

30 January 2017

Quarterly Review

Highlights

- 2016 Q4 Sales achieved over 40,000 sachets through pharmacy sales in Australia
- Omni Innovation entered into a binding exclusive product license term sheet with Healthspan which is the UK's number one direct supplier of vitamins and supplements
- \$1.63m raised in two share placements, including \$600k to new strategic investor Tianjin Tongrentang Group
- Shareholding in Omni Innovation increased to 34%

EVE Investments (ASX:EVE), an ASX listed technology investment company, has today released its Appendix 4C Report for the three month period to 31 December 2016 and is pleased to provide a review of its progress for the quarter.

Capital Raisings

In November, EVE conducted a placement at 1 cent per share to raise \$600,000 before costs by issuing 60,000,000 new shares to a new strategic investor, the Tianjin Tongrentang Group via its Australian subsidiary TRT Investment Group.

Additionally, on 23 December 2016 the Company completed a two-tranche placement to raise up to \$1.6m at \$0.008. A tranche 1 placement of \$630,000 was completed in late December. The placement includes a \$300,000 subscription by ASX listed Refresh Group Limited (ASX: RGP) a water-bottling and distribution company with operations in multiple Australian states.

The tranche 2 placement for a further \$1,000,000 will be completed in the first quarter of 2017, subject to approval at a shareholder meeting. A 1 for 6 entitlement issue to raise up to \$1.96m was withdrawn in the period due to the minimum subscription not being received.

Tianjin Tongrentang Group

Tianjin Tongrentang Group is one of China's oldest pharmaceutical and traditional chinese medicine (TCM) enterprises. It specialises in research and development, production and sales of TCM and owns two pharmaceutical production and sale enterprises - Tianjin Tongrentang and Hongrentang which are recognised as two of the forty-three time-honoured pharmaceutical brands granted by the Ministry of Commerce.

Tianjin Tongrentang and Hongrentang hold a combined number of 99 valid drug approvals, including a national-protected variety, 20 exclusive varieties and 29 drugs that are included in China's national medical insurance.

Tianjin Tongrentang has a well-developed, extensive distribution network throughout China.

Positive Initial Sales following Marketing launch

In September 2016 marketing for Faulding® GlucoControl™ commenced and initial sales volumes have been very positive with over 40,000 sachets sold during Q4 2016. In addition, Faulding® GlucoControl™ is now widely available in 800 specialist and independent pharmacies across Australia, including in Australia's leading health focused retail pharmacy chain.

The sales of Faulding® GlucoControl™ are expected to grow based on increased consumer numbers, and establishment of continual use, as the pre-meal drink concept is integrated into routine type 2 diabetes management plans. Positive initial feedback from Key Opinion Leaders in the field of nutritional management is establishing a clear message to health care professionals and pharmacists regarding Faulding® GlucoControl™. As more health care professionals introduce Faulding® GlucoControl™ into their clinical practices, a sustained pattern of consumer utilisation and sachet sales is expected.

The positive initial sales in Australia provide a platform for continued sales growth in Australia and support product validation for expansion into offshore markets. Additionally, it assists in the development of a distribution platform for the pipeline of new products being developed by Omni Innovation. The new products currently under development are products that are scientifically validated and target those people with chronic and lifestyle diseases.

Exclusive product license agreement

Omni Innovation has entered into a binding term sheet for a 15-year exclusive product licence agreement with UK company Healthspan. The agreement includes milestones and marketing commitments that are required to maintain exclusivity. It also requires branding and manufacture of the groundbreaking formulation to be undertaken by Healthspan. Omni Innovation will receive a royalty based off gross sales of the product in the UK.

After the recent launch of its technology in Australia, Omni Innovation is very excited to have such a dynamic and experienced partner to make such a long commitment to ensure its technology is successfully distributed to a new and significant market.

“Healthspan’s reach and direct approach to its significant customer base make it an exciting licensing partner for our first expansion outside Australia. Omni Innovation looks forward to working together with Healthspan for this technology as a pathway and model into the UK - and potentially greater EU - for this and future products” said Arie Nudel, Managing Director, Omni Innovation.

Healthspan

Healthspan is the UK’s No.1. direct supplier of vitamins and supplements, offering a wide range of over 150 products. As a company, Healthspan is committed to providing good nutrition for a healthy lifespan. Healthspan focus on core values to deliver outstanding quality, good value for money and excellent customer service. As an established company of over 20 years, all of Healthspan’s vitamins and supplements are developed by leading nutrition experts and are manufactured to GMP standards.

Other Distribution Agreements

The representation agreement with US company Global Brand Consulting LLC (part of the Star Brands network) has identified several key distribution partners in the US and other regions. A market launch is planned in March/April 2017. Negotiations are advancing with the shortlisted partners.

Discussions with Chinese company Beijing Dongfang Hongsheng International Biotechnology Development Co. Ltd to enter a definitive agreement on the registration, marketing and sales in China of Omni Innovation’s export product GlucoSmooth™ are progressing. Furthermore, the Company is pursuing commercial discussions with a potential partner in Singapore and Hong Kong.

Omni Innovation has begun registration of its export product GlucoSmooth™ into Malaysia. Omni Innovation is working with a Malaysian company that specialises in importing and distribution of foods for special medical purposes. The Malaysian party will manage the registration process and commence sales in Malaysia on a non-exclusive basis.

Marketing, Promotion and Product Validation

Omni Innovation continues to hold promotional information sessions across Australia for medical practitioners, pharmacists, dieticians and diabetes educators. These sessions incorporate independent key opinion leaders such as Professor Peter Clifton, Dr Alan Barclay, Professor Jennie Brand Miller (“GI Jennie”), Dr Linda Watson and Dr Tongzhi Wu.

Events have been successfully run in Perth, Melbourne, Sydney, Adelaide and Brisbane. Due to the success of educating health care professionals at these events, they will be continued in 2017 in Hobart, Canberra and Darwin in addition to revisiting Australia's major cities.

Diabetes WA, Vic, SA, NSW & QLD have all attended and or participated in Omni Innovation information sessions and positive feedback has been received. Each of the state based Diabetes associations have been engaged to build awareness and receive feedback on Faulding® GlucoControl™.

Omni Innovation has produced promotional and educational videos with key opinion leaders as well a consumer case study. Videos have also been produced of the information session held in Sydney and Dr Linda Watson presenting the Adelaide University interim results. Links to recent media and videos involving Omni Innovation are available through the EVE Investments website, www.eveinvestments.com.au

New Product Development

Progress has been made in the development of a new early intervention product for **Postprandial Hypotension** in the elderly. This product will address drop in blood pressure following a meal. Adelaide University has agreed to carry out research to provide validation for the development of a commercial product. Professor Karen Jones will supervise this study.

The development of a new program managing diabetes using the combination of the pre-meal drink with a behavioural intervention is progressing. A large grant application has been lodged and Deakin University, Adelaide University and the University of South Australia have agreed to participate in the program research.

The development of complimentary products to Faulding® GlucoControl™ for people with type 2 diabetes has commenced. Targeting different methods of consumption, these products aim to suit different segments of the market.

Settlement

During the quarter, EVE completed an investment into Omni Innovation of \$1,000,000 as part of the tranche 2 investment. A further \$625,000 is required to be invested into Omni Innovation by 28 February 2017. As at 31 December 2016 EVE holds a 34% interest in Omni innovation.

New Investment Opportunities

EVE continues to review Australian and international technology investment opportunities across a broad range of sub-sectors including medtech, agtech, fintech, health & wellness, social, gaming, payments and cyber security.

Other Investments

EVE has a 35% interest in Wayland Copper, which holds the Ballek copper-gold in Northern Sweden. Beowulf Mining Plc, the joint venture partner/manager of the project, is currently conducting a review of the project.

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

¹ <https://www.diabetesaustralia.com.au/news/15266?type=articles>

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")

31 Dec 2016

Consolidated statement of cash flows

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

Current quarter \$'000	Year to date (6 months) \$'000
-	-
-	-
-	-
(4)	(13)
-	-
(52)	(202)
(16)	(80)
-	-
-	-
-	-
-	-
-	-
(72)	(295)
-	-
-	-
-	-
(1,000)	(1,000)
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
(1,000)	(1,000)

	Current quarter \$'000	Year to date (6 months) \$'000
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	1,230	1,230
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	(94)	(94)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	1,136	1,136
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	109	332
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(72)	(295)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(1,000)	(1,000)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	1,136	1,136
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of quarter	173	173

	Current quarter \$'000	Previous quarter \$'000
5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1 Bank balances	173	109
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	109	109

	Current quarter \$'000
6. Payments to directors of the entity and their associates	
6.1 Aggregate amount of payments to these parties included in item 1.2	55
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
Director fees	

	Current quarter \$'000
7. Payments to related entities of the entity and their associates	
7.1 Aggregate amount of payments to these parties included in item 1.2	-
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	
-	

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

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
-
-
5
-
134
19
625 ¹
783

¹Balance of second tranche investment into Omni Innovation currently due by 28 February. Payment to be made subject to completion of a capital raising to be approved at a shareholder meeting in February.

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

30 January 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.