



## **ASX ANNOUNCEMENT**

### **Simavita releases ASX Appendix 4C for the quarter ended September 30, 2016 and provides financial update**

**For Immediate Release:**

**October 26, 2016**

**Sydney, Australia** – Simavita Limited (“**Simavita**” or the “**Company**”) (ASX: SVA) today reported its September 30, 2016 quarter results together with financial highlights during the period.

#### **Highlights:**

- **Simavita ended the first quarter for the financial year to end June 30, 2016 with cash reserves of AUD\$3.5 million.**
- **R&D Tax credit refund totalling in excess of \$1.5m is expected in the 2<sup>nd</sup> Quarter and will be a helpful contribution to the Company.**
- **Continued reduction in operating expense cash outflows quarter on quarter. The Company now spends approximately \$700k monthly before abnormal items.**
- **Increased revenue by 31% compared to prior corresponding period.**
- **Reduced Cost of Goods Sold as a percentage of sales from 41% to 26% compared to prior corresponding period.**
- **Expanded business and market strategy. Now in final stages of delivering new and simpler product for major markets associated with home care, disability care and Veterans Affairs.**
- **During the quarter the Company de-listed from TSX-V savings costs of approximately \$100,000 per annum**
- **Redundancies continued during the quarter.**

Michael Spooner, Chairman Simavita Limited said “The Company is absolutely focused upon a substantial and sustained turn around in performance. We have:

- **Slashed all costs not directly attributable to sales or in the delivery of new product. General and administration costs have reduced 36% compared to prior corresponding period. Travel costs have reduced 99% compared to prior corresponding period. Furthermore, we continue to keep a very close eye on all costs.**

- We are in the final stages of delivering our first new product ..... assessPLUS. In 5 months we have designed, built and consumer tested a highly cost effective, incontinence assessment tool. The assessPLUS tool is designed to be used “straight out of the box” and without training. We will sell assessPLUS into new and major markets associated with veterans, disabled persons living in the community and seniors living at home. As part of our pre-launch activities we have already several distributors and customers in our new target markets.
- During the September 2016 quarter, Simavita continued to sell and market its highly acclaimed SIM™ product. I am delighted that the team has been able to substantially increase sales to the residential aged care market in such a short period and with fewer resources Mr Spooner said.”

As highlighted above, the cash outflows over the past 2 quarters have been reduced considerably and the Company continues to seek to reduce costs:

Quarter	Q3 FY16	Q4 FY16	Q1 FY17
Cash outflows \$'000s	2,142	2,837	2,651
Non recurring / abnormal items	1,270*	-	(506)**
Normalised cash outflows \$'000s	3,413	2,837	2,145

\*\$1.27m R&D tax credit

\*\*Inventory buy back \$90k from Medline Inc; audit fees \$103k; contracted bonus payments \$235k and redundancy payments \$78k.

Contracted sites continue to grow and beds under contract now exceed 13,700:

	30 Sept 2015	31 Dec 2015	31 Mar 2016	30 June 2016	30 Sept 2016
Sites	70	101	126	140	144
Beds	6,419	9,542	11,682	13,127	13,733

We seek to increase assessments per site so as to fully extract the benefit of using Simavita’s SIM™ incontinence management product.

The Board will continue to review corporate performance and will consider engaging additional executive leadership once there are clear signals of a sustained and significant corporate turnaround. In the meantime, the Executive team from all major operating elements of the Company are responsible for driving innovation and turn around. The Executive is supported by significant and consistent input from the Board.

For further information, please view our website ([www.simavita.com](http://www.simavita.com)) or contact:

Ms Peta Jurd  
Chief Commercial Officer

E: [pjurd@simavita.com](mailto:pjurd@simavita.com)

T: +61 421 466 653

W: Investor Centre: [Click here](#)

## **About Simavita**

Simavita is a company established to deliver innovative continence solutions for our customers, developed in ethical collaboration with healthcare professionals.

Simavita's patented and leading assessment tool is designed to dramatically improve the quality of life for those suffering from incontinence. For operators, hospitals and rehabilitation centres, this enables care providers and other institutions to significantly lower their material costs and reduce the time required to manage incontinence in patients.

Operating in Australia, Europe and North America, conducting assessments is mandatory in these countries and the incontinence assessment creates an influential element of care of each individual.

## **Forward-Looking Information**

*This document may contain "forward-looking information" within the meaning of Canadian securities laws ("forward-looking information"). This forward-looking information is given as of the date of this document.*

*Forward-looking information relates to future events or future performance and reflects Simavita management's expectations or beliefs regarding future events. Assumptions upon which such forward-looking information is based include that Simavita will be able to successfully execute on its business plans. Many of these assumptions are based on factors and events that are not within the control of Simavita and there is no assurance they will prove to be correct.*

*In certain cases, forward-looking information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "potential", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or information that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. By its very nature forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Simavita to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, risks related to actual results of current business activities; changes in business plans and strategy as plans continue to be refined; other risks of the medical devices and technology industry; delays in obtaining governmental approvals or financing or in the completion of development activities; as well as those factors detailed from time to time in Simavita's interim and annual financial statements and management's discussion and analysis of those statements. Although Simavita has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Simavita provides no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information*

## 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 <b>SIMAVITA LIMITED</b>
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ARBN 165 831 309
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Quarter ended: 30 September 2016
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### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (three months) \$A'000
<b>1 Cash flows from operating activities</b>		
1.1 Receipts from customers	273	273
1.2 Payments for		
(a) research and development	(55)	(55)
(b) product manufacturing and operating costs	(230)	(230)
(c) advertising and marketing	(182)	(182)
(d) leased assets		
(e) staff costs	(1,950)	(1,950)
(f) administration and corporate costs	(516)	(516)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	9	9
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,651)</b>	<b>(2,651)</b>
<b>2 Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(2)	(2)
(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	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(2)</b>	<b>(2)</b>
<b>3 Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.1 Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

	Current quarter \$A'000	Year to date (three months) \$A'000
<b>4 Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	6,173	6,173
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,651)	(2,651)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(2)	(2)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5 Effect of movement in exchange rates on cash held	(22)	(22)
<b>4.6 Cash and cash equivalents at end of quarter</b>	<b>3,498</b>	<b>3,498</b>

	Current quarter \$A'000	Previous quarter \$A'000
<b>5 Reconciliation of cash and cash equivalents</b> 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	3,498	6,173
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,498</b>	<b>6,173</b>

	Current quarter \$A'000
<b>6 Payments to directors of the entity and their associates</b>	
6.1 Aggregate amount of payments to these parties included in item 1.2	38
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	Directors' Fees plus superannuation

	Current quarter \$A'000
<b>7 Payments to related entities of the entity and their associates</b>	
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	None

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<b>8 Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>		
8.1 Loan facilities	None	None
8.2 Credit standby arrangements	None	None
8.3 Other (please specify)	None	None
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.	None	None

	\$A'000
<b>9 Estimated cash outflows for next quarter</b>	
9.1 Research and development	(78)
9.2 Product manufacturing and operating costs	(43)
9.3 Advertising and marketing	(186)
9.4 Leased assets	
9.5 Staff costs	(1,537)
9.6 Administration and corporate costs	(356)
9.7 Other (provide details if material)	
<b>9.8 Total estimated cash outflows</b>	<b>(2,200)</b>


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

	<b>Acquisitions</b>	<b>Disposals</b>
10.1 Name of entity	Not applicable	Not applicable
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

**Compliance statement**

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

Sign here:

.....  .....

Company secretary

Date:

..... 25-Oct-16 .....

Print name: Peta C Jurd

**Notes**

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