



eve investments

ABN 89 106 523 611

Appendix 4D Half-year report

In compliance with ASX Listing Rule 4.2.A.3

For the period ended 31 December 2018

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Results for Announcement to the Market

	Half-year ended 31-Dec-18 \$	Up / Down	% Movement
Revenue from ordinary activities	955,543	Up	n/a
Loss from ordinary activities after tax attributable to members	(1,311,003)	Up	57.54%
Net loss for the period attributable to members	(1,311,003)	Up	57.54%

Dividends / distributions

No dividends were declared or paid during the period.

Net tangible assets per security

	Half-year ended 31-Dec-18 \$	Half-year ended 31-Dec-17 \$
Net tangible assets per ordinary security	0.0023	0.0036

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

n/a

Details of associates and joint venture entities

	Percentage of Ownership Interest		Contribution to Gain (Loss)	
	Half-year ended 31-Dec-18 %	Half-year ended 31-Dec-17 %	Half-year ended 31-Dec-18 \$	Half-year ended 31-Dec-17 \$
Omniblend Innovation Pty Ltd	37.7%	38.6%	(420,538)	96,389
Meluka Health Pty Ltd	50.0%	50.0%	(140,666)	-
Wayland Copper Ltd	34.8%	34.8%	-	-

Compliance Statement

Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' Report and the financial statements for the half-year ended 31 December 2018. This report is based on the financial statements for the half-year ended 31 December 2018 of EVE Investments Limited, which have been reviewed by BDO. The Independent Auditor's Report provided is included in the financial statements for the half-year ended 31 December 2018.



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Interim Financial Report
for the six months ended
31 December 2018

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Directors' Report	3
Consolidated Statement of Profit or Loss & Other Comprehensive Income	6
Consolidated Statement of Financial Position	7
Consolidated Statement of Changes in Equity	8
Consolidated Statement of Cash Flows	9
Notes to the Consolidated Financial Statements	10
Directors' Declaration	20
Auditor's Independence Declaration	21
Independent Review Report	22

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The Directors of the Group present their report for EVE Investments Limited for the half-year ended 31 December 2018.

Directors

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

Mr George Cameron-Dow – Non-Executive Chairman
Mr Gregory (Bill) Fry – Executive Director
Mr Alasdair Cooke – Non-Executive Director
Mr Michael Pixley – Non-Executive Director

Review of Operations

EVE Investments is an Australian Securities Exchange listed health, nutrition and wellness Company, with a focus on investments in the medical nutrition sector.

Jenbrook

During the period the Company received approval to increase the scale of its activities by acquiring Jenbrook Pty Ltd, a NSW organic tea tree oil producer, with the change receiving overwhelming support by shareholders at the Company's General meeting in late August 2018. The cash consideration paid for the acquisition was \$2.86m, together with paying an additional \$272,040 in cash and issuing 30,226,666 shares to extinguish pre-existing management loans.

Jenbrook owns Jendale a 1,147 acre old growth tea tree plantation and Robyndale a 1,000 acre plantation used in the production of organic tea tree oil for distribution throughout the U.S. and Europe. Production from both properties continued throughout the period along with the supply of tea tree oil, extract and products to the U.S. primarily through Naturally Australian Products, and to third party international customers.

Naturally Australian Products

Jenbrook holds 49% of US based marketing and wholesale distribution company Naturally Australian Products Inc (NAP). The Company was founded in 2013 and sells essential oils, carrier oils and hydrosols to an established and growing North American customer base.

During the period, NAP expanded, employing two new personnel including a new senior sales executive. The addition of these staff members is an important step for the company as it expands its product offering. Additionally, the company invested in a new customer relationship management system and staff training for the sales team.

Meluka Honey

During the period Meluka Honey established distribution for NSW and the ACT with premium health food distributor The Fair Traders. The Fair Traders has a network of nearly 500 premium health food retailers and an initial order was placed across Meluka Honey's product range in time for the holiday season. Overseas wholesale and online sales commenced in the September 2018 quarter with 6,000 units shipped to the US.

Meluka Honey is also actively in discussions with two distribution groups around distribution of its honey across online and other networks in China, as well as having commenced discussions with an Indian based distribution group about distributing its products in India, the UAE and across the Middle East.

Meluka Honey announced its findings of research trials conducted by Dr David Rudd of Southern Cross University at Jenbrook's certified organic tea tree (*Melaleuca alternifolia* tree) plantations in the Bungawalbyn Valley region in New South Wales.

The research demonstrated two key findings:

Firstly, the research found that bees foraging on Melaleuca trees (*Melaleuca alternifolia*) produced a multi-bioactive honey that has strong immediate anti-oxidant properties, significantly higher than generic honey and

sustained anti-microbial activity. This high bioactivity was not reliant on post-harvest ripening and was directly attributed to the natural bioactive properties of tea tree.

The second key finding was that foraging on Melaleuca trees was beneficial to bee metabolism and immune defence. Diet supplementation with tea tree was found to act as a probiotic, increasing the proportion of the beneficial bacteria family Neisseriaceae, which contains the species *Snodgrassella alvi* that is responsible for bee gut immune function. Importantly, the report also concluded that tea tree supplementation did not limit the diverse foraging that honeybees need for health and honey production. The research findings will help Meluka Honey to finalise its products and to deliver improvements in product formulation, production, handling, storage and transport. In addition, Meluka Honey will develop its marketing approach to leverage the unique and beneficial features of the products.

Meluka Health

During the period the Company announced completion of agreements between The Hydroponics Company Limited (THC) and Meluka Health. These agreements will, subject to various regulatory approvals, see THC grow high grade medicinal cannabis on a portion of the Robyndale tea tree plantation, and provide exclusive access to the medicinal cannabis for use by Meluka Health in future products. Lodgement of relevant licence applications to develop the necessary infrastructure for the plantation of medicinal cannabis crops on the property was completed during the period.

Development is also progressing on an Australian essential oils and extracts product line, Meluka Essentials. Development of its initial range of products occurred during the period reaching final design approval. The first batch of the product range for initial marketing purposes is expected to be launched in the March 2019 quarter. Separately, a "Mother and Baby" range is under development as part of a broader Meluka Family division with product trials being conducted in the period. Feedback from participants is currently under review to determine whether any modifications are required prior to the planned launch in the September 2019 quarter.

Omni Innovation

During the period, progress continued with Omni Innovation's distribution partner, ASX listed Eagle Health Holdings Ltd (Eagle) (ASX:EHH) who remain on track to open 100 direct diabetes Health and Experience stores along China's affluent east coast throughout 2019. So far 50 stores have been opened across 14 provinces in China. Eagle, in September 2018 announced the submission of its application for the registration of the Hutang-1 product formula with the China Food & Drug Administration (CFDA) as a Food for Special Medical Purpose (FSMP). Eagle Health expects the FSMP registration process to be completed by the December 2019 quarter. Preliminary discussions are being held with a potential partner regarding the addition of probiotics into Omni's pre-meal drink for people with type 2 diabetes and pre-diabetes, to produce a new variant of the product.

Omni Innovation is also currently assessing new options for the distribution of its pre-meal drink formulation in Australia. The exclusivity period for the previous Australian distributor has now expired allowing for other distribution options to be considered. Omni Innovation terminated its Product Licence Agreement with Healthspan Ltd for the UK market due to the failure of Healthspan to launch the product within the required timeframe. Omni Innovation is exploring alternative pathways to enter the UK market, and other overseas territories.

During the period Omni Innovation undertook a restructure of the organisation, which resulted in Philip Owens stepping down as CEO. Chairman Ian Brown has integrated the CEO duties into his current role.

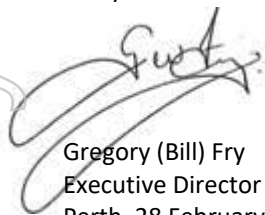
Corporate

On 25 February 2019, the Group acquired the remaining 50% of associate Meluka Health for consideration of \$490,000. 40,833,334 shares in the Company were issued to the sellers at a deemed issue price of \$0.006/share, \$245,000 of cash is payable to the sellers within 12 months of settlement.

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

Auditor's Independence Declaration

The auditor's Independence Declaration is set out on page 21 and forms part of the Directors' report for the half year ended 31 December 2018.



Gregory (Bill) Fry
Executive Director
Perth, 28 February 2019

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Consolidated Statement of Profit or Loss & Other Comprehensive Income
For the half-year ended 31 December 2018

		31-Dec-18	31-Dec-17
	Note	\$	\$
Revenue	8	955,543	-
Costs of goods sold		(959,452)	-
Gross profit / (loss)		(3,909)	-
Other income		10,659	607
Employee benefit expense	9(a)	(489,221)	(412,934)
Share of net profit / (loss) of associates accounted for using the equity method	4	(561,205)	96,389
Other expenses	9(b)	(266,297)	(516,235)
Net financial expense	9(c)	(1,030)	-
Loss before income tax		(1,311,003)	(832,173)
Income tax expense		-	-
Loss for the period		(1,311,003)	(832,173)
Total comprehensive loss attributable to:			
Equity holders of the Company		(1,311,003)	(832,173)
Total comprehensive loss for the period		(1,311,003)	(832,173)
Loss per share for loss attributable to the ordinary equity holders of the Company:			
Basic and diluted loss per share (cents)		(0.06)	(0.07)

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

Consolidated Statement of Financial Position
As at 31 December 2018

	<i>Note</i>	31-Dec-18 \$	30-Jun-18 \$
Assets			
<i>Current Assets</i>			
Cash and cash equivalents		246,235	3,912,370
Trade and other receivables		725,392	29,902
Deposits		-	135,000
Inventories		16,866	-
Other financial assets		-	200,000
Total current assets		988,493	4,277,272
<i>Non-current Assets</i>			
Property, plant & equipment	5	1,454,573	-
Goodwill	3	2,481,197	-
Equity accounted investments	4	2,626,312	3,179,984
Loans to associates		228,491	-
Total non-current assets		6,790,573	3,179,984
Total assets		7,779,066	7,457,256
Liabilities			
<i>Current Liabilities</i>			
Trade and other payables		340,143	76,798
Borrowings	6	623,513	-
Total current liabilities		963,656	76,798
<i>Non-current Liabilities</i>			
Borrowings	6	422,000	-
Total non-current liabilities		422,000	-
Total liabilities		1,385,656	76,798
Net assets		6,393,410	7,380,458
Equity			
Issued capital	10	22,930,906	22,710,032
Reserves		161,688	176,107
Accumulated losses		(16,699,184)	(15,505,681)
Total equity attributable to shareholders of the Company		6,393,410	7,380,458

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

Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2018

	Issued capital	Accumulated losses	Share-based payments	Total
Half-year ended 31 December 2018	\$	\$	\$	\$
Total equity at 1 July 2018	22,710,032	(15,505,681)	176,107	7,380,458
Loss for the period	-	(1,311,003)	-	(1,311,003)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	(1,311,003)	-	(1,311,003)
Transactions with owners in their capacity as owners:				
Share issue net of issue costs	220,874	-	-	220,874
Share based payment expense	-	-	103,081	103,081
Transfer from reserve to accumulated losses	-	117,500	(117,500)	-
	220,874	117,500	(14,419)	323,955
Total equity at 31 December 2018	22,930,906	(16,699,184)	161,688	6,393,410
Half-year ended 31 December 2017				
Total equity at 1 July 2017	16,382,059	(13,710,240)	105,820	2,777,639
Loss for the period	-	(832,173)	-	(832,173)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	(832,173)	-	(832,173)
Transactions with owners in their capacity as owners:				
Share issue net of issue costs	2,623,227	-	-	2,623,227
Share based payment expense	-	-	32,642	32,642
Transfer from reserve to accumulated losses	-	63,471	(63,471)	-
	2,623,227	63,471	(30,828)	2,655,869
Total equity at 31 December 2017	19,005,286	(14,478,942)	74,992	4,601,336

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

Consolidated Statement of Cash Flows
For the half-year ended 31 December 2018

	31-Dec-18	31-Dec-17
	\$	\$
Cash flows from operating activities		
Cash paid to suppliers and employees	(1,333,504)	(309,974)
Interest received	9,861	-
Interest paid	(17,638)	-
Receipts from customers	730,361	-
Net cash (used) in operating activities	(610,920)	(309,974)
Cash flows from investing activities		
Investment in associates	-	(640,200)
Loans to associates	(228,491)	-
Acquisition of businesses	(3,001,040)	-
Acquisition of property, plant and equipment	(76,785)	-
Net cash (used) in investing activities	(3,306,316)	(640,200)
Cash flows from financing activities		
Proceeds from the issue of share capital	-	2,019,912
Payment for share issuance costs	(20,939)	(91,685)
Proceeds from borrowings	272,040	-
Net cash provided by financing activities	251,101	1,928,227
Net increase / (decrease) in cash and cash equivalents	(3,666,135)	978,053
Cash and cash equivalents at 1 July	3,912,370	260,291
Effect of exchange rates fluctuations on cash held	-	-
Cash and cash equivalents at 31 December	246,235	1,238,344

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

1. Basis of preparation of half-year statements

These general purpose financial statements are for the interim half-year reporting period ended 31 December 2018 and have been prepared in accordance with *Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Act 2001*.

The financial report does not include all the notes of the type normally included in the annual financial statements. Accordingly, this report is to be read in conjunction with the annual financial statements for the year ended 30 June 2018 and any public announcements made by EVE Investments Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Going Concern

For the period ended 31 December 2018 the entity recorded a loss of \$1,311,003 and had net cash outflows from operating activities of \$610,920. As at the end of the period the Company has receivables of \$725,392, and is expected to have further sales to customers in the future. The ability of the entity to continue as a going concern is dependent on the Company receiving these outstanding funds and future sales, which it has no reason to believe it won't achieve. Additionally, the Company reviews its funding requirements on an on-going basis and is exploring its level of financing with its existing financiers to better reflect the timing of cashflows.

The Company also has the ability to raise additional funding through equity issued to new or existing investors, something it has successfully done in the past to support current operations and provide opportunities for expansion of activities.

These conditions do however indicate a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The Directors believe there are sufficient funds to meet the entity's working capital requirements as at the date of this report.

The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- The directors have prepared cash flow projections that support the ability of the entity to continue as a going concern, subject to receipt of outstanding receivables, revenue from further sales, expansion of financing facilities and raising additional equity as detailed above; and
- The entity also has the ability to reduce its expenditure to conserve cash.

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

2. Significant accounting Policies

The accounting policies applied by the Group in these interim financial statements are the same as those applied by the Group in its financial statements as at and for the year ended 30 June 2018 and corresponding interim reporting period, with addition to those noted below:

New, revised, or amending Accounting Standards and Interpretations adopted

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

AASB 15 Revenue from Contracts with Customers

AASB 15 Revenue from contracts with Customers replaces AASB 118 Revenue. AASB 15 was adopted by the Group on 1 July 2018. AASB 15 provides a single, principles-based five-step model to be applied to all contracts with customers.

The Group has considered AASB 15 in detail and determined that the impact on the Group's sales revenue from contracts under AASB 15 has not had a material impact for the half-year.

The Group's new revenue accounting policy is detailed below:

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 other essential oils.

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.

AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces the provisions of AASB 139 Financial Instruments: Recognition and Measurement that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of AASB 9 Financial Instruments from 1 July 2018 did not give rise to any material transitional adjustments.

In accordance with the transitional provisions in AASB 9(7.2.15) and (7.2.26), comparative figures have not been restated.

The new accounting policies (applicable from 1 July 2018) are set out below.

Classification and measurement

Except for certain trade receivables the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under AASB 9 financial assets are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

Debt instruments: Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The measurement categories into which the Group classifies its debt instruments are as follows:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Impairment

From 1 July 2018 the group assesses on a forward looking basis the expected credit losses (ECLs) associated with its financial assets carried at amortised cost and FVOCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. For trade and other receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience.

New accounting policies applied resulting from the business combination

Business combinations

Management uses valuation techniques in determining the fair values of the various elements of a business combination. Particularly, the fair value of contingent consideration is dependent on the outcome of many variables that affect future profitability.

Property, plant and equipment

Plant and equipment is 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%

Assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An assets carrying amount is written down immediately to its recoverable amount if the assets carrying value is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statements of profit or loss.

Biological assets

In calculating the value of the biological assets, management is required to make a number of estimates, including estimating the stage of growth of the tea tree up to the point of harvest, harvesting costs, selling costs, sales price, wastage and expected yields for the tea trees.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction 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. 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 consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

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 period.

Any new, revised or amending Accounting Standards or Interpretations that are not mandatory yet have not been early adopted.

Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to its power to affect its returns.

The Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements listed above.

When the Company has less than a majority of the voting rights in an investee, it has the power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties; rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

3. Business combinations

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.

The total cost of the combination was \$3,377,853 being the cash consideration of \$2,864,000 provided and \$572,040 of debt that was held by Jenbrook that was novated to EVE. This debt was extinguished 50% with cash and 50% with shares in EVE. The value of the EVE shares on the date of the business combination was \$241,813.

	30-Aug-18
Purchase Consideration	\$
Cash	3,136,040
Shares	241,813
Total purchase consideration	3,377,853

The Company has provisionally recognised the fair values of the identifiable assets and liabilities of Jenbrook based upon the best available information as of the reporting date.

	30-Aug-18
Assets and liabilities at fair value	\$
Trade and other receivables	515,054
Inventory	110,125
Equity investments	7,533
Land	1,107,363
Property, plant and equipment	309,305
Trade and other payables	(70,300)
Borrowings	(1,082,424)
Goodwill	2,481,197
Total purchase consideration	3,377,853

The initial accounting for the acquisition of Jenbrook has only been provisionally determined at the end of the reporting period. At the date of finalisation of this financial report, the necessary market valuations of land and biological assets and other calculations had not been finalised and the fair values have therefore only been provisionally determined based on the directors' best estimate of the likely fair values.

Revenue and profit contributions

The acquired business contributed revenues of \$955,543 and net loss of \$146,640 to the group for the period from 30 August 2018 to 31 December 2018. If the acquisition had occurred on 1 July 2018, the consolidated revenue and consolidated loss after tax for the half-year ended 31 December 2018 would have been \$1,577,545 and \$1,245,179 respectively.

4. Investments in associates

The Company's investments into both Omni Innovation and Meluka Health are recognised as investments in associates. The Company holds only 37.7% of Omni Innovation and is not in a position to control the Company's Board or overall direction, although it does hold significant influence.

Notes to the consolidated financial statements
31 December 2018

Significant Judgment

The 50% investment in Meluka Health has been deemed to be a joint venture with the other equity holder. A Shareholder Agreement between the shareholders governs the relationship between the parties and Meluka Health. Key decisions that impact on Meluka Health effectively require the approval of all of Meluka Health's shareholders and therefore EVE is not in a position to control the investment in its own right.

Investments in associates

Balance at the beginning of the period

Investment in Omni Innovation

Investment in Meluka Health

Acquisition of interest in Naturally Australian Products

Share of profit / (losses) after income tax

Balance at the end of the period

31-Dec-18	30-Jun-18
\$	\$
3,179,984	2,561,172
-	133,330
-	740,200
7,533	-
(561,205)	(254,718)
2,626,312	3,179,984

	Ownership interest	Assets	Company's share of:		
	%	\$	Liabilities	Revenues	Profits / (losses)
			\$	\$	\$
Omni Innovation)	37.70%	322,853	10,848	1,301	(420,538)
Meluka Health	50.00%	246,411	140,968	127,816	(140,666)
Naturally Australian Products	49.00%	473,032	530,752	-	-

5. Property, plant and equipment

At 30 June 2018

Cost or fair value

Accumulated depreciation

Net book amount

Freehold land	Freehold buildings	Furniture & fittings	Motor vehicles	Plant & equipment	Computer Equipment	Total
\$	\$	\$	\$	\$	\$	\$
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-

Half-year ended 31 December 2018

Opening net book amount

Acquisition of subsidiary

Additions

Depreciation charge

Closing Net Book Amount

-	-	-	-	-	-	-
1,107,363	36,480	22,893	16,751	231,655	1,526	1,416,668
-	-	-	-	82,866	-	82,866
-	(2,072)	(1,762)	(2,733)	(37,695)	(699)	(44,961)
1,107,363	34,408	21,131	14,018	276,826	827	1,454,573

During the period, as part of the acquisition of Jenbrook (see note 3), the Company acquired freehold land, buildings and equipment primarily used in the production of tea tree oil from the Jenbrook properties. The freehold land is broken up into two properties, Jendale a 1,147 acre old growth tea tree plantation and Robyndale a 1,000 acre plantation used in the production of organic tea tree oil for distribution throughout the U.S. and Europe. Both properties are to be assessed for their fair value on acquisition.

6. Borrowings

During the period, as part of the acquisition of Jenbrook (see note 3), the Company acquired borrowings held by Jenbrook and which are used for working capital purposes. Additionally, on settlement of the Jenbrook acquisition, the existing owners provided a loan to Jenbrook as part of its on-going funding.

Notes to the consolidated financial statements
31 December 2018

	31-Dec-18	30-Jun-18
	\$	\$
Borrowings		
Revolving facility (i)	351,473	-
Management loan (iii)	250,040	-
Other unsecured borrowings	22,000	-
Current borrowings	623,513	-
Business loan (ii)	422,000	-
Non-current borrowings	422,000	-

- (i) Variable interest rate with no end date. Secured by a mortgage against the Robyndale property.
(ii) Variable interest rate with a 15-year term, ending in 2031. Secured by a mortgage against the Robyndale property.
(iii) Variable interest rate with a 12-month term, ending in August 2019. Secured by a mortgage against the Jendale property.

7. Segment reporting

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

Period ended 31 December 2018

	Agriculture	Investment	Unallocated	Consolidated
	\$	\$	\$	\$
Revenue	955,543	-	-	955,543
Total segment revenue	955,543	-	-	955,543
Costs of goods sold	(959,452)	-	-	(959,452)
Other income	-	10,659	-	10,659
Employee benefit expense	(163,492)	(325,729)	-	(489,221)
Share of net profit / (loss) of associates accounted for using the equity method	-	(561,205)	-	(561,205)
Other expenses	(132,436)	(133,862)	-	(266,297)
Net financial expense	-	(1,030)	-	(1,030)
Segment net gain / (loss) after tax	(299,837)	(1,011,166)	-	(1,311,003)
Segment assets	4,632,354	2,854,803	291,909	7,779,066
Segment liabilities	1,273,554	-	112,101	1,385,656

Period ended 31 December 2017

	Agriculture	Investment	Unallocated	Consolidated
	\$	\$	\$	\$
Revenue	-	-	-	-
Total segment revenue	-	-	-	-
Other income	-	607	-	607
Employee benefit expense	-	(412,934)	-	(412,934)
Share of net profit / (loss) of associates accounted for using the equity method	-	96,389	-	96,389
Other expenses	-	(516,235)	-	(516,235)
Segment net loss after tax	-	(832,173)	-	(832,173)

Notes to the consolidated financial statements
31 December 2018

As at 30 June 2018

Agriculture	Investment	Unallocated	Consolidated
\$	\$	\$	\$

Segment assets

-	7,457,256	-	7,457,256
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Segment liabilities

-	76,798	-	76,798
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8. Revenue

Revenue from external customers

31-Dec-18	31-Dec-17
\$	\$
955,543	-

The Group derives its revenue from the sale of tea tree and other essentials to Australian and overseas companies.

9. Expenses

Expenses

31-Dec-18	31-Dec-17
\$	\$
756,548	929,169

(a) Employee benefit expense

Salaries & superannuation
Share based payments
Directors Fees

199,290	63,543
103,081	280,642
186,850	68,750
489,221	412,934

(b) Other expenses

Administration costs
Premises costs
Professional fees
Share registry expense
Travelling costs
Depreciation
Interest expense
(Gain)/loss on settlement of fees paid in equity

75,956	9,264
17,430	6,711
50,364	299,925
47,137	67,174
43,038	19,160
44,961	-
17,638	-
(30,227)	114,000
266,297	516,235

(c) Financial expense

Realised FX gain/(loss)

1,030	-
1,030	-

10. Issued capital

Issued capital
Cost of share issue

31-Dec-18	30-Jun-18
\$	\$
24,392,035	24,150,222
(1,461,129)	(1,440,190)
22,930,906	22,710,032

	31-Dec-18 Shares	30-Jun-18 Shares	31-Dec-18 \$	30-Jun-18 \$
Issues of ordinary shares during the half-year				
Balance at the beginning of the period	2,238,804,322	1,911,206,357	24,150,222	20,061,558
Placement and entitlement issue at 1.3 cents per share	-	298,542,442	-	3,881,052
Issue of shares to extinguish loan at 0.8 cents per share	30,226,667	-	241,813	-
Conversion of options / performance rights	4,500,000	15,200,000	-	55,200
Shares issued in lieu of fees to directors	-	13,855,523	-	152,411
Balance at the end of the period	2,273,530,989	2,238,804,322	24,392,035	24,150,222

11. Dividends

No dividends were declared or paid by the Company.

12. Related parties

Transactions with the related parties are consistent with those disclosed in the 30 June 2018 financial report, other than disclosed below.

During the period, the Company made the following loans to associates:

	31-Dec-18 \$	30-Jun-18 \$
Loans to associates		
Balance at the beginning of the period	-	-
Loan to Meluka Health	100,613	-
Loan to Naturally Australian Products	127,878	-
Balance at the end of the period	228,491	-

All loans to associates are for working capital purposes and are non-interest bearing with no fixed term.

On 22 November 2018, the Company issued performance rights to each director as approved by the Company's shareholders at the 2018 Annual General Meeting. The number of performance rights and the fair value on the grant date is detailed below:

Director	Issue date	Expiry date	Expected vesting date	Tranche	Fair value per right	Number of rights issued	Value at grant date
George Cameron-Dow	22-Nov-18	21-Nov-23	21-Nov-23	C	0.007	1,500,000	10,500
Alasdair Cooke	22-Nov-18	21-Nov-23	21-Nov-23	C	0.007	1,500,000	10,500
Gregory Fry	22-Nov-18	21-Nov-23	30-Jun-20	A	0.007	4,800,000	33,600
Gregory Fry	22-Nov-18	21-Nov-23	30-Jun-20	B	0.007	3,600,000	25,200
Gregory Fry	22-Nov-18	21-Nov-23	21-Nov-23	C	0.007	3,600,000	25,200
Gregory Fry	22-Nov-18	21-Nov-23	30-Sep-19	D	0.007	4,000,000	28,000
Gregory Fry	22-Nov-18	21-Nov-23	30-Sep-20	E	0.007	4,000,000	28,000
Michael Pixley	22-Nov-18	21-Nov-23	21-Nov-23	C	0.007	1,500,000	10,500
Total						24,500,000	171,500

Tranche	Hurdle	Likelihood
A	The EVE Group Entities have achieved at least \$10,000,000 of gross revenue in a financial year (non-market based condition).	> 50%
B	The EVE Group Entities have achieved at least \$2,000,000 EBITDA in a financial year (non-market based condition).	> 50%
C	EVE achieves a market capitalisation (Share price x Shares on issue) of at least \$50,000,000 over 15 consecutive trading days. As the vesting condition is market-based, a hybrid up and in single share price barrier model was applied to determine the value.	n/a
D	Continuous engagement as an employee until 30 September 2019 (non-market based condition).	> 50%
E	Continuous engagement as an employee until 30 September 2020 (non-market based condition).	> 50%

Significant Judgement

Share-based payment arrangements – The Company measures the cost of equity settled share based payments at fair value at the grant date using a hybrid up and in single share price barrier 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.

Performance rights – The Company reviews the likelihood of each performance right hurdle being met at each balance date. If the Company's assessment is that the likelihood of conversion is greater than 50% a share-based payment expense will be recognised in the period.

13. Capital and other commitments

There were no capital or other commitments at reporting date.

14. Contingent assets and liabilities

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

15. Events occurring after the reporting period

On 25 February 2019, the Group acquired the remaining 50% of associate Meluka Health for consideration of \$490,000. 40,833,334 shares in the Company were issued to the sellers at a deemed issue price of \$0.006/share, \$245,000 of cash is payable to the sellers within 12 months of settlement.

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

Directors' Declaration
Interim Financial Statements - 31 December 2018

- 1 In the opinion of the directors of EVE Investments Limited :
- a. The financial statements and notes set out on pages 5 to 17, are in accordance with the Corporations Act 2001, including:
 - i. Giving a true and fair view of the entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
 - ii. Complying with AASB 134 Interim Financial Reporting, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b. there are reasonable grounds to believe that EVE Investments Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Gregory (Bill) Fry
Executive Director
Perth, 28 February 2019



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DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF EVE INVESTMENTS LIMITED

As lead auditor for the review of EVE Investments Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

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

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

A handwritten signature in black ink, appearing to read 'J Prue', is written over a light grey circular watermark that says 'For personal use only'.

Jarrad Prue
Director

BDO Audit (WA) Pty Ltd
Perth, 28 February 2019

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of EVE Investments Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of EVE Investments Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

BDO
A handwritten signature in dark ink, appearing to read 'J Prue'.

Jarrad Prue

Director

Perth, 28 February 2019