

20 October 2017

Quarterly Review

Highlights

- EVE entered a revised term sheet to acquire a 50% interest in **Meluka Health**
- Key assets of Meluka Health are **Medic Honey** and the TGA licensed manufacturing business
- **Medic Honey** has two new product opportunities:
 - **Melaleuca (Meluka) honey** – superior antibacterial organic honey produced from bees harvesting from botanical species located on an old growth Melaleuca tea tree plantation in the Bungawalbyn Valley Basin of NSW.
 - **Medicinal cannabis honey** – a premium honey product utilising the medicinal benefits of cannabis.
- **Omni Innovation** executes Licence Agreement for Chinese market, \$1 million received in upfront payment
- EVE completes a \$1.1m capital raising

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

Meluka Health

During the quarter EVE announced it has entered into a revised agreement structure for the Meluka Health transaction. A new company, Meluka Health Pty Ltd, has been incorporated and subject to the below conditions precedent EVE will invest \$740k (less \$100k previously paid as a deposit) into Meluka Health for a 50% equity interest.

Meluka Health will own 100% of EcoBotanicals Pty Ltd and it will also own 66.66% of Medic Honey Pty Ltd (Medic Honey) a honey production company, with the remaining 33.33% being held by partner Wayne Fuller, Australia's largest organic honey producer. At completion of the deal Meluka Health will retain \$500k for use in development and production of its Meluka honey and medicinal cannabis honey products, with an initial focus on distribution of these products into the US market.

Meluka Health will also hold option agreements with lengths between six to twelve months on other assets such as the Jendale and Robyndale tea tree plantations and the manufacturing facility that EcoBotanicals operates from. Additionally, there is an option agreement over Naturally Australian Products Inc, a US distributor of essential oils and extracts.

The conditions precedent to the transaction include a corporate restructure so that Meluka Health is the unencumbered holder of the above assets, entering into option agreements for the aforementioned assets, agreement of terms for a Shareholder Agreement and entering into lease, supply and distribution agreements with key parties.

EVE still retains the right to manage an intended Initial Public Offering (IPO) process for Meluka Health within a 12 to 18 month timeline. EVE shareholders will receive a preferential entitlement to participate in the Meluka Health IPO.

The initial deposit of \$100,000 has previously been paid, with the outstanding balance to be funded through a further capital raise, following the satisfactory completion of the conditions precedent by 30 September. The transaction will result in no changes to the Board of EVE and is complementary to the Company's existing investment, expanding our investment portfolio of health focussed technology investments.

Two new disruptive honey products

Medic Honey is currently establishing the production process for a Melaleuca (Meluka) honey. The Meluka honey is produced from bees harvesting from botanical species located on an old growth Melaleuca tea tree plantation in the Bungawalbyn Valley Basin of NSW.

In addition, Medic Honey is developing a medicinal cannabis honey product. This product would be a unique premium honey product. 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.

Conditions Precedent Extension

Both parties continue to work to complete the remaining conditions precedent to the transaction and both parties have agreed to extend the conditions precedent deadline until 31 October 2017.

Omni Innovation

Distribution Agreement with Eagle Health Holdings for Chinese Market

In mid-late September, Omni completed a Licence Agreement ASX listed Eagle Health Holdings (ASX:EHH) ("Eagle Health") to exclusively manufacture, market and distribute Omni's clinically proven pre-meal shake product for Type 2 diabetes and Pre-Type 2 diabetes throughout mainland China and Hong Kong through the Eagle Health's extensive network of pharmacies and other retail outlets.

This is in line with Omni's strategy to create high value, strategic distribution partnerships for its pre-meal drink formulation for Type 2 diabetes in key global markets.

This agreement includes an upfront licensing fee of AU\$1.5 million payable to Omni, with AU\$1 million received on completion of the License Agreement and a further payment of AU\$0.5 million due when registration of the pre-meal drink as a 'medical food' is achieved through the China Food and Drug Administration.

The agreement also requires Eagle Health to make minimum annual royalty payments which step-up in line with estimates for significant penetration into China. These robust ongoing sales forecasts and royalty payment milestones, represent a significant step in the ongoing global distribution plan of Omni for its pre-meal drink product.

Corporate

Capital Raising

The Company completed a capital raising in early October for an amount of \$1,095,000, before costs. A further \$110,000 will be issued to a related party of the Company subject to shareholder approval being received. The raising included a \$500k investment by existing shareholder and Chinese pharmaceutical and traditional medicine group – TRT Investments Pty Ltd.

Director Appointment

As part of the capital raising, TRT Investments nominated Mr Michael Pixley to the Board of EVE Investments. Mr Pixley was appointed on 16 October 2017.

Shares in Lieu

The Board has agreed, subject to shareholder approval, to provide directors with the ability to convert their director fees for the next six months into shares at the same price as the recent capital raising.

Annual General Meeting

The Company's Annual General Meeting will be held at 10 am on Wednesday, 22 November 2017.

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

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3. **Cash flows from financing activities**
- 3.1 Proceeds from issues of shares
- 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
- 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**

	Current quarter \$'000	Year to date (3 months) \$'000
	-	-
	-	-
	-	-
	(4)	(4)
	-	-
	-	-
	-	-
	-	-
	-	-
	(4)	(4)
	(4)	(4)
	260	260
	(170)	(170)
	-	-
	(4)	(4)
	-	-
	85	85

4. **Net increase / (decrease) in cash and cash equivalents for the period**
- 4.1 Cash and cash equivalents at beginning of quarter/year to date
- 4.2 Net cash from / (used in) operating activities (item 1.9 above)
- 4.3 Net cash from / (used in) investing activities (item 2.6 above)
- 4.4 Net cash from / (used in) financing activities (item 3.10 above)
- 4.5 Effect of movement in exchange rates on cash held
- 4.6 **Cash and cash equivalents at end of quarter**

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
- 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)**

	Current quarter \$'000	Previous quarter \$'000
	85	260
	-	-
	-	-
	-	-
	260	260

6. **Payments to directors of the entity and their associates**

Current quarter \$'000
20
-

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

7. **Payments to related entities of the entity and their associates**

Current quarter \$'000
17
-

- 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

Serviced office and administration staff

8. **Financing facilities available**

Add notes as necessary for an understanding of the position

	Total facility amount at quarter end \$'000	Amount drawn at quarter end \$'000
	-	-
	-	-
	-	-

- 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) – completion of Meluka Health transaction	
9.8	Total estimated cash outflows	

	\$'000
	-
	-
	1
	-
	105
	32
	640
	778*

* Capital raising completed in early October 2017 of \$1.1m

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

20 October 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.