(2,638,506)
Total comprehensive loss for the year		(2,400,443)	(2,638,506)
Loss per share for loss attributable to the ordinary equity holders of the Company:			
Basic and diluted loss per share (cents per share)	14	(0.08)	(0.11)

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 30 June 2020

	<i>Note</i>	30-Jun-20 \$	30-Jun-19 \$
Assets			
<i>Current assets</i>			
Cash and cash equivalents	15	5,138,409	340,260
Trade and other receivables	16	923,491	449,141
Inventories	17	736,615	105,591
Biological assets	11	29,999	-
Total current assets		6,828,514	894,992
<i>Non-current assets</i>			
Property, plant and equipment	6	4,740,696	4,609,288
Goodwill	7	825,059	825,059
Intangibles	8	123,873	137,463
Right-to-use assets		60,289	-
Biological assets	11	11,000	26,826
Equity accounted investments	4	1,169,401	1,827,998
Loans to associates	4	354,686	239,833
Deferred tax assets	13	-	217,491
Total non-current assets		7,285,004	7,883,958
Total assets		14,113,519	8,778,950
Liabilities			
<i>Current Liabilities</i>			
Trade and other payables	18	536,025	563,733
Borrowings	5	-	577,208
Lease liabilities		45,789	-
Deferred consideration		-	245,000
Total current liabilities		581,814	1,385,941
<i>Non-current Liabilities</i>			
Borrowings	5	522,613	722,653
Lease liabilities		15,910	-
Deferred tax liability	13	-	821,507
Total non-current liabilities		538,523	1,544,160
Total liabilities		1,120,337	2,930,101
Net assets		12,993,182	5,848,849
Equity			
Issued capital	19	32,971,096	23,602,354
Reserves		297,492	273,182
Accumulated losses		(20,275,406)	(18,026,687)
Total equity attributable to shareholders of the Company		12,993,182	5,848,849

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

Consolidated Statement of Changes in Equity
For the year ended 30 June 2020

	Issued capital	Accumulated losses	Share based payment reserve	Total equity
	\$	\$	\$	\$
Total equity at 1 July 2019	23,602,354	(18,026,687)	273,182	5,848,849
Loss for the year	-	(2,400,443)	-	(2,400,443)
Total comprehensive loss for the year	-	(2,400,443)	-	(2,400,443)
Transactions with owners in their capacity as owners:				
Share issue net of issue costs	9,331,002	-	-	9,331,002
Share based payments	(11,594)	-	225,369	213,775
Transfer of share based payments on issue	49,333	-	(49,333)	-
Transfer of share based payments on exercise/expiry	-	151,726	(151,726)	-
	9,368,742	151,726	24,310	9,544,777
Total equity at 30 June 2020	32,971,096	(20,275,406)	297,492	12,993,182
Total equity at 1 July 2018	22,710,032	(15,505,681)	176,107	7,380,458
Loss for the year	-	(2,638,506)	-	(2,638,506)
Total comprehensive loss for the year	-	(2,638,506)	-	(2,638,506)
Transactions with owners in their capacity as owners:				
Share issue net of issue costs	892,322	-	-	892,322
Share based payments	-	-	214,575	214,575
Transfer of share based payments on exercise/expiry	-	117,500	(117,500)	-
	892,322	117,500	97,075	1,106,897
Total equity at 30 June 2019	23,602,354	(18,026,687)	273,182	5,848,849

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

Consolidated Statement of Cash Flows
For the year ended 30 June 2020

	<i>Note</i>	30-Jun-20 \$	30-Jun-19 \$
Cash flows from operating activities			
Receipts from customers		1,767,619	1,242,696
Cash paid to suppliers and employees		(5,060,532)	(2,325,752)
Interest received		15,390	10,554
Interest paid		(41,303)	(47,140)
Other income received		162,900	48,506
Net cash used in operating activities	24	(3,155,926)	(1,071,136)
Cash flows from investing activities			
Acquisition of property, plant and equipment	6	(322,610)	(63,418)
Sale of property, plant and equipment	6	10,500	-
Acquisition of businesses	3	(245,000)	(3,001,040)
Loans to associates		-	(150,613)
Cash acquired on acquisition of business	3	-	37,697
Net cash used by investing activities		(557,110)	(3,177,374)
Cash flows from financing activities			
Proceeds from the issue of share capital	19	9,988,631	350,000
Payment for share issuance costs	19	(657,629)	(28,824)
Lease payments		(31,200)	-
Proceeds from borrowings		103,193	355,224
Repayments of borrowings		(891,810)	-
Net cash provided by financing activities		8,511,185	676,400
Cash and cash equivalents at 1 July		340,260	3,912,370
Net increase / (decrease) in cash and cash equivalents		4,798,149	(3,572,110)
Cash and cash equivalents at 30 June	15	5,138,409	340,260

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

Notes to the Consolidated Financial Statements For the year ended 30 June 2020

1. Reporting entity

EVE Investments Limited (the “Company”) is a company domiciled in Australia. The consolidated financial report of the Company for the financial year ended 30 June 2020 comprises the Company and its subsidiaries (together referred to as the “Group”).

The consolidated financial report was authorised for issue by the Directors on 31 August 2020.

2. Basis of preparation

a) Statement of compliance

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards (‘AASBs’) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (‘AASB’) and the Corporations Act 2001. The financial report of the Company also complies with International Financial Reporting Standards (‘IFRS’) and interpretations as issued by the International Accounting Standards Board. EVE Investments Ltd is a for-profit entity for the purpose of preparing the financial statements.

b) New and amended standards adopted by the Group

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.

c) Basis of measurement

The financial report is prepared on the historical cost basis, as modified by the revaluation of financial assets at fair value through the profit or loss.

d) Functional and presentation currency

The financial statements are presented in Australian dollars which is also the functional currency.

e) Use of significant estimates and judgments

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 3 – Business combinations – On 30 August 2018 the Group acquired Jenbrook Pty Ltd (“Jenbrook”) and on 25 February 2019 Meluka Health Pty Ltd (“Meluka”) resulting in the requirement of the Group to measure the assets acquired and liabilities assumed at their fair values for the respective acquisitions. For specified assets within Jenbrook the Group engaged an expert to ascertain the fair value of the land, buildings and bearer assets as at the

acquisition date. For the remaining assets acquired and liabilities assumed management applied their estimates and judgements to determine the appropriate fair value where required.

- Note 4 – Investments in associates – The Group assess the carrying amount of its investments in associates at each reporting period, or more frequently if events or changes in circumstances indicate impairment, in accordance with AASB 128 Investments in Associates and Joint Ventures. If impairment indicators are identified the Group tests the investments for impairment in accordance with AASB 136 Impairment of Assets. In assessing the recoverability of its investments in associates management applies their estimates and judgements as to the recoverability of its investments.

The Group applies the impairment requirements in AASB 9 Financial Instruments to its other interest in the associate such as loans to or receivables from the associate. Significant judgement is applied by management as to the expected credit losses of these balances. At 30 June 2020 the expected credit losses on loans and receivables due from its associates are nil.

- Note 6 – Property, plant and equipment – The estimate of useful lives, residual values and depreciation methods of the Group's property, plant and equipment, includes bearer assets, which are tea tree plants on the Group's land, requires significant management judgements and are regularly reviewed. If they need to be modified, the depreciation expense is accounted for prospectively from the date of the assessment until the end of the revised useful life (for both the current and future years).
- Note 7 – Recoverability of goodwill – The Group tests annually, or more frequently if events or changes in circumstances indicate impairment whether goodwill or associated assets have suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Refer note 7 in the financial report for a complete list of the significant estimates used by management for the recoverability of the cash generating units and the sensitivities thereof.
- Note 10 – Revenue recognition – The Group has wholesale sales primarily of bulk essential oils and contract manufacturing services and sales to consumers or distributors of branded consumer goods.

Wholesale sales and distributor sales are recognised when control of the products has transferred, being when the products are delivered to the wholesaler or distributor, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler or distributor, and either the wholesaler or distributor has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. For sales to distributors that have agreed "ex-works" as part of their purchase terms, then delivery occurs at the Group's facility, with control of the product shifting to the distributor who is in control of directly the delivery of the product from that point in time.

Revenue from the sale of goods directly to consumers is recognised when a Group entity dispatches a product to the customer. Payment of the transaction price is due immediately when the customer purchases the good, with delivery not being made until payment is received.

- Note 11 – Biological assets – in calculating the value of the biological assets and inventory, management is required to make a number of estimates, including estimating the stage of growth of tea tree on the bearer plants, harvesting costs, selling costs, sales prices, wastage and expected yields for the tea tree plant. In calculating final inventory values, management is required to determine an estimate of spoiled or expired inventory and compares the inventory cost to estimated net realisable value.
- Note 16 – Trade and other receivables – The Group assesses loss allowances for trade and other receivables based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing marketing conditions as well as forward looking estimates at the end of each reporting period.
- Note 23 – Share-based payment arrangements – The Group measures the cost of equity settled share based payments at fair value at the grant date using the Black-Scholes model taking into account the exercise price, the term of the instrument, the impact of dilution, the share price at grant date, the expected volatility of the underlying share, the expected dividend yield and risk free interest rate for the term of the instrument.
- Note 23 (c) – Performance rights – The Group reviews the likelihood of each performance right hurdle being met at each reporting date. If the Group's assessment is that the likelihood of conversion is greater than 50% a share-based payment expense will be recognised in the period.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

- Coronavirus (COVID-19) pandemic – Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

3. 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.

In the period \$245,000 of deferred consideration was paid to the sellers of Meluka Health as required. No further consideration is payable as part of the acquisition.

4. Investment in Associates

a) Movements in carrying amounts

	2020	2019
	\$	\$
Balance at the beginning of the year	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	(658,597)	(922,113)
Balance at the end of the year	1,169,401	1,827,998

b) Summarised financial information of associates

The tables below provide summarised financial information for Omni Innovation and Naturally Australian Products. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and joint ventures and not EVE Investments Limited's share of those amounts.

	Ownership interest	Assets	Liabilities	Company's share of:		
	%	\$	\$	Revenues	Losses	Amortisation
				\$	\$	\$
Omni Innovation	37.70%	275,287	16,485	-	77,605	580,992
Naturally Australian Products	49.00%	497,990	677,306	1,136,836	37,996	-

Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

Omni Innovation

Summarised statement of financial position

Current Assets

Cash and cash equivalents

Trade and other receivables

Total current assets

Non-current Assets

Patents & development costs

Property, plant & equipment

Total non-current assets

Total assets

Current Liabilities

Trade and other payables

Total current liabilities

Total liabilities

Net assets

2020	2019
\$	\$
265,254	386,601
5,372	8,626
270,626	395,227
459,669	368,031
-	188
459,670	368,219
730,296	763,446
43,732	36,767
43,732	36,767
43,732	36,767
686,564	726,679

Summarised statement of comprehensive income

Revenue

Interest income

Other income

Loss from operating activities

Other comprehensive income

Total comprehensive loss

2020	2019
\$	\$
-	(3,451)
4,361	8,884
47,345	105,330
(205,875)	(444,932)
-	-
(205,875)	(444,932)

Naturally Australian Products

Summarised statement of financial position

Current Assets

Cash and cash equivalents

Trade and other receivables

Inventory

Total current assets

Non-current Assets

Property, plant & equipment

Total non-current assets

Total assets

Current Liabilities

Trade and other payables

Total current liabilities

Shareholder loans

Total non-current liabilities

Total liabilities

Net assets / (liabilities)

2020	2019
\$	\$
123,365	22,228
243,616	241,870
590,314	544,850
957,295	808,948
59,011	56,692
59,011	56,692
1,016,306	865,640
460,922	479,638
460,922	479,638
921,335	666,837
921,335	666,837
1,382,257	1,146,475
(365,951)	(280,835)

Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

	2020	2019
	\$	\$
Summarised statement of comprehensive income		
Revenue	2,320,074	1,164,970
Interest income	7	-
Other income	30,806	8,207
Loss from operating activities	(77,543)	(141,417)
Other comprehensive income	-	-
Total comprehensive loss	(77,543)	(141,417)

c) Loans to associates

	2020	2019
	\$	\$
Balance at the beginning of the year	239,834	-
Loans to associates	119,161	474,491
Derecognition on acquisition of 100% of Meluka Health	-	(150,613)
Unrealised foreign exchange movement	2,806	2,482
Amortised financial expense	(7,115)	(86,526)
Balance at the end of the year	354,686	239,834

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 \$354,686 (2019: \$239,834) 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 year.

5. Borrowings

	2020	2019
	\$	\$
Revolving facility (i)	-	474,101
Jenbrook loan (ii)	-	50,000
Other unsecured borrowings	-	53,107
Current borrowings	-	577,208
Jenbrook loan (ii)	-	200,040
Meluka loan (iii)	100,613	100,613
Business loan (iv)	422,000	422,000
Non-current borrowings	522,613	722,653

(i) Redrawable facility with a variable interest rate with no end date. Secured by a mortgage against the Robyndale property.

(ii) Variable interest rate with \$50,000 settled in August 2019 and the balance settled in February 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, with principal repayments commencing in 2021. Secured by a mortgage against the Robyndale property.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

6. Property, plant and equipment

	Freehold land \$	Freehold buildings \$	Bearer assets \$	Furniture & fittings \$	Motor vehicles \$	Plant & equipment \$	Computer Equipment \$	Total \$
At 30 June 2019								
Cost or fair value	2,776,758	242,157	1,312,752	3,318	15,846	412,231	1,527	4,764,589
Accumulated depreciation	-	(10,327)	(68,190)	(480)	(4,515)	(70,620)	(1,169)	(155,301)
Net book amount	2,776,758	231,830	1,244,562	2,838	11,331	341,611	358	4,609,288
Full year ended 30 June 2020								
Opening net book amount	2,776,758	231,830	1,244,562	2,838	11,331	341,611	358	4,609,288
Additions	6,449	-	-	4,770	47,273	296,074	15,678	370,244
Disposals	-	(8,810)	-	-	-	(6,596)	-	(15,406)
Depreciation charge	-	(13,261)	(82,098)	(723)	(6,596)	(119,019)	(1,733)	(223,430)
Closing Net Book Amount	2,783,208	209,760	1,162,465	6,885	52,008	512,069	14,303	4,740,696
At 30 June 2020								
Cost or fair value	2,783,208	223,020	1,244,562	7,608	58,603	631,089	16,036	4,964,126
Accumulated depreciation	-	(13,261)	(82,098)	(723)	(6,596)	(119,019)	(1,733)	(223,430)
Net book amount	2,783,208	209,760	1,162,465	6,885	52,008	512,069	14,303	4,740,696

7. Goodwill

	2020 \$	2019 \$
Balance at the beginning of the year	825,059	-
Acquisition through business combination	-	825,059
Balance at the end of the year	825,059	825,059

Impairment

AASB 136 requires annual impairment testing to be performed for goodwill. The goodwill of \$825,059 acquired through the Meluka Health business combination has been allocated to the Meluka Health Cash Generating Unit ("CGU") for impairment testing using the value in use method. Value in use has been derived by calculating the discounted value of net cash flows expected to be derived from the CGU. Value in use has been based on a Board approved budget for year 1, forecasts based off the following assumptions for years 2 - 5 with a terminal value calculated to simulate the value of cash flows beyond that period.

The significant estimates and judgements relating to goodwill are disclosed in note 2(e).

The value in use model used the following assumptions:

Key Assumption	Input
Board approved budget	Year 1 (2021)
Annual growth rate (years 2 – 5)	10%
Average gross margin	53%
Pre-tax discount rate	14.77%

Key Assumption	Approach used to determine values
Short-term growth rate	Average annual growth rate over years 2 - 5 based on management's expectations of market development.
Average gross margin	Average annual gross margin over the five-year forecast period based on past performance and expectation for the future.
Pre-tax discount rate	Reflects specific risks relating to the entity and the industries which it operates within.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

To date, there has been no impact of COVID-19 to the Company's operations in Australia or any negative impact to exports to other territories. The Company expects to be able to continue its operations as planned during the period. For the purposes of the value in use calculation however, potential future implications of COVID-19 have been considered within the value in use.

The model has excluded the value of cash flows from financing activity and non-cash items such as depreciation and amortisation.

Based off the value in use model, no impairment was recognised during the year.

Sensitivity analysis

Management have considered and assessed the sensitivities associated with the key assumptions noted above and note all key assumptions would have to be adversely affected by 10.08% (the Y1 Board approved budgeted EBITDA has been considered when performing sensitivity) for the carrying value to exceed the recoverable value for an impairment to arise.

8. Intangible assets

	2020	2019
	\$	\$
Reconciliation of movement in intangible assets		
Cost or fair value	199,180	143,047
Accumulated amortisation	(75,307)	(5,584)
	123,873	137,463
Balance at the beginning of the year	137,463	-
Acquisition of subsidiary at fair value	-	143,047
Amortisation charge	(13,589)	(5,584)
Balance at 30 June	123,873	137,463

During the prior year, as part of the acquisition of Meluka Health the Company acquired a Therapeutic Goods Administration licence. The intangible asset was tested for impairment as part of the impairment assessment of the Meluka Health Cash Generating Unit (see note 7).

9. Segment reporting

AASB 8 Operating Segments requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Company's Board receives segment information across two reportable business segments, Agriculture and Investment. The unallocated column refers to the corporate costs and cash management of the parent entity (see note 26).

Year ended 30 June 2020	Agriculture	Investment	Unallocated	Consolidated
	\$	\$	\$	\$
Total segment revenue	2,311,168	-	-	2,311,168
Segment net loss after tax	(130,165)	(665,712)	(1,604,566)	(2,400,443)
Segment assets	7,615,411	1,524,086	4,974,022	14,113,519
Segment liabilities	929,085	-	191,252	1,120,337

Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

Year ended 30 June 2019	Agriculture \$	Investment \$	Unallocated \$	Consolidated \$
Total segment revenue	1,597,873	-	-	1,597,873
Segment net loss after tax	(432,109)	(1,008,639)	(1,197,758)	(2,638,506)
Segment assets	6,602,871	2,067,831	108,248	8,778,950
Segment liabilities	2,743,522	-	186,579	2,930,101

10. Revenue

Disaggregation of revenue from contracts with customers

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

	2020 \$	2019 \$
At a point in time		
Tea tree and essential oil sales	1,135,246	1,391,490
Honey sales	604,362	119,156
Contract manufacturing	571,560	87,227
	2,311,168	1,597,873

Segment revenues represent revenue generated from external customers. There were no inter-segment revenues in the current period.

Revenue by region

	2020 \$	2019 \$
Australia	1,439,954	1,597,873
China	618,660	-
United States	252,555	-
	2,311,168	1,597,873

All revenue from China was derived from Hunan Yandi Biological Engineering Co., Ltd (2019: nil) and comprised honey and essential oil sales which represented 27% of total revenue (2019: nil).

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.

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.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

11. Biological assets

	2020	2019
	\$	\$
Balance at the beginning of the year	26,826	-
Acquisition through business combination	-	11,000
Unrealised change in fair value of biological assets	126,016	314,831
Transferred to inventory upon harvest	(111,843)	(299,005)
Balance at the end of the year	40,999	26,826
Current assets	29,999	-
Non-current assets	11,000	26,826
Total biological assets	40,999	26,826

The significant estimates and judgements relating to biological assets are disclosed in note 2(e).

12. Expenses from continuing operations

	2020	2019
	\$	\$
Professional fees		
Audit fees	73,207	68,549
Tax consulting services	25,480	2,700
Legal costs	16,044	34,140
Corporate consultants	71,524	95,677
Other professional fees	95,190	31,092
Loss on settlement	-	(47,093)
	281,445	185,065
Employee benefit expense		
Wages	1,029,602	584,744
Directors fees	355,772	384,250
Directors fees - equity settled	63,632	-
Share based payments expense	213,775	214,575
Payroll tax	16,438	-
Fringe benefits tax	1,785	361
	1,681,006	1,183,930
Other expenses		
Corporate costs	61,912	62,095
Premises and insurance	278,608	147,061
Marketing expenses	670,144	76,242
Travelling costs	137,394	74,746
Financing costs	7,115	86,526
Depreciation	264,223	155,301
Amortisation	13,589	5,585
Loss on sale of assets	(3,244)	-
Other operating expenses	227,701	129,499
	1,657,443	737,055

Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

13. Income taxes

	2020	2019
	\$	\$
Income tax expense / (benefit):		
Current tax	-	-
Deferred tax	(604,016)	-
	(604,016)	-
Reconciliation of income tax expense/ (benefit) to prima facie income tax payable / (refundable):		
Loss before income tax for the year from continuing operations	(3,004,459)	(2,638,506)
Loss before income tax	(3,004,459)	(2,638,506)
Prima facie income tax at 27.5% (2019: 27.5%)	(826,226)	(725,589)
Tax effect of permanent differences and deferred tax movements not recognised	75,661	275,890
	(750,565)	(449,699)
Impact of reduction in future corporate tax rate	191,412	
Effect of current year tax loss not recognised as deferred tax assets	559,153	449,699
Benefit of prior year tax losses not previously recognised	(604,016)	-
Income tax expense / (benefit)	(604,016)	-
Recognised deferred tax assets/liabilities arising on timing differences and losses:		
Net deferred tax liability in respect of acquisition of Jenbrook	604,016	604,016
Less: Benefit of tax losses not previously recognised	(604,016)	-
	-	604,016
Unrecognised deferred tax assets:		
Losses - Revenue	2,620,205	2,017,516
Investment in associates	450,111	-
Provisions, accruals and other	220,799	126,548
	3,291,115	2,144,064
Unrecognised deferred tax liabilities:		
Property, plant & equipment	197,299	-
Biological & intangible assets	16,815	-
Other	22,451	38,529
	236,565	38,529

The tax benefits of the above deferred tax assets will only be obtained if:

- the Group derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- the Group continues to comply with the conditions for deductibility imposed by law; and
- no changes in income tax legislation adversely affect the Group from utilising the benefits.
- there has been a legislated change in the corporate tax rate that will apply to future income years. The impact of this reduction in the corporate tax rate has been reflected in the unrecognised deferred tax positions and the prima face income tax reconciliation above.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

14. Loss per share

The calculation of basic loss per share at 30 June 2020 was based on the loss attributable to ordinary shareholders of \$2,400,443 (2019: \$2,638,506) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2020 of 3,119,379,019 (2019: 2,298,495,848) calculated as follows:

	2020 \$	2019 \$
Loss attributable to ordinary shareholders		
Loss for the year	(2,400,443)	(2,638,506)
Loss for the year from continuing operations	(2,400,443)	(2,638,506)
Basic loss per share		
Basic loss per share (cents)	(0.08)	(0.11)
Basic loss per share from continuing operations (cents)	(0.08)	(0.11)
Diluted loss per share		
Diluted loss per share (cents)	n/a	n/a
Diluted loss per share from continuing operations (cents)	n/a	n/a
	2020	2019
Weighted average number of shares	3,119,379,019	2,298,495,848
Options	-	-
Weighted average number of shares diluted EPS	3,119,379,019	2,298,495,848

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by weighted average number of ordinary shares outstanding during the financial year, adjusted for the bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

15. Cash and cash equivalents

	2020 \$	2019 \$
Cash at bank & on hand	1,138,409	340,260
Term deposits	4,000,000	-
	5,138,409	340,260

Cash on hand and in banks and short-term deposits are stated at nominal value.

For the purposes of the Consolidated Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within two working days, net of any outstanding bank overdrafts.

Information about the Company's exposure to credit risk is provided in note 31.

16. Trade and other receivables

	2020 \$	2019 \$
Trade debtors	650,142	374,578
Deposits paid	109,720	-
Other receivables	163,629	74,563
	923,491	449,141

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less expected credit losses. Trade receivables are generally due for settlement within 30 days.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

Information about the Company's exposure to credit risk is provided in note 31. No receivables held by the Company are past due or impaired.

17. Inventories

	2020	2019
	\$	\$
Raw materials – at cost	400,254	55,116
Work in progress – at cost	11,438	-
Finished goods – at cost	324,924	50,475
	736,616	105,591

18. Trade and other payables

	2020	2019
	\$	\$
Trade creditors	404,791	412,078
Other payables	131,234	151,655
	536,025	563,733

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company. The amounts are unsecured and are usually payable within 30 days of recognition.

Information about the Company's exposure to credit risk is provided in note 31.

19. Contributed equity

	2020	2019
	\$	\$
Issued capital	35,109,332	25,071,368
Cost of share issue	(2,138,236)	(1,469,014)
	32,971,096	23,602,354

a) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in the proportion to the number and amount paid on the shares held.

Ordinary shares are classified as equity and incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

b) Capital risk management

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Movement in share capital

2020		Number of shares	Issue price	AUD
01 Jul 2019	Opening balance	2,393,314,323		23,602,354
19 Jul 2019	Placement	112,700,000	0.005	563,500
02 Oct 2019	Placement	25,000,000	0.005	125,000
02 Oct 2019	Shares issued under ESP	12,333,332	0.004	49,333
02 Oct 2019	Conversion of performance rights	9,250,000	0.000	-
10 Dec 2019	Placement	482,228,998	0.005	2,411,145
15 Jan 2020	Placement	688,898,569	0.010	6,888,986
03 Mar 2020	Conversion of performance rights	2,500,000	0.000	-
	Capital raising costs			(669,222)
30 June 2020	Closing balance	3,726,225,222		32,971,096

Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

2019

01 Jul 2018	Opening balance	2,238,804,322		22,710,032
30 Aug 2018	Settlement of management loan ¹	30,226,666	0.008	241,813
30 Aug 2018	Placement	1	0.008	-
22 Nov 2018	Conversion of performance rights	2,750,000	0.000	-
31 Dec 2018	Conversion of performance rights	1,750,000	0.000	-
25 Feb 2019	Settlement of acquisition	40,833,334	0.006	245,000
27 Mar 2019	Placement	58,333,334	0.006	350,000
27 Mar 2019	Conversion of performance rights	3,750,000	0.000	-
21 May 2019	Settlement of invoice in shares ²	16,866,666	0.005	84,333
	Capital raising costs			(28,824)
30 June 2019	Closing balance	2,393,314,323		23,602,354

¹ Shares were issued at a deemed issue price of \$0.009, the fair value on the issued date was \$0.008. A gain on settlement of \$30,227 has been recognised to reflect the difference in valuation.

² Shares were issued at a deemed issue price of \$0.006, the fair value on the issued date was \$0.005. A gain on settlement of \$16,866 has been recognised to reflect the difference in valuation.

20. Dividends

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

21. Remuneration of auditor

During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

	2020	2019
	\$	\$
Auditors of the Company		
<i>BDO Audit (WA) Pty Ltd:</i>		
Audit and review of financial reports	73,207	68,549
Total auditors' remuneration	73,207	68,549

22. Related parties

a) Loans to key management personnel

There were no loans made to key management personnel during the year ended 30 June 2020 (2019: nil).

b) Key management personnel compensation

	2020	2019
	\$	\$
Short-term employee benefits	601,616	356,987
Post-employment benefits	17,786	27,263
Equity compensation benefits	166,467	57,015
	785,869	441,265

c) Other transactions with related parties of the Company

The terms and conditions of the transactions with Directors, key executives and associates and their related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-Director related entities on an arm's length basis.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

	Charges from:		Charges to:	
	2020	2019	2020	2019
	\$	\$	\$	\$
Mitchell River Group Pty Ltd¹	210,866	217,620	2,420	-
Provision of a serviced office and admin staff				
African Energy Resources Ltd¹	-	-	315	-
Recharge of overheads and wages				
Anova Metals Ltd¹	-	63	34	-
Recharge of overheads and wages				
Omniblend Innovation Pty Ltd²	-	-	106	82,229
Recharge of overheads and wages				
Meluka Health Pty Ltd³	-	-	-	105,025
Recharge of overheads and wages				
Naturally Australian Products Inc.⁴	56,920	-	31,377	1,093,126
Sale of essential oils and honey, recharge of overheads				

¹ Alasdair Cooke and Gregory (Bill) Fry are common directors between EVE and the related party.

² George Cameron-Dow and Gregory (Bill) Fry are common directors between EVE and the related party.

³ EVE held a 50% investment in Meluka Health. Charges relate to the period to 25 February 2019, when EVE gained 100% control of Meluka Health.

⁴ On 30 August 2018, EVE gained a 49% interest in Naturally Australian Products. Charges relate to the period from this date.

d) Assets and liabilities arising from the above transactions

	2020	2019
	\$	\$
Trade debtors	20,424	241,712
Loans to associates receivable	354,686	239,833
Trade creditors	43,048	69,255

23. 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.

	2020	2019
	\$	\$
Broker options (a)	11,594	-
Total capitalised	11,594	-
Shares in lieu (b)	49,333	-
Options in lieu (b)	14,299	-
Performance rights (c)	150,143	214,575
Total expensed	213,775	214,575

a) Broker options

On 2 October 2019 the Company issued 10,000,000 broker options related to the placement completed on the same date. The value of the options was \$11,594 and was derived from a Black-Scholes calculation taking into account the underlying share price on the grant date of \$0.004, a volatility of 100% and a risk free rate of 0.75%.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

b) Shares and options in lieu

On 2 October 2019, the Company issued ordinary shares and attaching options with an exercise price of \$0.006 and an expiry of 31 December 2021 in consideration for accrued director fees, in line with the terms of the capital raising announced on 12 July 2019.

The number of securities and the fair value on the grant date is detailed below:

	Shares received	Value of shares received	Options received	Value of options received
Directors				
George Cameron-Dow	2,000,000	8,000	2,000,000	2,319
Gregory Fry	3,333,332	13,333	3,333,332	3,865
Alasdair Cooke	3,500,000	14,000	3,500,000	4,058
Michael Pixley	3,500,000	14,000	3,500,000	4,058
	12,333,332	49,333	12,333,332	14,300

c) Performance rights plan

The EVE Performance Rights Plan is designed to provide long-term incentives for senior managers and above (including the Managing Director) 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 affecting remuneration in the current or future period are as follows:

Issue Date	Expiry date	Tranche	Number granted	Value at grant date \$	Vested in year \$	Vested at 30 June 2020	Unvested at 30 June 2020
3-May-16	3-May-21	A	5,250,000	65,864	-	-	5,250,000
31-May-16	31-May-21	A	9,000,000	72,000	-	-	9,000,000
18-Jan-18	17-Jan-23	B	1,125,000	19,125	6,062	1,125,000	-
18-Jan-18	17-Jan-23	C	1,750,000	29,750	3,081	1,750,000	-
22-Nov-18	22-Nov-23	B	1,375,000	9,625	5,071	1,375,000	-
22-Nov-18	22-Nov-23	D	7,500,000	52,500	15,481	7,500,000	-
22-Nov-18	22-Nov-23	E	7,500,000	52,500	28,341	-	7,500,000
22-Nov-18	22-Nov-23	F	11,600,000	81,200	31,250	-	11,600,000
22-Nov-18	22-Nov-23	G	8,700,000	60,900	16,937	-	8,700,000
22-Nov-18	22-Nov-23	H	13,200,000	92,400	43,920	-	13,200,000
			67,000,000	535,864	150,143	11,750,000	55,250,000

Tranche	Hurdle	Likelihood
A	Omni Innovation completing an IPO or RTO on the ASX or an alternative Board approved exchange or the Trade Sale of Omni Innovation's main business	< 50%
B	Continuous service until 1 March 2020	Met
C	12 months service after completing an acquisition of 100% investment into Meluka Health P/L	Met
D	Continuous service until 30 September 2019	Met
E	Continuous service until 30 September 2020	> 50%
F	Achievement \$10 million of gross revenue per annum in combined EVE group entities	> 50%
G	Achievement of EBITDA of \$2 Million per annum in combined EVE group entities	> 50%
H	Achieving a market capitalisation of \$50 Million for 15 consecutive days on which EVE is traded	> 50%

The fair value of the performance rights granted during the year is \$nil (2019: \$365,750). The value is based off the underlying share price on the date of issue and likelihood of the performance right hurdle being met. 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 \$150,143 (2019: \$214,575) 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.

Detailed remuneration disclosures are provided in the remuneration report on pages 12- 17.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

24. Cash flow information

a) Reconciliation of loss after income tax to net cash used in operating activities

	30-Jun-20	30-Jun-19
	\$	\$
Loss for the year from continuing operations	(2,400,443)	(2,638,506)
<i>Adjustments for:</i>		
Share of losses in associates	658,597	922,113
Gain on settlement of share-based payment expenses	-	(47,093)
Fair value gain on derecognition of associate	-	(52,594)
Fair value movement on biological assets	(126,016)	(7,899)
Movement in deferred tax asset	(604,016)	-
Financing costs	7,115	86,526
Depreciation expense	264,223	155,301
Amortisation expense	13,589	5,585
Gain on sale of property, plant & equipment	3,244	-
Capitalised interest income	-	(3,281)
Net foreign exchange gains / (losses)	(2,807)	(2,483)
Equity-settled share-based payment expenses	213,775	306,575
Change in operating assets and liabilities	(1,972,739)	(1,275,756)
(Increase)/decrease in trade and other receivables	(519,924)	(121,780)
(Increase)/decrease in inventories	(631,024)	-
(Decrease)/increase in trade and other payables	(32,240)	326,400
Net cash used in operating activities	(3,155,927)	(1,071,136)

b) Non-cash investing and financing activities

	30-Jun-20	30-Jun-19
	\$	\$
Settlement of capital raising cost through the issue of options	11,594	-

25. Interests in Subsidiaries

The consolidated financial statements include the financial statements of EVE Investments Limited and the subsidiaries listed in the following table:

	Country of incorporation	Equity holding 30-Jun-20 %	Equity holding 30-Jun-19 %
<i>Direct subsidiaries of the parent</i>			
Jenbrook Pty Ltd	AUS	100	100
Meluka Health Pty Ltd	AUS	100	100
<i>Indirect subsidiaries</i>			
<i>(Direct subsidiaries of Jenbrook Pty Ltd – 100%)</i>			
Jenbrook Trading Pty Ltd	AUS	100	100
<i>(Direct subsidiaries of Meluka Health Pty Ltd – 100%)</i>			
Meluka Honey Pty Ltd	AUS	100	100
Eco Botanicals Pty Ltd	AUS	100	100

EVE Investments Limited, incorporated in Australia, is the ultimate parent entity of the Group.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and not disclosed in this note.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

26. Parent company disclosures

	2020	2019
	\$	\$
Current assets	4,974,023	108,248
Non-current assets	8,210,410	6,172,179
Total assets	13,184,433	6,280,427
Current liabilities	191,252	431,578
Non-current liabilities	-	-
Total liabilities	191,252	431,578
Contributed equity	32,971,096	23,602,354
Reserves	297,492	273,182
Accumulated losses	(20,275,406)	(18,026,687)
Total equity	12,993,182	5,848,849
Gain / (loss) for the year	(2,400,445)	(2,638,506)
Other comprehensive income / (loss) for the year	-	-
Total comprehensive loss for the year	(2,400,445)	(2,638,506)

No guarantees were entered into by the parent company during the year (2019: nil).

At 30 June 2020 the parent company had no contingent liabilities (30 June 2019: nil).

27. Contingent assets and liabilities

There were no contingent liabilities or contingent assets at 30 June 2020 (2019: nil).

28. Capital and other commitments

There were no capital and other commitments at 30 June 2020 (2019: nil).

29. Events occurring after reporting date

On 21 August 2020, the Company announced that 76,666,667 unlisted 0.6 cent options had been exercised by optionholders, raising \$460,600 before costs.

The impact of the coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting period. The situation is developing and is dependent on measures imposed by territories in which the Company operates, such as workplace restrictions, travel restrictions, changes to logistics channels and any economic stimulus that may be provided.

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

30. Significant accounting policies

a) Associates (equity accounted investees)

Associates are all entities over which the Company has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. The Company's investment in associates includes goodwill (net of any accumulated impairments loss) identified on the acquisition.

The Company's share of its associates post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment, thereafter gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associate.

b) Impairment of assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or group of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

c) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

d) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST except:

where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

e) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

f) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

g) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Cash held on reserve to meet collateral requirements, lease bonds and for regulatory purposes are not included in cash and cash equivalents, but classified as cash deposits not available for use by the Group.

h) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less allowance for expected credit losses.

The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Group considers a financial asset in default when contractual payment are > 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

On the above basis, the loss allowance was deemed insignificant for trade receivables.

i) Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials for work in progress and finished goods. Costs are assigned to individual items of inventory on based on the first in, first out (FIFO) method.

Notes to the Consolidated Financial Statements For the year ended 30 June 2020

Costs of purchased inventory are determined after deducting rebates and discounts and adding in transport costs and duties. Costs of tea tree products transferred from assets is its fair value less costs to sell at the date of harvest.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

j) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost. Any difference between the proceeds (net of transactions costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates. In all other cases the fee is expensed.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the considerations paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

k) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of EVE Investments Limited ('Company' or 'parent entity') as at 30 June 2020 and the results of all subsidiaries for the year then ended. EVE Investments Limited and its subsidiaries together are referred to in this financial report as the Group.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition method of accounting is used to account for business combinations by the Group. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

l) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle, it is held primarily for the purposes of trading, it is expected to be realised within 12 months after the reporting period, or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when it is either expected to be settled in the Group's normal operating cycle, it is held primarily for the purposes of trading, it is due to be settled within 12 months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

m) Property, plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and any impairment in value. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of profit or loss comprehensive income during the reporting period in which they are incurred.

Depreciation is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, at depreciation rates specific to that asset group. The following estimated useful lives are used in the calculation of depreciation:

Class of fixed asset	Depreciation rate
Plant & equipment	10%-33%
Furniture & fittings	10%-20%
Buildings	5%
Computer equipment	25%-40%
Motor vehicles	25%
Bearer plants	3%

n) Leases

A lease liability and a right of use asset is recognised in the balance sheet for all leases conveying a right to control the use of an underlying asset with the exception of leases with a period of 12 months or less and for low value leases. The asset and liability are initially recognised based on discounted future lease payments and the rate embedded in the lease.

o) Goodwill

Goodwill represents the excess of the purchase consideration over the fair value of the identifiable net assets at the time of acquisition of a combination. When the excess is negative (bargain purchase), it is recognised immediately in profit or loss.

Goodwill is not amortised. Instead, Goodwill is tested for impairment at each reporting date or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of Goodwill relating to the entity sold.

Goodwill is allocated to each of the cash-generating units for the purpose of impairment testing. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates (refer note 10). Impairment losses on goodwill cannot be reversed.

p) Identifiable intangible assets

Intangible assets acquired separately or in a business combination are initially measured at the lower of cost or fair value cost at the time of acquisition when it is probable that the future economic benefits arising as a result of the costs incurred will flow to the Group. The Group assesses identifiable intangible assets as having either finite or indefinite useful lives.

Intangible assets with finite lives are amortised over the useful life and assessed for impairment at least twice a year or whenever there is an indication that the intangible asset may be impaired. The amortisation period and amortisation method are reviewed at least each financial year end. Changes in the expected useful life or flow of economic benefits intrinsic in the asset are an accounting estimate. The amortisation charge on intangible assets with finite lives is recognised in the statement of profit or loss and other comprehensive income.

q) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

r) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

s) Earnings per Share

Basic earnings per share is calculated as a net profit attributable to members, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members, adjusted for:

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

- costs of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

t) Income tax

Income tax on the Statement of Profit or Loss and other Comprehensive Income for the periods presented comprises current and deferred tax. Income tax is recognised in the Statement of Profit or Loss and other Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised, or to the extent that the Group has deferred tax liabilities with the same taxation authority. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

The Company and its wholly owned Australian subsidiaries are members of an Australian income tax consolidated group (Tax Group). EVE Investments Limited is the head company of the Tax Group.

The current tax liabilities (or assets) of each member of the Tax Group are accounting for as being assumed by the Company. Similar, the deferred tax assets arising from unused tax losses and unused relevant tax credits of each member are accounting for as being assumed by the Company.

The members of the Tax Group have entered into a tax sharing and tax funding agreement. Under the tax funding agreement, the members of the Tax Group compensate the Company for any current tax payable assumed. In addition, the members of the Tax Group are compensated by the Company for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are assumed and recognised as a deferred tax asset by the Company.

The funding amounts calculated under the tax funding agreement are determined by a notional income tax allocation that is prepared for each member of the Tax Group as if it were a taxable entity in its own right. This notional income tax allocation is completed on the basis of specific assumptions set out in the tax funding agreement. Depending on the outcome, the notional income tax allocation prepared by each member of the Tax Group will recognise either a current amount receivable or payable to the head entity of the Tax Group.

u) Segment Information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director.

v) New standards and interpretations not yet adopted

There are no issued but not yet effective accounting standards or interpretations that are expected to significantly impact the Company in future financial years.

31. Financial risk management

The Company's activities expose it to both credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company uses different methods to measure different types of risk to which it is exposed.

Risk management is carried out by a central treasury department (Company Treasury) under policies approved by the Board of Directors. Company Treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

a) Credit risk

The carrying amount of cash and cash equivalents, financial assets, loans to associates and trade and other receivables (excluding prepayments), represent the Company's maximum exposure to credit risk in relation to financial assets.

Cash and short term liquid investment are placed with reputable banks, so no significant credit risk is expected.

The maximum exposure at the end of the reporting period for the loans to associates is the carrying amount of this loan \$354,686 (2019: \$239,833). The loans are to Naturally Australian Products, a Company in which EVE owns 49%. The Company has assessed the risk of the loans and does not believe there is a significant credit risk of the loan.

The Company does not have any material exposure to any single debtor or Company of debtors, so no significant credit risk is expected.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit rates:

	2020	2019
	\$	\$
Cash and cash equivalents A-1+	5,138,409	340,260

b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Due to the dynamic nature of the underlying businesses, Company Treasury aims at maintaining flexibility in funding by keeping committed credit lines available with a variety of counterparties. Surplus funds are only invested in instruments that are tradeable in highly liquid markets.

The table below analyses the Company's financial liabilities into relevant maturity groupings. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

Contractual maturities of financial liabilities

2020	Less than 6 months	6 - 12 months	More than 12 months	Total contractual cash flows
Trade payables	536,025	-	-	536,025
Deferred consideration	-	-	-	-
Lease liabilities	22,389	23,400	15,910	61,699
Borrowings	8,651	8,651	743,178	760,480
	<u>567,065</u>	<u>32,051</u>	<u>759,088</u>	<u>1,358,204</u>
2019				
Trade payables	563,733	-	-	563,733
Deferred consideration	-	245,000	-	245,000
Borrowings	103,107	-	722,653	825,760
	<u>666,840</u>	<u>245,000</u>	<u>722,653</u>	<u>1,634,493</u>

32. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

a) Trade and other receivables

The fair value of trade and other receivables with a remaining life of less than six months, the notional amount is deemed to reflect the fair value. All other receivables are estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

b) Loans to associates

The fair value of loans to associates is calculated as the present value of future cash flows, discounted using an 8% discount rate at the reporting date.

c) Borrowings

The fair value of borrowings is determined as the present value of future contracted cash flows and credit adjustments.

d) Fair value of financial assets and liabilities

AASB 7 - Financial Instruments: Requires disclosure of the fair values of financial assets and liabilities categorised by the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group has Investments in associates (see note 4) which have been measured at fair value using the above measurements. Unless otherwise stated, the carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies. The carrying amount of financial assets and financial liabilities assumed to approximate their fair value due to their short-term nature.

**Auditor's Independence Declaration
For the year ended 30 June 2020**



Tel: +61 8 6 382 4600
Fax: +61 8 6 382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY ASHLEIGH WOODLEY TO THE DIRECTORS OF EVE INVESTMENTS LIMITED

As lead auditor of EVE Investments Limited for the year ended 30 June 2020, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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 'Ashleigh Woodley', written in a cursive style.

Ashleigh Woodley

Director

BDO Audit (WA) Pty Ltd

Perth, 31 August 2020

BDO Audit (WA) Pty Ltd ABN 79 112 234 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 090 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.



Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of EVE Investments Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of EVE Investments Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

BDO Audit (WA) Pty Ltd ABN 79 112 234 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 090 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms, liability limited by a scheme approved under Professional Standards Legislation.



Recoverability of goodwill

Key audit matter	How the matter was addressed in our audit
<p>The Group's carrying value of goodwill as disclosed in note 7 represents a significant asset to the Group. The Australian Accounting Standards require the Group to test its goodwill for impairment at least annually.</p> <p>The assessment of impairment is complex and highly judgemental and includes assessing a range of external and internal factors and modelling a range of assumptions that could impact the recoverable amount of a cash generating unit ("CGU"). Accordingly, this matter was considered to be a key audit matter.</p>	<p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> ▪ Assessing the appropriateness of the Group's identification of CGUs and the allocation of assets to the carrying value of CGUs based on our understanding of the Group's business and internal reporting; ▪ Challenging key inputs used in management's impairment assessment including the following: ▪ In conjunction with our valuation specialist, comparing the discount rate utilised by management to our internally calculated discount rate; ▪ Comparing the Group's cash flow forecast to the board approved budget including assessing the reasonableness of the growth rate used therein; and ▪ Performing sensitivity analysis to stress test the key assumptions used, including the future growth and discount rates. ▪ Reviewing the Director's minutes and ASX announcements for evidence of consistency of information with management's assessment of the carrying value; ▪ Considering management's assessment of the potential impact COVID-19 may have on the future financial performance of the identified CGU; and ▪ Assessing the adequacy of the related disclosures in note 2 and note 7 of the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 17 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of EVE Investments Limited, for the year 30 June 2020, complies with section 300A of the *Corporations Act 2001*.



Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Ashleigh Woodley'. Above the signature, the letters 'BDO' are handwritten in a similar style.

Ashleigh Woodley
Director

Perth, 31 August 2020

Additional Information
For the year ended 30 June 2020

1. Exchange listing

EVE investments Limited shares are listed on the Australian Securities Exchange. The Company's ASX code is EVE.

2. Substantial shareholders (holding not less than 5%)

The following substantial shareholders have lodged relevant disclosures with the Company.

Name of Shareholder	Number of shares held
EVERHONEY BIOTECH AUSTRALIA PTY LTD	663,638,954
HONG KONG JUSHENG BOLANG TECHNOLOGY CO LIMITED	507,488,612

3. Class of shares and voting rights

At 21 August 2020, there were 3,828 holders of 3,802,991,889 ordinary fully paid shares of the Company. The voting rights attaching to the ordinary shares are in accordance with the Company's Constitution being that:

- each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid Share held by them, or in respect of which they are appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares, shall, have such number of votes as bears the proportion which the paid amount (not credited) is of the total amounts paid and payable (excluding amounts credited).

4. Distribution of shareholders

Range	Securities	Number of holders	% IC
100,001 and Over	3,712,629,094	1,853	97.62
10,001 to 100,000	89,182,795	1,582	2.35
5,001 to 10,000	758,928	93	0.02
1,001 to 5,000	367,710	114	0.01
1 to 1,000	53,362	186	0.00
	3,802,991,889	3,828	100.00
Unmarketable Parcels	31,281,324	1,271	0.82

5. Unlisted securities

Securities	Number on issue	Number of holders	Holders with 20% or more	Number held
Employee incentive performance rights	53,750,000	8	nil	n/a
Unlisted options exercisable at 0.6 cents on or before 31/12/2021	83,266,665	18	J H Funky Investments P/L	18,000,000

Additional Information
For the year ended 30 June 2020

6. Listing of 20 largest shareholders as at 21 August 2020

Rank	Name	Number of shares held	% IC
1	EVERHONEY BIOTECH AUSTRALIA PTY LTD	663,638,954	17.45
2	HONG KONG JUSHENG BOLANG TECHNOLOGY CO LIMITED	507,488,612	13.34
3	TRT INVESTMENT GROUP PTY LTD	99,948,520	2.63
4	SASSEY PTY LTD <AVAGO SUPER FUND A/C>	76,935,998	2.02
5	MR ALASDAIR CAMPBELL COOKE	62,342,194	1.64
6	CAVE GLEN PTY LTD <SANDRA WISE SUPER FUND A/C>	50,000,000	1.31
7	MRS ABIGAIL CLARE FRY	45,760,124	1.20
8	MR JOHN HENRY TOLL <TOLL FAMILY A/C>	40,000,000	1.05
9	HARTREE PTY LTD	38,426,727	1.01
10	ROBYN MERRYL INGERSOLE	35,530,000	0.93
11	BRYAN KENT EASSON	35,530,000	0.93
12	CITICORP NOMINEES PTY LIMITED	33,485,298	0.88
13	MR BENEDICT ROHR	30,950,000	0.81
14	TW CONSULTING CO LTD	30,500,000	0.80
15	GLENLAREN PTY LTD <GLENLAREN SUPER A/C>	28,333,334	0.75
16	GLENLAREN PTY LTD <GLENLAREN A/C>	28,044,400	0.74
17	MR MARC JOHN CALOKERINOS	28,000,000	0.74
18	MYALLA HOLDINGS PTY LTD <FREEMANTLE FAMILY A/C>	25,000,000	0.66
19	MR RODERICK STUART HOWE & MRS JULIA MARY HOWE <TRATSWEN S/F A/C>	25,000,000	0.66
20	MR DONAL PAUL WINDRIM	23,400,655	0.62
		1,908,314,816	50.18%

7. Other information

There is no current on-market buyback of the Company's securities and the Company does not have any securities on that issue that are subject to escrow restriction.



eve investments

Suite 1, 245 Churchill Avenue, Subiaco WA 6008, Australia
Phone: +61 8 6465 5500 Email: info@eveinvestments.com.au

www.eveinvestments.com.au

