Fiji Kava Limited
(Formerly known as Red Fox Capital Limited)
ACN 169 441 874

FINANCIAL REPORT
FOR THE YEAR ENDED
30 June 2018

For personal use only

FINANCIAL REPORT
for the year ended 30 June 2018

For personal use only

For personal use only

DIRECTORS

Ian Leete (Non-Executive Chairman)
Jay Stephenson (Non-Executive Director) – appointed on 1 July 2018
Loren Anne King (Non-Executive Director)
Josh Russell Puckridge (Non-Executive Director)

COMPANY SECRETARY

Loren Anne King – resigned on 21 September 2018
Jay Stephenson – appointed on 1 February 2018

REGISTERED OFFICE

C/- Cicero Corporate Services Pty Ltd
Suite 9, 330 Churchill Avenue
Subiaco WA 6008

POSTAL ADDRESS

PO Box 866
Subiaco WA 6904

PRINCIPAL PLACE OF BUSINESS

Suite 9, 330 Churchill Avenue
Subiaco WA 6008

CONTACT INFORMATION

Tel: +61 8 6489 1600
Fax: +61 8 6489 1601

AUDITORS

Hall Chadwick Audit (WA) Pty Ltd
(formerly known as PKF Lawler Audit (WA) Pty Ltd)
283 Rokeby Road
Subiaco WA 6008

SHARE REGISTRY

Automic 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

DIRECTORS' REPORT

The directors of Fiji Kava Limited (formerly known as Red Fox Capital Limited) (the **Company** or **Fiji Kava**) submit herewith the financial report of the Company for the financial year ended 30 June 2018 (**year**). During the year, the Company changed its name from Red Fox Capital Limited to Fiji Kava Limited effective 16 March 2018. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

The names, appointment periods and particulars of the Company directors who held office during the year and, or, since incorporation are:

Director	Position	Date Appointed	Date Resigned
Mr Ian Leete	Non-Executive Chairman	8 May 2014	-
Mrs Loren Anne King	Non-Executive Director	3 October 2014	-
Mr Josh Russell Puckridge	Non-Executive Director	5 June 2017	-
Mr Jay Stephenson	Non-Executive Director	1 July 2018	-

The names of the secretaries in office at any time during or since the end of the year are:

Company Secretary	Position	Date Appointed	Date Resigned
Mrs Loren Anne King	Company Secretary	5 June 2017	21 July 2018
Mr Jay Stephenson	Company Secretary	1 February 2018	-

Directors have been in office since 1 July 2017 up until the date of this report unless otherwise stated.

INFORMATION ON DIRECTORS

Information on Directors as at the date of this report is as follows:

MR IAN LEETE
DIRECTOR

Ian Leete has had more than 15 years' experience in the financial markets primarily as a retail and then corporate stockbroker, specialising in placements, initial public offerings and backdoor listings. Mr Leete has a degree in Economics at Macquarie University.

Ian Leete has over 15 years' experience in the financial services industry. Key skills include investment strategy, portfolio management, corporate origination, deal structuring, and distribution; including wholesale and retail placements, seed raisings, initial public offerings and reverse mergers. In recent years Ian has focused on corporate advisory, where he has raised tens of millions of dollars for emerging companies.

MRS LOREN KING
NON-EXECUTIVE DIRECTOR
COMPANY SECRETARY

Mrs King has worked in finance and back office administration roles with ASX listed companies, stockbroking and corporate advisory services for the past 12 years. During this time, she has gained invaluable experience in dealing with all aspects of corporate governance and compliance, specialising in initial public offerings (IPO), backdoor listings, private capital raising and business development.

As well as being a Partner at and Company Secretary of the Cicero Group, Mrs King holds the positions of Non-Executive Director and Company Secretary at Brookside Energy Limited (ASX: BRK), Blaze International Limited (ASX: BLZ) and Lustrum Minerals Limited (ASX: LRM). Additionally, Loren currently serves as the Company Secretary of Wangle Technologies Limited (ASX: WGL), and unlisted Andes Resources Limited. Past Non-Executive Director and/or Company Secretarial positions include Intiger Group Limited (ASX: IAM), Fraser Range Metals Group Limited (ASX: FRN), MMJ Phytotech Limited (ASX: MMJ), Property Connect Holdings Limited (ASX: PCH), Alcidion Group Limited (ASX: ALC) and ZipTel Limited (ASX: ZIP).

For personal use only

For personal use only

Mrs King has a Bachelor of Psychology, is a Fellow Member of the Governance Institute of Australia holding a Graduate Diploma of Applied Corporate Governance and has a Certificate IV in Financial Services (Bookkeeping).

MR JOSH PUCKRIDGE
DIRECTOR

Mr Puckridge is a Corporate Finance Executive formerly working as specialist Equity Capital Markets Advisor for Fleming Australia, a Corporate Advisory and Funds Management firm based in Perth, Western Australia. He has significant experience within fund management, capital raising, mergers, acquisitions and divestments of projects by companies listed on the Australian Securities Exchange.

Formerly Executive Director and Chief Executive of Discovery Resources Limited (ASX: DIS) he was also a founding Director of Windward Resources Limited (ASX: WIN), seeding and listing the Company and retiring as a Director on the completion of the Company's acquisition of its Fraser Range North project and its $11m capital raise.

Mr Puckridge was a Non-Executive Director of Alcidion Group Limited (formerly, Naracoota Resources Limited) (ASX: ALC) and TopTung Limited (ASX: TTW) and recently was Executive Director of Red Gum Resources Limited (ASX: RGX) which acquired a security personnel business and is now MCS Services Limited (ASX: MSG). Mr Puckridge is also non-executive director of Silver City Minerals Limited (ASX: SCI), non-executive Chairman of Blaze International Limited (ASX: BLZ) and executive Chairman of Fraser Range Metals Group Limited (ASX: FRN).

MR JAY STEPHENSON
NON-EXECUTIVE DIRECTOR (Appointed on 1 July 2018)
COMPANY SECRETARY (Appointed on 1 February 2018)

Jay has been involved in business development for over 30 years including approximately 24 years as Director, Chief Financial Officer and Company Secretary for various listed and unlisted entities in resources, IT, manufacturing, food, wine, hotels and property. He has been involved in business acquisitions, mergers, initial public offerings, capital raisings, business restructuring as well managing all areas of finance for companies.

Jay holds a Master of Business Administration, is a Fellow of the Certified Practising Accountants (Australia), a Chartered Professional Accountant (Canada), a Certified Management Accountant (Canada), a Fellow of the Governance Institute of Australia and a Member of the Australian Institute of Company Directors.

DIRECTOR MEETINGS

During the financial year, no director meetings were held (2017: 3).

DIRECTORS' SHAREHOLDINGS

At the date of this report the following table sets out the current directors' relevant interests in shares and options of Fiji Kava Capital Limited and the changes during the year ended 30 June 2018:

	Ordinary Shares		Options over Ordinary Shares	
Director	Current holding	Net increase/ (decrease)	Current holding	Net increase/ (decrease)
Mr Ian Leete	2,175,000	-	333,334	-
Mrs Loren King	-	-	-	-
Mr Jay Stephenson	-	-	-	-
Mr Josh Puckridge	-	-	-	-

For personal use only

REVIEW OF OPERATIONS

During the year the Company made a loss for the year after providing for income tax amounted to $536,030 (2017: $101,964).

In August 2017, the Company entered into a conditional Heads Of Agreement (HOA) to acquire 100% equity interest in South Pacific Elixirs Pte Ltd and South Pacific Elixirs Ltd (Fiji) at a consideration of about $7.8million, by way of an issuance of 39 million fully paid ordinary shares of the Company at a deemed price of $0.20 per share.

The Transaction was predicated on RFC being able to list on the Australian Securities Exchange (ASX) by way of an Initial Public Offering (IPO) to raise further new funds. The Company has been given in-principle approval and is in the preparation process of a re-submission to the ASX for the proposed IPO.

Given these developments, the Company advises that its likely listing date (should its ASX resubmission be successful) will likely be before 31 December 2018. The Company will advise of any further developments, regarding its intended IPO.

SIGNIFICANT CHANGE IN THE STATE OF AFFAIRS

In July 2017, the Company raised $750,000 for 7,500,000 ordinary shares at $0.10 per share.

PRINCIPAL ACTIVITIES

The Company currently has no main undertaking or assets and the Company's board has focused on the above said transaction and intended IPO.

The Company is mindful that it must constantly assess new opportunities for the Company to ensure the long-term creation of shareholder value.

EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

In August 2018, the Company raised about $189,000 for 1,500,000 ordinary shares at $0.16 per share.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Further information, other than as disclosed the Directors' Report, about likely developments in the operations of the Company and the expected results of those operations in future years has not been included in this report as disclosure of this information would be likely to result in unreasonable prejudice to the Company.

ENVIRONMENTAL ISSUES

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

DIVIDENDS

No dividends were paid or declared during the year. The directors do not recommend the payment of a dividend in respect of the financial year.

OPTIONS ON ISSUE

There were 5,000,000 options on issue at the date of this report.

INDEMNIFICATION OF OFFICERS

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an officer or auditor of the Company.

PROCEEDING ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the Company and/or Group are important. No non-audit services were provided by the Company's current auditors, Hall Chadwick during the year.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration, as required under section 307C of the *Corporations Act 2001* for the year ended 30 June 2018 has been received and can be found on page 6.

This Directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the *Corporations Act 2001*.

For, and on behalf of, the Board of the Company,

Ian Alistair Leete
Director
Perth, Western Australia this 25 September 2018.

For personal use only

For personal use only

AUDITOR'S INDEPENDENCE DECLARATION
FIJI KAVA LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Fiji Kava Limited, formerly known as Red Fox Capital Limited.

As audit partner of Fiji Kava Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Hall Chadwick

Hall Chadwick Audit (WA) Pty Ltd
ABN 42 163 529 682

NS

Nikki Shen
Director

Dated 25 September 2018

DIRECTORS' DECLARATION

The directors declare that the financial statements and notes are in accordance with the *Corporations Act 2001*:

(a) Comply with Accounting Standards and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements;

(b) As stated in Note 1.2, the financial statements also comply with International Financial Reporting Standards; and

(c) Give a true and fair view of the financial position of the entity as at 30 June 2018 and of its performance for the year ended on that date.

In the directors' opinion there are reasonable grounds to believe that Fiji Kava Limited will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declaration required to be made by the Chairman to the directors in accordance with sections 295A of the *Corporations Act 2001* for the financial year ended 30 June 2018.

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

For, and on behalf of, the Board of the Company,

Ian Alistair Leete
Director
Perth, Western Australia this 25 September 2018.

For personal use only

For personal use only

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FIJI KAVA LIMITED

Report on the Financial Report

Opinion

We have audited the financial report of Fiji Kava Limited formerly known as Red Fox Capital Limited ("the Company") comprising the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

In our opinion, the accompanying financial report of Fiji Kava Limited is in accordance with the Corporations Act 2001, including:

a) giving a true and fair view of the Company's financial position as at 30 June 2018, and of its financial performance and its cash flows for the year then ended; and
b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' Responsibilities for the Financial Report

The Directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1.2, the Directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using a going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

For personal use only

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue and auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Hall Chadwick

Hall Chadwick Audit (WA) Pty Ltd
ABN 42 163 529 682

Nikki Shen
Director

Dated 25 September 2018

For personal use only

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 30 June 2018

	Note	2018 $	2017 $
Interest income		25,984	-
Audit fees	5	(10,090)	(2,400)
Accounting Fees		(1,750)	(10,000)
Corporate compliance costs		(2,542)	(3,045)
Director's fees		-	(25,000)
Finance costs		(364)	(155)
Legal fees		(63,044)	(11,269)
Investments written off		(18,895)	-
Impairment provision		(423,937)	(50,000)
Other expenses		(41,392)	(95)
Loss before income tax expense		**(536,030)**	**(101,964)**
Income tax (benefit)/expense	6	-	-
Loss after tax from continuing operations		**(536,030)**	**(101,964)**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(536,030)**	**(101,964)**

The statement of comprehensive income is to be read in conjunction with the notes to the financial statements.

For personal use only

For personal use only

STATEMENT OF FINANCIAL POSITION
as at 30 June 2018

	Note	2018 $	2017 $
Current assets			
Cash and cash equivalents	7	171,787	60,430
Trade and other receivables	8	9,513	4,326
Total current assets		**181,300**	**64,756**
Non-current assets			
Intangible assets	11	15,748	-
Available-for-sale assets	10	-	17,930
Total Non-current assets		**15,748**	**17,930**
Total assets		**197,048**	**82,686**
Current liabilities			
Trade and other payables	9	46,658	78,766
Borrowings	2	1,320	1,320
Total current liabilities		**47,978**	**80,086**
Total liabilities		**47,978**	**80,086**
Net assets		**149,070**	**2,600**
Equity			
Issued capital	3	795,000	112,500
Accumulated losses		(645,930)	(109,900)
Total equity		**149,070**	**2,600**

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

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2018

	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2016	**112,500**	**(7,936)**	**104,564**
Loss for the year	-	(101,964)	(101,964)
Other comprehensive income	-	-	-
Total comprehensive income for the year	**-**	**(101,964)**	**(101,964)**
Balance as at 30 June 2017	**112,500**	**(109,900)**	**2,600**
Balance as at 1 July 2017	**112,500**	**(109,900)**	**2,600**
Shares issued during the year (net of costs)	682,500	-	682,500
Loss for the year		(536,030)	(536,030)
Other comprehensive income	-	-	-
Total comprehensive income for the year	**-**	**(536,030)**	**(536,030)**
Balance as at 30 June 2018	**795,000**	**(645,930)**	**149,070**

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

For personal use only

STATEMENT OF CASH FLOWS
for the year ended 30 June 2018

	Note	2018 $	2017 $
Cash flows from operating activities			
Payments to suppliers and employees		(172,225)	(2,024)
Net cash used by operating activities	7	**(172,225)**	**(2,024)**
Cash flows from investing activities			
Investments paid		(965)	(67,930)
Net cash generated by investing activities		**(965)**	**(67,930)**
Cash flows from financing activities			-
Proceeds / Advances from issues of shares		750,000	20,000
Advances to a party		(397,953)	-
Payments of share issue costs		(67,500)	-
Net cash generated by financing activities	7	**284,547**	**20,000**
Net (decrease) / increase in cash and cash equivalents		**111,357**	**(49,954)**
Cash and cash equivalents at the beginning of the year	7	60,430	110,384
Cash and cash equivalents at the end of the year		**171,787**	**60,430**

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

For personal use only

For personal use only

GENERAL INFORMATION

Fiji Kava Capital Limited (**Fiji Kava** or the "**Company"**) is a for-profit company limited by shares, domiciled and incorporated in Australia. The financial statements are presented in the Australian currency.

The nature of operations and principal activities of the Company are described in the Directors' Report.

1. BASIS OF PREPARATION

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and comply with other requirements of the law.

The Company is an unlisted public company, incorporated and operating in Australia. The financial report is presented in Australian dollars.

The Company is a for profit entity for financial reporting purposes under Australian Accounting Standards.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated.

1.1. ADOPTION OF NEW AND REVISED STANDARDS

1.1.1. Changes in accounting policies on initial application of Accounting Standards

Standards and interpretations applicable to 30 June 2018

In the period ended 30 June 2018, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company's operations and effective for the current financial reporting period.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Company accounting policies.

Standards and interpretations on issue not yet effective and adopted

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the period ended 30 June 2018. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations issued but not yet effective and adopted on its business and, therefore, no further disclosures have been made in this regard.

1.2. STATEMENT OF COMPLIANCE

The financial report was authorised by the Board of Directors for issue on 25 September 2018.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

1.3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

1.3.1. Impairment of available-for-sale financial assets

The Company follows the guidance of AASB 139 'Financial Instruments: Recognition and Measurement' to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

1.3.2. Impairment of other receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

1.4. INCOME TAX

The charge for current income tax expense is based on the result for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance date or reporting date.

Deferred tax is accounted for in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited to profit or loss except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

For personal use only

For personal use only

1.5. FINANCIAL INSTRUMENTS

1.5.1. Financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Company determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each period-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

1.5.2. Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognised when:

a) *the rights to receive cash flows from the asset have expired;*

b) *the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or*

c) *the Company has transferred its rights to receive cash flows from the asset and either:*

   1. *has transferred substantially all the risks and rewards of the asset, or*

   2. *has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.*

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Company could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

1.6. IMPAIRMENT OF ASSETS

The Company assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

For personal use only

For personal use only

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

1.6.1. Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

1.6.2. Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the profit or loss. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

1.7. PROVISIONS

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

1.8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

1.9. REVENUE RECOGNITION

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. All revenue is stated net of the amount of goods and services tax (GST).

1.10. GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

For personal use only

1.11. ISSUED CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

1.12. 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.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

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 Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

1.13. TRADE AND OTHER RECEIVABLES

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Company in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Company. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of profit and loss and other comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit and loss and other comprehensive income.

1.14. TRADE AND OTHER PAYABLES

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Company prior to the end of the period that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

1.15. INTANGIBLE ASSETS

Website costs are charged as expenses when they are incurred unless they relate to the acquisition or development of an asset when they may be capitalised or amortised. Generally, costs in relation to feasibility studies during the planning phase of a website, and ongoing costs of maintenance during the operating phase are expensed. Costs incurred in building or enhancing a website, to the extent that they represent probable future economic benefits that can be reliably measured, are capitalised.

1.16. FINANCIAL POSITION

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services.

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Company has incurred a net loss after tax for the year ended 30 June 2018 of $536,030 (2017: $101,964). At 30 June 2018, the Company's has net current assets of $133,322 (2017: net current liabilities of $15,330).

The ability of the Company to continue as a going concern is principally supported by capital raised of $705,000 (net of capital raising costs) for 7,500,000 ordinary shares at $0.10 per share which occurred in July 2017, together with a further capital raised of about $189,000 for 1,500,000 ordinary shares at $0.16 per share in August 2018. The directors have prepared a cash flow forecast, which indicates that the Company will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

For personal use only

2. BORROWINGS

2.1. UNSECURED LIABILITIES

	2018 $	2017 $
Current		
Borrowings [(i)]	1,320	1,320

(i) The Directors provided a non-recourse loan to the Company for the costs associated with the establishment and incorporation of the Company on the terms that the sum was to be repaid with no interest, conditional to the Company completing the Seed Raise (as disclosed in the Directors Report).

3. ISSUED CAPITAL

	2018 No.	2017 No.
Fully paid ordinary shares	13,220,000	5,720,000

	2018		2017	
	No.	$	No.	$
Balance at beginning of the year	5,720,000	112,500	5,720,000	112,500
Shares issued	7,500,000	750,000	-	-
Share issue costs	-	(67,500)	-	-
Balance at end of the year	13,220,000	795,000	5,720,000	112,500

In July 2017, 7,500,000 ordinary shares at $0.10 per share were issued.

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.

4. FINANCIAL INSTRUMENTS

4.1. CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company's overall strategy remains unchanged during the financial year.

Gearing levels are reviewed by the Board on a regular basis in line with its target gearing ratio, the cost of capital and the risks associated with each class of capital.

For personal use only

4.2. CATEGORIES OF FINANCIAL INSTRUMENTS

4.2.1. FINANCIAL ASSETS	2018 $	2017 $
Cash and cash equivalents	171,787	60,430
Trade and other receivables	9,513	4,326
4.2.2. FINANCIAL LIABILITIES		
Trade and other payables	46,658	78,766
Borrowings	1,320	1,320

4.2.3. FINANCIAL RISK MANAGEMENT OBJECTIVES

Credit risk
The Company is primarily exposed to credit risk in relation to its cash at bank which are held at high credit rating financial institutions. The carrying amount of the financial assets represent the maximum credit exposure.

Interest risk
The Company is exposed to material interest rate risk primarily from its interest bearing financial assets, relating to loans advanced to South Pacific Elixirs Pte Ltd and South Pacific Elixirs Ltd (Fiji). The Company manages its risks in relation to interest rates by entering into agreements with respective related parties at pre-determined fixed interest rates, whilst monitoring general market conditions globally and responds to market changes accordingly.

Effective interest rates and repricing analysis
In respect of interest-bearing financial assets, the following table indicates their effective interest rates at the reporting date and the periods in which they reprice. There are no interest bearing financial assets in 2017.

	Effective interest rate	Interest bearing	Non-interest bearing	Total
June 2018		$	$	$
Financial Assets				
Other receivables	10%	457,608	72,646	530,254

The Group has limited interest rate risk as the interest rates are fixed based on loan agreements entered into. As at 30 June 2018, if interest rates had increased or decreased by 50 basis points from the reporting period rates with all other variables held constant, before tax profit would have been $638 lower or higher respectively (2017: $1,275 higher or lower respectively).

Liquidity risk
The Company adopts prudent liquidity risk management by maintaining sufficient cash and obtaining continuous funding through capital raising as and when necessary to enable the Company to pay its debts as and when they become due and payable.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting period date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months approximate their carrying balances, as the impact of discounting is not significant.

For personal use only

For personal use only

4.2. CATEGORIES OF FINANCIAL INSTRUMENTS (CONT)

2018	Less than 1 year	Total
	$	$
Trade and other payables	46,658	46,658
Borrowings	1,320	1,320
Total	**47,978**	**47,978**

2017	Less than 1 year	Total
	$	$
Trade and other payables	78,766	78,766
Borrowings	1,320	1,320
Total	**80,086**	**80,086**

Fair values
Due to the short-term nature of settlement, the carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and borrowings approximate their fair values as presented in the statement of financial position.

5. REMUNERATION OF AUDITORS

	2018 $	2017 $
Audit of the financial report	7,500	2,400

6. INCOME TAX

There are no current or deferred tax expenses during the year. The prima facie tax expense / (credit) on profit / (loss) from ordinary activities before income tax is reconciled to income tax is:

	2018 $	2017 $
Prima facie tax payable/ (benefit) on profit / (loss) before income tax at 27.5% (2017:27.5%)	(147,408)	(28,040)
Tax effect of non-deductible expenses	116,583	13,750
Tax effect of allowable expenses	(12,320)	-
Tax effect of unrecognised tax losses utilised	43,145	(14,290)
	-	-

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in the accounting policy of Note 1.4. As at year end, tax loss carried forward amounted to about $223,000. (2017: $66,336).

7. 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:

	2018 $	2017 $
Cash and cash equivalents	171,787	60,430

7.1. RECONCILIATION OF LOSS FOR THE YEAR TO NET CASH FLOWS FROM OPERATING ACTIVITIES

Loss for the year	(536,030)	(101,964)
Non-cash items		
Write off expenses	18,895	-
Impairment provision	423,937	50,000
	(93,198)	**(51,964)**
Movements in working capital		
(Increase) in trade and other receivables	(66,919)	(4,326)
(Decrease) in trade and other payables	(12,108)	54,266
Net cash used in operating activities	**(172,225)**	**(2,024)**

7.2 RECONCILIATION OF FINANCIAL LIABILITIES / BORROWINGS

	Balance at 1 July 2017 $	Cashflows $	Non-cash changes $	Balance at 30 June 2018 $
Borrowings	1,320	-	-	1,320

8. TRADE AND OTHER RECEIVABLES

	2018 $	2017 $
Loan to South Pacific Elixirs *	423,937	-
Less: Impairment provision	(423,937)	-
	-	-
Other receivables - GST Recoverable	9,513	4,326
	9,513	4,326

* The loan to South Pacific Elixirs Ltd, Fiji is unsecured and interest bearing at 10% per annum.

9. TRADE AND OTHER PAYABLES

	2018 $	2017 $
Other payables [i]	23,307	46,466
Shares to be issued	-	20,000
Accrued expenses	23,351	12,300
	46,658	**78,766**

[i] Other payables are non-interest bearing and are normally settled on 30-day terms.

For personal use only

10. AVAILABLE-FOR-SALE ASSETS

	2018 $	2017 $
Cost		
Balance at 1 July 2017	**67,930**	-
Additions	965	67,930
Written off	(68,895)	-
Balance at 30 June 2018	**-**	**67,930**
Accumulated amortisation and impairment		
Balance at 1 July 2017	**50,000**	-
Impairment expense	-	50,000
Impairment written off	**(50,000)**	**-**
Balance at 30 June 2018	**-**	**50,000**
Carrying Value		
Beginning of the year	17,930	-
End of the year	**-**	**17,930**

11. RELATED PARTY TRANSACTIONS

Alchemy Capital Pty Ltd (**Alchemy**), a company related to Josh Puckridge, provided consultation to the Company in relation to the creation of the Company's Information Memorandum (**IM**). During the year, Alchemy was paid fee of NIL (2017: $25,000).

Advisory fees amounting to $22,500 was paid to Cicero Advisory Services Pty Ltd, a company related to Josh Puckridge, in relation to capital raised were paid during the year (2017: nil).

PAC Partners, an entity related to Ian Leete, provided capital raising services to the Company amounting to $45,000 during the year (2017: nil).

12. COMMITMENTS AND CONTINGENT LIABILITIES

12.2. COMMITMENTS

No commitments exist as at the date of this report.

12.3. CONTINGENT ASSETS AND LIABILITIES

12.3.1. CONTINGENT LIABILITIES

No contingent liabilities exist as at the date of this report.

12.3.2. CONTINGENT ASSETS

No contingent assets exist as at the date of this report

13. SUBSEQUENT EVENTS

In August 2018, the Company raised about $189,000 for 1,500,000 ordinary shares at $0.16 per share.

For personal use only