

31 July 2017

## Quarterly Review

### Highlights

- EVE entered a binding term sheet to acquire a 50% interest in an established organic essential oils producer for total consideration of \$1.49m
- **Unique and exciting product expansion**, with confirmed US customer demand for two new product opportunities:
  - **Medicinal cannabis honey** – a premium honey product, produced by bees pollinating on hemp or medicinal cannabis plant nectar
  - **Melaleuca (Meluka) honey** – superior antibacterial honey produced by bees pollinating on melaleuca tea trees
- **Complementary acquisition to EVE's existing investment** in medical nutrition company, Omni Innovation

EVE Investments (ASX:EVE), an ASX listed technology investment company, has today released its Appendix 4C Report for the three month period to 30 June 2017 and is pleased to provide a review of its progress for the quarter.

### Medic Honey

During the quarter EVE announced it has entered into an agreement to acquire a 50% interest in an established organic essential oils producer from Jenbrook Pty Ltd for total consideration of \$1.49m.

Jenbrook is a certified organic tea tree farm based in Alstonville in the Northern Rivers region of NSW, Australia. It owns multiple assets across the production and sales value chain for organic essential oils, extracts, carrier oils (used to dilute essential and other oils prior to topical application) and hydrosols (distillate waters).

Jenbrook's key assets (which are subject to the transaction) include:

- **EcoBotanicals** – a contract manufacturing company that produces organic and Therapeutic Goods Association (TGA) approved oils and cosmetics for its contract manufacturing clients, which include related companies. Its leading product is tea tree oil which is 100% grown, harvested and distilled in Australia. EcoBotanicals holds a TGA licence and occupies an associated freehold manufacturing facility.
- **Naturally Aust Product Inc** – is a US registered and based marketing and wholesale distribution business that sells essential oils, extracts, carrier oils and hydrosols to an established US customer base.
- **Robyndale Farm** – a 1,000 acre organic farmed tea tree plantation that supplies raw tea tree oil and extracts, that are then sold in the US by Naturally Aust Product Inc. It also supplies organic tea tree oils to third party international customers. Robyndale is situated in the heart of the 'Bungawalbyn Valley Basin', an area designated as the 'origin of the tea tree species'.
- **Jendale Farm** – Identified as the 'birth place of the tea tree' botanical species within the Bungawalbyn Valley Basin, Jendale is a 1,147 acre organic natural growth tea tree plantation which is harvested to produce a high potency tea tree oil. The raw materials from this plantation are used in conjunction with a patented extraction technique that accelerates the aging process of the oil to produce concentrated multiple active therapeutic compounds.

### **Two new disruptive honey products**

Medic Honey is currently validating the production process for a Melaleuca (Meluka) honey. The Meluka honey is produced by bees that pollinate on the nectar of the tea tree and is expected to have superior antibacterial properties to Manuka honey.

In addition, Medic Honey is exploring the opportunity to develop a medicinal cannabis honey. This product would be a unique premium honey product, produced by bees pollinating on the nectar of medicinal cannabis plants. Scientific validation of any active compounds in the medicinal cannabis honey with potential health benefits is currently being explored. Furthermore, indications of strong US customer demand have been confirmed for both honey product opportunities, through the Company's established US sales channel.

Medic Honey signed a research collaboration agreement with the Southern Cross University in Lismore. The four-month research project has now commenced and is testing the therapeutic potential of its potential Meluka Honey product, with results anticipated by the end of the calendar year.

As part of the same collaboration, research commenced in June 2017 to evaluate the impact on European honey beehives that house bees pollenating on tea trees and the potential for bacterial disease prevention for these bees. The research project particularly evaluates the highly deleterious impact US and UK Foulbrood disease has had on bee populations in these regions.

### **Regulatory Pathway Established**

Medic Honey appointed leading Australian medicinal cannabis advisory company BuddingTech Pty Ltd, as Advisor to the Board. Led by Founder and CEO Adam Miller, BuddingTech has been advising Medic Honey on all relevant regulatory requirements surrounding the development and commercialisation of its planned premium Cannabis Honey product, to be produced by bees pollinating on hemp or cannabis plant nectar.

Medic Honey has now determined a clear regulatory pathway for the production of the Cannabis Honey product. This pathway involves application to the NSW Department of Primary Industry for a hemp and cannabis growing licence. The licence will enable Medic Honey to integrate cannabis and hemp into the pollenating grounds of the bees.

### **Transaction Details**

Medic Honey will own 100% of EcoBotanicals Pty Ltd (currently 75% owned by Jenbrook, which will acquire the remaining 25% prior to the completion of the acquisition) and 100% of Naturally Aust Product Inc, plus all associated intellectual property. It will also own 66.66% of a yet to be formed new honey production company, with the remaining 33.33% being held by partner Wayne Fuller, Australia's largest organic honey producer.

The freeholds for the contract manufacturing facility associated with EcoBotanicals, along with the Jendale and Robyndale plantations will initially be leased to Medic Honey, which will hold a 2-year option to purchase the freehold manufacturing facility, as well as the Jendale and Robyndale plantations.

The total consideration payable to Jenbrook is \$1.49m inclusive of a non-refundable deposit of \$100,000. The remaining \$1.39m is payable upon satisfactory completion of a number of conditions precedent including the scientific validation of both the Medicinal cannabis and Meluka honey products, a corporate reorganisation, financial and legal due diligence, Medic Honey entering into lease and purchase option agreements in respect of the freehold manufacturing facility, the Robyndale farm and the Jendale farm and entering into employment agreements with key individuals for a minimum period of 2 years. The transaction is also subject to any customary regulatory or shareholder approval requirements which might be required.

EVE will also manage an intended Initial Public Offering (IPO) process for Medic Honey within a 12 to 18-month timeline. EVE shareholders will receive a preferential entitlement to participate in the Medic Honey IPO.

### **Due Diligence Extension**

Since the announcement of the transaction in early May both parties have been working through the due diligence process as well as the other conditions precedent to the transaction, both parties have agreed to extend the initial conditions precedent deadline until 15 August.

## Omni Innovation

### Omni Innovation Settlement

EVE completed settlement of the tranche 2 investment into Omni Innovation on 8 May by investing a final \$625,000 into the Company. The Company currently holds a ~40% interest in Omni Innovation.

### Intellectual Property Protection

Strengthening its intellectual property (IP) position, Omni Innovation received issue notification, in June 2017, for its core patent application covering Omni Innovation's pre-meal technology for people with diabetes and pre-diabetes in the US, this follows the receipt of a Notice of Allowance earlier this year (see announcement 1 March 2017).

The granting of a US patent builds on Omni Innovation's existing intellectual property portfolio, with patents already granted in Australia and South Africa and patent protection pending for Israel and the Europe Union.

### UK Sales

An operational milestone was achieved recently with the successful production of Omni Innovation's vanilla and chocolate pre-mix variants of its pre-meal drink. The products have been shipped to its UK manufacturing and distribution partner, Healthspan where they will be turned into Healthspan's branded product, GlucoShake.

The Company's COO Phil Owens participated in a series of round table events in London in early June for UK key opinion leaders, influencers and media personalities in the nutrition and health supplements space. Together with Omni Innovation, Healthspan is planning to launch GlucoShake across the UK in September 2017. Omni Innovation is expecting initial sales in Q2 FY18, following the launch.

### US & Other Territory Preparations

Omni Innovation also reports that its initial test sample manufacturing run of GlucoSmooth was successfully completed in the US by its manufacturing partner, Windmill Health Products, LLC. Providing Omni Innovation with a reliable manufacturing capability during its initial preparation for the US marketing phase.

In preparation for sales expansion beyond the US and UK, Omni Innovation has signed Management Services Agreements for a number of territories including the South Pacific, India and China. In addition, it is continuing the selection process for appropriate manufacturing and distribution partners in further territories.

## Corporate

### Capital Raising

The Company completed a capital raising in early May for an amount of \$1,128,825, before costs. A further \$137,000 was issued subsequent to the quarter to Directors after shareholder approval was received.

Trading in the Company's shares resumed on 2 May following announcement of the capital raising.

### For more information:

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### About EVE Investments

EVE Investment is an Australian Securities Exchange Listed Investment Company that invests in technology companies. With a preference for companies that have global scale, EVE is an investment partner that wants to help build ground breaking and enduring technology.

For more information, please visit [www.eveinvestments.com.au](http://www.eveinvestments.com.au)

## Appendix 4C

## Quarterly report for entities subject to Listing Rule 4.7B

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

Name of entity

EVE INVESTMENTS LTD

ABN

89 106 523 611

Quarter ended ("current quarter")

30 Jun 17

## Consolidated statement of cash flows

1.	<b>Cash flows from operating activities</b>
1.1	Receipts from customers
1.2	Payments for:
	(a) research and development
	(b) product manufacturing and operating costs
	(c) advertising and marketing
	(d) leased assets
	(e) staff costs
	(f) administration and corporate costs
1.3	Dividends received (see note 3)
1.4	Interest received
1.5	Interest and other costs of finance paid
1.6	Income taxes paid
1.7	Government grants and tax incentives
1.8	Other (provide details if material)
1.9	<b>Net cash from / (used in) operating activities</b>
2.	<b>Cash flows from investing activities</b>
2.1	Payments to acquire:
	(a) property, plant and equipment
	(b) businesses (see item 10)
	(c) investments
	(d) intellectual property
	(e) other non-current assets
2.2	Proceeds from disposal of:
	(a) property, plant and equipment
	(b) businesses (see item 10)
	(c) investments
	(d) intellectual property
	(e) other non-current assets
2.3	Cash flows from loans to other entities
2.4	Dividends received (see note 3)
2.5	Other (provide details if material) – Jenbrook deposit
2.6	<b>Net cash from / (used in) investing activities</b>

Current quarter \$'000	Year to date (12 months) \$'000
-	-
-	-
-	-
(19)	(36)
-	-
(106)	(367)
(67)	(156)
-	-
-	-
-	-
-	-
-	-
(191)	(559)
-	-
-	-
-	-
(625)	(1,625)
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
(100)	(100)
(725)	(1,725)

	Current quarter \$'000	Year to date (12 months) \$'000
<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	1,129	2,359
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(46)	(147)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>1,083</b>	<b>2,212</b>
<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	93	332
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(191)	(559)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(725)	(1,725)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	1,083	2,212
4.5 Effect of movement in exchange rates on cash held	-	-
<b>4.6 Cash and cash equivalents at end of quarter</b>	<b>260</b>	<b>260</b>

	Current quarter \$'000	Previous quarter \$'000
<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1 Bank balances	260	93
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>260</b>	<b>93</b>

	Current quarter \$'000
<b>6. Payments to directors of the entity and their associates</b>	
6.1 Aggregate amount of payments to these parties included in item 1.2	3
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
Director fees	

	Current quarter \$'000
<b>7. Payments to related entities of the entity and their associates</b>	
7.1 Aggregate amount of payments to these parties included in item 1.2	63
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
Serviced office and administration staff	

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

9. **Estimated cash outflows for next quarter**
- 9.1 Research and development
- 9.2 Product manufacturing and operating costs
- 9.3 Advertising and marketing
- 9.4 Leased assets
- 9.5 Staff costs
- 9.6 Administration and corporate costs
- 9.7 Other (provide details if material)
- 9.8 **Total estimated cash outflows**

	\$'000
	-
	-
	1
	-
	140
	48
	-
	189

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

	Acquisitions	Disposals
	-	-
	-	-
	-	-
	-	-
	-	-

**Compliance statement**

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



Steven Jackson  
Company Secretary

31 July 2017

**Notes**

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