



31 August 2020

FIJI KAVA 2020 FULL YEAR FINANCIAL RESULTS

Fiji Kava (ASX: FIJ), an Australian-Fijian medicinal kava health & wellness company which produces natural 'noble kava' products for the complementary and alternative medicine market, submits the following Appendix 4E Preliminary Report for the Financial Year ending 30 June 2020 (FY20).

Financial Highlights

- Positive sales momentum and record annual revenues of \$766,496, up 320% from FY19 (\$182,537).
- FY20 statutory net loss of \$3,811,894 (FY19: \$4,829,454).
- Implemented key cost saving initiatives including 20% salary reduction for Board and CEO since April 2020, delivering a 46% decrease in net cash flow used in operating activities in Q4 versus the prior period.
- Successfully completed \$2.3 million placement to institutional, professional and sophisticated investors in February 2020.

Operational Highlights

- Key initiatives introduced to minimise global disruption of COVID-19, with the company's vertically integrated supply chain continuing to freight raw materials out of Fiji to meet demand for kava.
- Launch of Fiji Kava's tissue culture laboratory, a world-first to create a sustainable, quality-assured supply of Fijian kava.
- Initiatives to strengthen Fiji Kava's supply chain, including with the Pacific Horticultural and Agricultural Market Access Plus (PHAMA Plus) Program who will also assist with international export opportunities.
- Developed and launched Fiji Kava's 'Sleep, Mind and Body' kava ranges, providing a safe and natural alternative to promote sleep, soothe and calm the nerves, support muscle relaxation and to relax the mind.
- Launch of Fiji Kava's Noble Kava Extract capsules in 819 Coles supermarkets and online, and the 'Sleep, Mind and Body' ranges in 589 Coles supermarkets and online.
- Signed a Memorandum of Understanding with PMM Company Limited to explore opportunities in China, which was subsequently converted into a three-year, \$8 million Partnership Agreement with PuMate (Shanghai) Limited (announced in August 2020).
- Signed a Memorandum of Understanding with leading health care provider Green Cross Health in New Zealand, with Fiji Kava now ranged in 290 Unichem and Life Pharmacy outlets nationwide.
- Launch of Fiji Kava's eCommerce channels, including fijikava.com and on Amazon, including Amazon USA which has experienced an uplift in sales of by 550% since launch in November 2019.
- Secured other foundational Australian retail and distributor agreements with Osborne Health and Mr Vitamins.
- Continued exclusive negotiations to secure access at a further 200 acres of land for kava on the Fijian island of Vanua Levu, via Memorandum of Understanding with Dr Murray Rosenthal, who will also partner with Fiji Kava on clinical trials activities.

EXECUTIVE SUMMARY

Commenting on the full-year result, Fiji Kava Founder and Managing Director, Zane Yoshida said: "Entering FY20, we had very clear strategic ambitions to strengthen our supply chain and to launch into mass market retailing. We finished FY20 having realised our immediate strategic goals and successfully secured a number of initial cornerstone retail and distribution agreements that will underpin our future commercial success.

"As expected, the company's financial performance reflected the initial capital required to build our vertically integrated supply chain and other investments for growth, including a doubling of our employee base, while the timing of many key commercial partnerships was heavily skewed towards the end of the financial year. As a result, only initial revenue generation from many of these new partnerships was realised in FY20, with the majority of revenue benefits from deals such as Coles forecasted to be more prominent in FY21 and beyond.

"Despite the timing of agreements, the company still managed record annual revenues of \$766,496, an increase of 320% from FY19. This was due to a series of commercial highlights including our landmark agreement with leading Australian supermarket chain Coles, Green Cross Health in New Zealand and our launch on Amazon USA.

"The company's sales momentum was also driven by the performance of our Pathway International agreement. We remain very optimistic about the future opportunity of Pathway International, which sees our raw ingredients used by numerous leading global brands such as Blackmores-owned BioCeuticals.

"Importantly, we've been able to make significant progress on our commercial and operational strategies despite the global disruption caused by COVID-19. As we've previously disclosed, the company implemented key measures during this period to protect our people while continuing to operate in all our markets.

"With key building blocks established during FY20, we enter the current financial year with continued excitement and a clear strategy to maximise commercial opportunities and to increase awareness and the availability of Fiji Kava globally. The company has already secured material partnership agreements in FY21, headlined by the recently announced three-year, \$8 million deal with PuMate Limited to launch Fiji Kava into Chinese markets."

FINANCIAL OVERVIEW

Revenues for the year were \$766,496, a 320% increase on FY19, driven by increased revenue from the Pathway International agreement, as well as its launch of Fiji Kava's Functional Noble Kava capsule product range into Coles supermarkets nationally in Australia. This also includes growth and increased awareness of Fiji Kava's products across other international markets including Fiji, New Zealand and the USA.

Fiji Kava recorded a statutory net loss from continuing operations for the year ended 30th June 2020 is \$3,811,894 which is 21% reduction from last financial year ended 30th June 2019. Employment costs has increased by 154% compared to last financial year due to new staff recruitment for the expansion of the group operations. However, during the year company has implemented tight cost controls over operations and managed to control the overall cost of the company by 15% compared to last financial year.

Net cash flow used in operating activities in Q4 was \$541,352, a 46% decrease from the prior quarter as Fiji Kava implemented key cost saving initiatives in response to COVID-19, delivering a reduction of business expenditure; including 20% reduction in all staff and Board remuneration since April 2020.

Receipts from customers was \$909,767, while cash flow used in operating activities comprised \$1,628,147 in product manufacturing and operating costs, \$745,655 in advertising and marketing costs, \$1,379,784 in staff costs and \$907,500 in administrative and corporate costs.

As of June 30th 2020 the company had \$1,430,224 in cash and no debt.

STRATEGIC PROGRESS

1. Growing Availability of Fijian Noble Kava

Fiji Kava is the first and only foreign company with approval from the Fijian Government to operate in the kava industry.

FY20 featured the retail launch for Fiji Kava, which saw the company secure a number of foundational and cornerstone retail and distribution agreements across its key international markets.

This was headlined by an agreement to launch Fiji Kava into leading Australian retailer, Coles Supermarkets. The partnership was successfully launched in June and included the company's Noble Kava capsules being ranged in 819 supermarkets nationwide. Fiji Kava also launched its new functional Noble Kava 'Sleep, Calm and Body' ranges in 589 supermarkets. In addition to the national supermarket presence, Fiji Kava is sold on Coles online.

In New Zealand, Fiji Kava announced a cornerstone agreement with Green Cross Health - a leading health care provider listed on the New Zealand Stock Exchange, with an extensive network of more than 350 pharmacies across its Unichem and Life Pharmacy brands. Following an initial launch in October 2019 across 150 pharmacies, Fiji Kava has since extended its presence to more than 290 Unichem & Life Pharmacy outlets.

A further international retail milestone achieved during the quarter was Fiji Kava's launch into the United States on Amazon. A range of Noble Kava capsules and powders are now available on the Amazon USA channel. America is a key market with significant untapped potential, evidenced by the boom of kava in the US with hundreds of 'kava bars' now open across the country. Demand on Amazon USA has been strong with sales increasing by 550% since Fiji Kava launched on the platform in November 2019 through until the end of FY20.

Supporting the retail opportunities above has been initial revenue generation via Pathway International, the leading supplier of innovative, high-quality ingredients to the complementary medicine, personal care and pharmaceutical industries. FY20 revenues are expected to grow in FY21 as the agreement with Blackmores-owned BioCeuticals (signed in August 2020) commences, in addition to the supply of raw agreements to service a broader pipeline of clients.

In addition to these key retail and distribution channels above, Fiji Kava in FY20 also:

- Signed an MoU with PMM Company Limited to explore partnership and distribution opportunities in China. This resulted in a three-year, \$8 million partnership agreement with PuMate (Shanghai) Limited announced in August 2020 - a landmark commercial opportunity for the company to sell and market its product in Chinese markets.
- Signed an MoU with leading Australian natural and complimentary medicine company, Osborne Health Supplies, to market Fiji Kava products across its nationwide distribution network of health professionals, health food stores and other health-related businesses.
- Launched its eCommerce operations including fijikava.com, Amazon and direct-to-consumer specialist health website, Mr Vitamins
- Secured new retail distribution agreements in Fiji, including with leading supermarkets New World and Morris Hedstrom and in 'Mobil on the Go' service stations. These agreements augmented other existing retail partnerships in Fiji with Yee's, Fresh Choice and Kundan Singh Supermarkets.

2. Noble Kava Supply Chain Excellence

Establish a globally leading sustainable, unadulterated and 100% traceable supply chain of noble kava

Fiji Kava progressed a series of initiatives to strengthen the company's supply chain. Across the year, outflows of \$368,187 were invested in Fiji Kava's supply chain to ensure a true farm-to-shelf operation across R&D, growing, processing, extracting and distribution of the company's unique noble kava.

Importantly, the company has minimised potential disruptions due to COVID-19 and has continued to freight raw materials out of Fiji to meet supply requirements during this time. While no material impact has been evident due to COVID-19 to date, the company has built greater levels of reserves of extracted kava in Fiji and Australia to ensure it can continue to maintain its ongoing supply and to meet forecast increment demand.

The company continues its review of kava growing practices on the Fijian island of Ovalau, where its Fiji operations are headquartered, which includes specialist input from Fiji's Ministry of Agriculture; the aim is to increase resilience to climate and disease challenges.

Other initiatives to diversify the company's operations across geographic locations remained a priority in FY20, with a new mobile processing facility on Vanua Levu and an expanded outgrowers program of local farmers strengthening Fiji Kava's supply chain and further protecting the company from adverse weather events.

Following an announcement in February 2020, the company also remains in exclusive negotiations to secure access at a further 200 acres of land on Vanua Levu to expand Fiji Kava's farming operations. This is part of an MoU signed with Dr Murray Rosenthal, who owns a diversified farming operation at his 1,200-acre property "Bari ni Savu" and would also see Fiji Kava partner with Dr Rosenthal on clinical trial activities.

During FY20, Fiji Kava engaged in extensive negotiations with the Pacific Horticultural and Agricultural Market Access Plus (PHAMA Plus) Program to boost the company's sustainable supply of noble kava and to strengthen export opportunities for Fijian kava to Australia and other international markets. These negotiations were subsequently finalised in July 2020 and will result in Fiji Kava working with PHAMA Plus to strengthen kava standards and ensure high-quality, sustainable commercial production and distribution into global markets.

The PHAMA Plus agreement will also see the installation of two commercial kava nurseries, use of Fiji Kava's tissue culture laboratory and the development of sustainable agriculture practices to further standardise practices for the growth, harvesting and processing of kava across Fiji's kava growing community.

Also, to support the creation of a sustainable, unadulterated and 100% traceable supply of noble kava, the company completed organic audits for the Australian and EU markets at its estate in Ovalau during FY20. Current 'in-conversion' status provides the company with a pathway to organic certification.

3. Innovation & Product Development

Innovation and product development to bring health & wellbeing to consumers through the natural benefits of Fijian noble kava

In a major milestone, Fiji Kava in FY20 launched its new and uniquely formulated 'Sleep, Calm and Body' capsule ranges, designed to provide a safe and natural alternative to promote sleep, soothe and calm the nerves, support muscle relaxation and to relax the mind. These capsule ranges were initially launched via the Coles agreement.

Specifically, the three new capsule ranges are:

- Fiji Kava 'Noble Calm' vegan hard capsules combining Fiji Kava's noble kava and Rhodiola rosea to calm the nerves, help relax the mind and support nervous system health to support general health and wellbeing

- Fiji Kava 'Noble Sleep' vegan hard capsules combining Fiji Kava's noble kava and Jujube to induce sleep, relieve sleeplessness and support general health and wellbeing
- Fiji Kava 'Noble Body' vegan hard capsules combining Fiji Kava's noble kava and Viburnum to enhance body relaxation, relieve muscle cramps and to support general health and wellbeing

The launch of the new capsule ranges compliment Fiji Kava's traditional Noble Kava Extract capsules and Fiji Kava Instant Powder product offerings.

The company also continues to progress development of its product pipeline including innovations such as dietary shots and functional teas, to provide other natural alternatives to prescription medicines.

Also, during FY20, Fiji Kava launched a new product into Fiji at a more accessible price point to attract the nation's average kava user, which is being supported by a further marketing push in Fiji.

Fiji Kava's products are produced by high-quality Good Manufacturing Practices (GMP), which are TGA and FDA compliant. They are recognised as a complementary medicine in Australia, are compliant to the New Zealand Dietary Supplements Regulations (1995) and are sold as a dietary supplement in many international markets.

4. Promoting the Medical Benefits of Kava

Scientific and traditional evidence support Fiji noble kava's therapeutic benefits to health & wellbeing

As the first foreign company the Government of Fiji has allowed to operate in the Fijian kava industry, we recognise our role to ensure the future sustainability of the Fijian kava industry. Fiji Kava is therefore proud to have launched in August 2020 a world-first with the company's commercial kava tissue culture laboratory.

The tissue culture laboratory will help standardise the quality of kava globally and ensure Fiji produces world-class, disease-free kava that can supply growing demand from international markets. The laboratory will grow disease free plantlets and create exact copies of plants that have desirable traits, improving the quality and yield of kava. The company sees tissue culture as a long-term solution for creating a sustainable kava industry and allows Fiji Kava to scale up production, maintain quality and guarantee consistent therapeutic benefits.

To support this work, Fiji Kava appointed Chief Scientific Advisor, Professor Jerome Sarris, who is also working on clinical trial designs for innovative kava delivery and dose formats for the treatment of anxiety, insomnia and muscle relaxation. This work is also being supported by Dr Murray Rosenthal, a leading US industry expert who has worked extensively on medical research focused on insomnia, as part of an MoU signed during FY20.

Fiji Kava's commitment to a sustainable kava industry also includes founder and CEO Zane Yoshida in his role in the Executive Committee for the Australian Fiji Business Council and through participation in the development of a regional standard for kava endorsed by Codex Alimentarius.

From a marketing and promotional perspective, Fiji Kava made further significant investments to increase awareness of the company's brand and its products across all of its key markets. A series of promotional activities in Coles have also been launched, including in-store promotions and other traditional and online activities.

In Fiji, the company signed a three-year partnership with the Fiji Rugby Union as the exclusive kava supplier.

ENDS

Forward-Looking Statements

This ASX release includes certain forward-looking statements that are based on information and assumptions known to date and are subject to various risks and uncertainties. Actual results, performance or achievements could be significantly different from those expressed in, or implied by, these forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Fiji Kava. These factors may cause actual results to differ materially from those expressed in the statements contained in this announcement.

For Further Information

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About Fiji Kava

Fiji Kava Ltd (ASX: FIJ), an Australian-Fijian medicinal kava health & wellness company, producing natural 'noble kava' products for the complementary and alternative medicine market, estimated to exceed USD \$210 billion by 2026 globally.

As the first foreign company with approval from the Fijian Government to operate in the kava industry. Fiji Kava has established a global leading sustainable and 100% traceable supply chain of noble kava' via its world first kava tissue culture laboratory and nucleus farm in Levuka, on the island of Ovalau, Fiji.

Fiji Kava is focussed on expanding the availability of noble kava products throughout western markets to provide a natural alternative to prescription medicines to promote sleep, soothe and calm the nerves, support muscle relaxation and relax the mind

Backed by years of independent research, Fiji Kava medical kava products are produced by high-quality GMP and are TGA and FDA compliant.



Fiji Kava Limited
and its controlled entities
ACN 169 441 874

Appendix 4E

Preliminary Final Report

For the year ended 30 June

2020.

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

for the year ended 30 June 2020

1	REPORTING PERIOD (item 1)	
	■ Report for the period ended:	30 June 2020
	■ Previous corresponding period:	30 June 2019

2	RESULTS FOR ANNOUNCEMENT TO THE MARKET	Movement	Percentage %	Amount \$
	■ Revenues from ordinary activities (item 2.1)	583,959	320%	766,496
	■ Loss from ordinary activities after tax attributable to members (item 2.2)	(1,017,559)	(21%)	(3,811,894)
	■ Loss for the period attributable to members (item 2.3)	(1,017,559)	(21%)	(3,811,894)
	a. Dividends (items 2.4 and 5)			
			Amount per Security ¢	Franked amount per security %
	■ Interim dividend		nil	n/a
	■ Final dividend		nil	n/a
	■ Record date for determining entitlements to the dividend (item 2.5)	n/a		
	b. Brief explanation of any of the figures reported above necessary to enable the figures to be understood (item 2.6): Refer to the Consolidated Profit and Loss and Comprehensive Income for details of expenditure items and a prior year adjustment made to restate comparative figures as described in Note 2 of the attached.			

3	DIVIDENDS (item 6) AND RETURNS TO SHAREHOLDERS INCLUDING DISTRIBUTIONS AND BUY BACKS
	Nil.
	a. Details of dividend or distribution reinvestment plans in operation are described below (item 6): Not applicable

4	RATIOS		(RESTATED)
		Current period	Previous corresponding period
	a. Financial Information relating to 4b:	\$	\$
	Loss for the period attributable to owners of the parent	(3,811,894)	(4,829,453)
	Net assets	1,338,387	3,023,524
	Less: Intangible assets	(182,468)	(25,515)
	Net tangible (liabilities)/assets	1,155,919	2,998,009
	Fully paid ordinary shares	95,600,234	69,720,000
	b. Net tangible (liability)/assets backing per share (cents) (item 3):	1.21c	4.3c

CORPORATE DIRECTORY

DIRECTORS

Andrew Kelly (Non-Executive Chairman) –
appointed 20 December 2018
Zane Yoshida (Managing Director) –
appointed 20 December 2018
Nicholas Simms (Non-Executive Director) –
Appointed on 10 September 2019
Jack Lowenstein (Non-Executive Director) –
Appointed on 11 August 2020
Jay Stephenson (Non-Executive Director) –
appointed on 1 February 2018 – resigned 11 August 2020
Stephen Copplin (Executive Director) –
appointed 20 December 2018 – resigned 26 November 2019

COMPANY SECRETARY

Jay Stephenson

REGISTERED OFFICE

Suite 9, 330 Churchill Avenue
Subiaco WA 6008

CONTACT INFORMATION

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AUDITORS

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SHARE REGISTRY

Automatic Share Registry
Level 2, 267 St Georges Terrace
Perth WA 6000

1300 288 664 (Local)
+61 2 9698 5414 (International)

BANKER

National Australia Bank
Level 1 / 1238 Hay Street
West Perth WA 6005

PRINCIPAL PLACE OF BUSINESS

96 Victoria Street
West End QLD 4104

POSTAL ADDRESS

PO Box 866
Subiaco WA 6904

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
for the year ended 30 June 2020

	Note	2020 \$	(RESTATED) 2019 \$
Sales Revenue	3	766,496	182,537
Cost of Sales		(574,539)	(179,540)
Gross Profit		191,958	2,997
Other Income		102,603	26,403
Consulting and Professional fees		430,562	385,380
Accounting fees		76,501	53,448
Director Fees		178,347	79,462
Depreciation		165,583	45,868
Marketing		745,655	219,857
Insurance		99,082	56,959
Research and Development		101,090	10,956
Legal expenses		128,790	32,194
Occupancy costs		10,346	46,842
Employment costs		1,379,784	541,997
Corporate transaction accounting expense		-	3,037,320
ASX Fees		23,188	7,907
Other expenses		650,247	326,800
Finance expenses		55,831	13,864
Impairment provision of receivables		11,378	-
Impairment loss of plants		50,071	-
Total Expenses		4,106,455	4,858,854
Loss before income tax expense		(3,811,894)	(4,829,454)
Income tax (benefit)/expense		-	-
Loss after tax from continuing operations		(3,811,894)	(4,829,454)
Other comprehensive income/(expense)			
Foreign exchange translation differences		17,148	88,289
Total comprehensive loss for the year		(3,794,746)	(4,741,165)
Earnings per share			
Basic and diluted loss per share (cents per share)		(4.39)	(12.92)

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

The financial statements are in the process of being audited.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2020

	Note	2020 \$	(RESTATED) 2019 \$
Current assets			
Cash and cash equivalents	6	1,430,224	2,317,865
Trade and other receivables	7	96,771	157,134
Other assets		38,985	-
Inventories	8	386,276	259,898
Total current assets		1,952,256	2,734,897
Non-current assets			
Property, plant and equipment	9	768,543	737,209
Intangible assets		7,873	25,515
Right of use asset		174,595	-
Total Non-current assets		951,011	762,724
Total assets		2,903,267	3,497,621
Current liabilities			
Trade and other payables	10	481,551	402,081
Deferred revenue		72,150	72,016
Provisions		32,581	-
Borrowings	11	650,375	-
Finance liability		184,001	-
Total current liabilities		1,420,657	474,097
Non-current liabilities			
Borrowings	11	100,000	-
Finance liability		44,223	-
Total non-current liabilities		144,223	-
Total liabilities		1,564,880	474,097
Net assets		1,338,387	3,023,524
Equity			
Contributed equity		12,196,188	10,109,429
Reserves		194,693	154,694
Accumulated losses		(11,052,493)	(7,240,599)
Total equity		1,338,387	3,023,524

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

The financial statements are in the process of being audited.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2020

2020	Contributed Equity	Accumulated Loss	Foreign Exchange Reserve	Option Reserve	Business Combination Reserve	Total Equity
Balance at 1 July 2019 (RESTATED)	10,109,429	(7,240,598)	77,677	12,838	64,179	3,023,524
Shares issued during the year (net of costs)	2,086,759	-	-	-	-	2,086,759
Option Issued	-	-	-	22,851	-	22,851
Foreign exchange translation differences	-	-	17,148	-	-	17,148
Total profit items recognised directly in other Comprehensive income for the year						
Loss for the year	-	(3,811,894)	-	-	-	(3,811,894)
Total comprehensive income for the year	-	-	-	-	-	-
Balance as at 30 June 2020	12,196,188	(11,052,493)	94,825	35,689	64,179	1,338,387

2019	Contributed Equity	Accumulated Loss	Foreign Exchange Reserve	Option Reserve	Business Combination Reserve	Total Equity
Balance at 1 July 2018	1,982,180	(2,411,145)	(10,612)	-	64,179	(375,398)
Shares issued during the period	8,127,249	-	-	-	-	8,127,249
Option Issued	-	-	-	12,838	-	12,838
Foreign exchange translation differences	-	-	88,289	-	-	88,289
Total profit items recognised directly in other Comprehensive income for the period						-
Loss for the period (RESTATED) Refer to note 2	-	(4,829,454)	-	-	-	(4,829,454)
Total comprehensive income for the period	-	-	-	-	-	-
Balance as at 30 June 2019 (RESTATED)	10,109,429	(7,240,598)	77,677	12,838	64,179	3,023,524

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

The financial statements are in the process of being audited.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Cash receipts from customers		909,767	169,379
Interest received/paid (net)		(22,139)	26,403
Payments to suppliers and employees		(4,426,458)	(2,405,351)
Net cash used by operating activities		(3,538,830)	(2,209,569)
Cash flows from investing activities			
Net cash acquired on acquisition of subsidiary net of cash consideration paid		-	4,881,809
Plant and equipment purchases		(135,570)	(366,400)
Net cash generated by investing activities		(135,570)	4,515,409
Cash flows from financing activities			
Share Issue (net costs)		2,061,759	-
Issue of convertible notes		725,000	-
Net cash generated by financing activities		2,786,759	-
Net increase in cash and cash equivalents		(887,641)	2,305,840
Cash and cash equivalents at the beginning of the year		2,317,865	12,025
Cash and cash equivalents at the end of the year	7	1,430,224	2,317,865

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

The financial statements are in the process of being audited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2020

1. BASIS OF PREPARATION

The unaudited preliminary final report of Fiji Kava Limited as at and for the year ended 30 June 2020 comprises the Company and its controlled entities (together referred to as the 'Group'). The unaudited preliminary final report does not include all the information presented within the annual financial report and therefore cannot be expected to provide a full understanding of the financial performance and financial position of the Group. The unaudited preliminary final report has been prepared in accordance with the measurement and recognition requirements of Australian Accounting Standards ('AASB's) adopted by the Australian Accounting Standards Board. This unaudited preliminary final report is presented in Australian dollars.

2. PRIOR YEAR ADJUSTMENT

During the year ended 30 June 2020, management identified an error in its FY2019 inventories arising from variances between unit cost used in valuation of closing inventories as at 30 June 2019 and that entered in the accounting system. The impact of the restatement is noted below, which resulted in cost of sales to increase by \$66,109 and inventories to reduce by \$66,109.

	Consolidated		
	2019		2019
Extract	\$	\$	\$
	As reported	Prior year adjustment	Restated
<i>Statement of profit or loss and other comprehensive income</i>			
Cost of Sales	113,431	66,109	179,540
Loss before income tax expense	(4,763,345)	(66,109)	(4,829,454)
Loss after tax and continuing operations	(4,763,345)	(66,109)	(4,829,454)
Total comprehensive loss for the year	(4,675,056)	(66,109)	(4,741,165)
Earnings per share			
Basic and diluted loss per share (cents per share)	(12.76)		(12.92)
<i>Statement of financial position</i>			
Current assets - Inventories	326,007	(66,109)	259,898
Total assets	3,563,731	(66,109)	3,497,621
Net assets	3,089,633	(66,109)	3,023,524
Equity – Accumulated losses	(7,174,490)	(66,109)	(7,240,599)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2020

3. REVENUE

	2020 \$	2019 \$
Product sales	751,490	172,228
Freight income	7,377	284
Rental of office	7,630	3,500
Grant Income	-	6,525
	766,496	182,537

4. ISSUED CAPITAL

	2020 No.	2019 No.
Fully paid ordinary shares	95,600,234	69,720,000

	30 June 2020		30 June 2019	
	No.	\$	No.	\$
Balance at beginning of the reporting period	69,720,000	10,109,429	1,480,088	1,982,180
Shares issued during the year			12,000	14,447
Placement (net costs)	25,555,559	2,061,759		
Conversion of Convertible Note	324,675	25,000		
Balance before reverse acquisition	-	-	1,492,088	1,996,627
Elimination of existing legal acquiree shares	-	-	(1,492,088)	
Shares of legal acquirer at acquisition date	-	-	13,220,000	-
Shares issued by legal acquirer in August	-	-	1,500,000	-
Issue of prospectus shares	-	-	26,000,000	4,555,475
Issue of shares to SPE Shareholders	-	-	29,000,000	3,557,327
Balance at end of the reporting period	95,600,234	12,196,188	69,720,000	10,109,429

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2020

5. EARNINGS PER SHARE

	2020 \$	(RESTATED) 2019 \$
Reconciliation of earnings to profit or loss		
Loss for the year	(3,811,894)	(4,829,454)
Loss used in the calculation of basic and diluted EPS	(3,811,894)	(4,829,454)
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	86,907,135	37,381,839
Loss per share		
Basic and diluted loss per share (cents per share)	(4.39)	(12.92)

6. CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	2020 \$	2019 \$
Cash at bank	1,382,732	266,230
Term deposits	46,167	2,051,431
Cash on hand	1,325	204
Cash and cash equivalent	1,430,224	2,317,865

7. TRADE AND OTHER RECEIVABLES

	2020 \$	2019 \$
Current		
Trade receivables	81,838	26,285
Provision for doubtful debt	(4,536)	-
Less: Impairment provision	-	-
Other receivables	19,469	130,849
	96,771	157,134

8. INVENTORIES

	2020 \$	(RESTATED) 2019 \$
Raw material	87,001	47,009
Finished goods	292,565	212,889
Crop on Ground	6,710	-
	386,276	259,898

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2020

9. PROPERTY, PLANT AND EQUIPMENT

	2020 \$	2019 \$
Buildings		
Cost	78,689	60,953
Cost - additions	91,593	17,736
Accumulated depreciation	(4,860)	(2,802)
Depreciation during the year	(1,785)	(2,058)
Carrying amounts	163,637	73,829
Green House		
Cost	284,377	284,377
Disposal	(32,882)	-
Accumulated depreciation	(14,008)	(10,895)
Depreciation during the year	(3,158)	(3,113)
Carrying amounts	234,328	270,369
Plant and Equipment		
Cost	198,014	53,773
Cost - additions	43,976	144,241
Accumulated depreciation	(20,131)	(10,230)
Depreciation during the year	(21,994)	(9,901)
Carrying amounts	199,865	177,883
Motor vehicle		
Cost	208,404	47,515
Cost – additions	-	160,889
Accumulated depreciation	(41,713)	(29,208)
Depreciation during the year	(25,374)	(12,505)
Carrying amounts	141,317	166,691
Lab and Nursery		
Cost	31,657	31,657
Disposal	(3,755)	-
Accumulated depreciation	-	-
Depreciation during the year	(4,957)	-
Carrying amounts	22,945	31,657
Furniture and Fittings		
Cost	19,305	7,428
Additions	-	11,877
Disposal	(6,106)	-
Accumulated Depreciation	(2,521)	-
Depreciation during the year	(4,227)	(2,521)
Carrying amounts	6,451	16,784
Totals		
Cost	913,272	820,446
Accumulated depreciation	(144,729)	(83,233)
Carrying amounts	768,543	737,209

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2020

10. TRADE AND OTHER PAYABLES

	2020 \$	2019 \$
Current		
Trade payables	320,198	6,882
Other payables	120,859	352,000
Accrued expenses	40,494	43,199
	481,551	402,081

11. CONVERTIBLE NOTES

	2020 \$	2019 \$
Current		
Convertible notes	650,375	-
Non-Current		
Convertible notes	100,000	-