

ASX Announcement
31 January 2019

December 2018 Quarterly Review and Appendix 4C

- Successful IPO closes oversubscribed, raising \$5.2 million, with Company well-funded to execute its planned business and commercialisation strategy
- Key hires support scale-up of Company's kava plantation in Fiji from 10 acres to 110 acres over next 12 months
- Australian product launch on track for first half of CY 2019
- Clinical trials planned to test the effectiveness of kava as a natural alternative in the treatment of anxiety, insomnia and pain
- Australian Prime Minister announces pilot program to ease importation restrictions on kava

Fiji Kava Limited (ASX:FIJ) (Fiji Kava or the Company), an Australian kava company, is pleased to provide an overview of the Company's operations following its successful initial public offer (IPO) and listing on the Australian Securities Exchange (ASX) on 20 December 2018.

IPO raises significant funds to support the Company's business and commercialisation strategy

The Company debuted on the ASX on 20 December 2018, following a successful IPO which raised \$5.2 million (before costs), closing oversubscribed, with offers scaled back. The raise received strong support from institutional and retail shareholders, including Strategic Global Fund and the Company's Fijian distribution partner, Jacks of Fiji. The raise was led by PAC Partners, supported by Cicero Advisory and Kontiki Capital.

The funds raised will be used to scale-up the Company's existing kava growing and manufacturing capabilities in Fiji, conduct research and develop new kava-based products, launch those products into western markets starting with Australia, launch Fiji Kava's e-commerce website, conduct human clinical trials with the National Institute of Complementary Medicine (NICM) in Australia and establish a tissue culture laboratory to accelerate the propagation of certain kava varieties.

As at 31 December 2018, the Company had cash of \$4.4 million and is well-funded to execute on its planned business and commercialisation strategy.

Key hires to support scale-up of kava plantation

To support Fijian operations, the Company has made a number of local appointments to manage operations on the ground. Mr Sanfred Smith was appointed Fiji Kava's General Manager and will take care of operations in Fiji. Sanfred brings extensive experience gained over 20 years in agriculture and business, having previously provided consulting services to 45 agribusinesses in the Pacific. Former roles have including consulting work with the Asian Development Bank, AusAID and the European Union. Sanfred's extensive experience extends to kava growing and processing and he brings with him a deep network of contacts in the agribusiness and kava industries. In addition, the Company has hired a Farm Manager and Finance Manager to support its Fijian operations.

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Fiji Kava Australian launch expected in 1H CY2019

Already sold in Fiji under the Taki Mai brand, the Company is preparing to launch its research-backed kava products under the Fiji Kava brand in Australia in the first half of CY 2019.

The Company is testing its e-commerce capabilities to support direct to consumer sales, upon the product's Australian launch.

Clinical trials planned to test effectiveness of kava versus common prescription drugs

Fiji Kava continues to advance its plans to conduct human clinical trials to investigate the effectiveness of kava in the treatment of anxiety, insomnia and pain. Providing a natural alternative to prescription medications, such as Valium and Xanax, the Company will conduct Australian based trials in conjunction with the National Institute of Complementary Medicine (NICM) to derive data that supports the development of therapeutic products.

Australian Prime Minister announces lift on kava importation

On 16 January 2019, The Hon Scott Morrison, Prime Minister of Australia, announced a pilot program would be put in place to ease some of the limitations for the import of kava into Australia. The announcement is a significant breakthrough for the kava industry and for Fiji Kava's business strategy, representing a growing acceptance of kava as a natural and safe alternative for managing stress and anxiety.

Zane Yoshida, Managing Director of Fiji Kava states: "Fiji Kava is perfectly poised to take advantage of a growing interest, awareness and acceptance of kava as a natural product with therapeutic benefits. Since listing, the management team has focussed on progressing key business initiatives that will support the Company's strategic plans and growth. Whilst gearing up for our Australian product launch in the first half of 2019, we are laying the foundations for a scale up of growing and manufacturing operations to support commercial sales and longer-term growth."

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About Fiji Kava

Fiji Kava is a kava company based in Australia and the first foreign company with approval from the Fijian Government to operate in the kava industry. The Company has complete control over its vertically integrated supply chain in a true farm-to-shelf operation and has established a 111-acre nucleus farm in Levuka, on the island of Ovalau, Fiji. Fiji Kava is focussed on expanding the distribution of kava throughout western markets to provide a natural alternative to anti-anxiety prescription medicines such as Valium and Xanax. The Company sells its range of TGA and FDA compliant "Taki Mai" branded kava products in Fiji and is preparing to launch under the Fiji Kava brand in Australia in early 2019. Fiji Kava's products are backed by years of independent research. The Company plans to conduct human clinical trials to test the efficacy of Fiji Kava's products and specific kava cultivars, targeting a range of medical conditions.

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

FIJI KAVA LIMITED (ASX:FIJ)

ABN

40 169 441 874

Quarter ended (Current quarter)

31 December 2018

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 Months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	10	10
1.2 Payments for:	-	-
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(26)	(26)
(d) leased assets	-	-
(e) staff costs	(28)	(28)
(f) administration and corporate costs	(180)	(180)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes (paid) / refunded	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(224)	(224)
2. Cash flows from investing activities		
2.1 Payments to acquire:	-	-
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	(132)	(132)
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material):	-	-
2.6 Net cash from / (used in) investing activities	(132)	(132)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 Months) \$A'000
3. Cash flows from financing activities			
3.1	Proceeds from issues of shares	5,200	5,200
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(644)	(644)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(42)	(42)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other – cash acquired on acquisition	13	13
3.10	Net cash from / (used in) financing activities	4,527	4,527
4. Net increase / (decrease) in cash and cash equivalents for the period			
4.1	Cash and cash equivalents at beginning of quarter/year to date	234	234
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(224)	(224)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(132)	(132)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,527	4,527
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	4,405	4,405
5. Reconciliation of cash and cash equivalents		Current quarter \$A'000	Previous quarter \$A'000
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1	Bank balances	4,405	4,405
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,405	4,405
6. Payments to directors of the entity and their associates		Current quarter \$A'000	
6.1	Aggregate amount of payments to these parties included in item 1.2		54
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3 and 2.5		-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2		
In respect to 6.1: Salaries and consulting fees paid to directors and their related parties.			
7. Payments to related entities of the entity and their associates		Current quarter \$A'000	
7.1	Aggregate amount of payments to these parties included in item 1.2		-
7.2	Aggregate amount of cash flow from loans to these parties included in items 2.3		-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2		
Nil			

8. Financing facilities available
Add notes as necessary for an understanding of the position

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

- 8.1 Loan facilities
- 8.2 Credit standby arrangements
- 8.3 Other (please specify)
- 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

9. Estimated cash outflows for next quarter

	\$A'000
9.1 Research and development	50
9.2 Product manufacturing and operating costs	382
9.3 Advertising and marketing	46
9.4 Leased assets	50
9.5 Staff costs	120
9.6 Administration and corporate costs	134
9.7 Other (provide details if material):	
9.8 Total estimated cash outflows	782

10. Acquisitions and disposals of business entities
(items 2.1(b) and 2.2(b) above)

- 10.1 Name of entity
- 10.2 Place of incorporation or registration
- 10.3 Consideration for acquisition or disposal
- 10.4 Total net assets / (deficiency)
- 10.5 Nature of business

Acquisitions	Disposals
South Pacific Elixirs	-
Fiji and Singapore	-
\$5,800,000	-
\$11,267,086	-
Kava development and sales	-

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.



Signed: _____ Dated: Thursday, 31 January 2019

Company Secretary

Print name: Jay Stephenson

Notes

- The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
- If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

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3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

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