

## Appendix 4E - Preliminary Final Report for the year ended June 30, 2017 Simavita Limited (ARBN 165 831 309) and Subsidiaries

Lodged with the ASX under Listing Rule 4.3A

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#### 1 Company details

This report covers Simavita Limited (**Simavita** or **Company**) and the entities it controlled during the financial year ended June 30, 2017 (**Simavita Group** or **Group** or **Consolidated Group**), for the financial year ended June 30, 2017 (**FY 2017**).

The previous corresponding period is the year ended June 30, 2016 (**FY 2016**).

The financial statements are presented in Australian dollars (unless otherwise stated).

## 2 Results for announcement to the market

		Reporting Period	Movement from Previous Period	
2.1	Consolidated revenue from ordinary activities	\$908,665	Increased by \$115,484	Increased by 15%
2.2	Consolidated loss from ordinary activities after tax attributable to Members of the Group	(\$7,752,516)	Reduced by \$3,704,705	Reduced by 32%
2.3	Consolidated loss attributable to Members of the Group	(\$7,752,516)	Reduced by \$3,704,705	Reduced by 32%

### 2.4 Dividends

No dividends were paid during the Reporting Period or the Previous Period, nor are any proposed as at the date of this Appendix 4E.

### 2.5 Record date for determining entitlements to dividends

Entitlements to dividends: Not applicable.

### 2.6 Details of dividend reinvestment plans

The Group does not have a Dividend Reinvestment Plan as at the date of this Appendix 4E.

### 2.7 Simavita overview

Strategic Business Review and Refocus

In May 2016, Simavita, with the support of its shareholders, commenced a strategic review of operations. This review incorporated a refinancing of operations with \$7.35m capital raised in May 2016 and a further \$2.34m in May 2017.

Fundamental to the strategic review was the reshaping of the leadership team, including both the Board of Directors and the role of the Managing Director. Furthermore, it was clear that the strategic review must address both the cost of operations and revenue generation. The result of the strategic review is encapsulated within the company's PIVOT strategy which was released to the market earlier this year.

PIVOT – Simavita's strategic plan, is a road map for the company's goal of rapidly building a profitable and valuable business. The impact of our strategic plan is bearing significant fruit:

Tight cost control and impact of the reshaping of the company's operations:

Simavita has now completed a significant restructuring of its operations which has resulted in:

1. A 40% reduction in operating costs, particularly associated with staff reductions and tight cost control
2. An absolute shift away from "one on one" or consultative selling, toward meaningful partnerships with organizations who have successful, vested and complementary businesses. This has resulted in a recasting of existing exclusive distribution relationships with Medline for North America as well as Abena in Denmark. Our focus is now on creating new partnerships as foreshadowed with our recent partnership with OneMed in northern Europe.
3. Essential to our PIVOT strategy has been to create product that may be sold to community users and includes both disabled as well as aged.

The impact of PIVOT has been to clearly identify market opportunity and a recognition that the Company's banner product SIM™, whilst suitable for large complex users, failed to address wider market need, nor did it address a global trend toward keeping aged and disabled people in their homes for longer periods of time. PIVOT has seen the company develop 2 completely new product platforms within the past 12 months. We believe that these platform technologies comprehensively meet market demand for smart, wearable and disposable sensors for the global diaper industry.

ASSESSPLUS™ - was released to the market in November 2016 and delivers a portable, highly automated solution that is simple to use and an efficient method of assessing incontinence and rapidly generating evidence based care plans for both home use and aged care operators. Within the past 6 months, we have seen the vast majority of our existing aged care operators adopt ASSESSPLUS™. This has resulted in a significant reduction in maintenance costs together with reduced selling and training costs. Importantly the adoption of ASSESSPLUS™ has seen an increased usage within our existing customer base. The future of our incontinence business is clear, through ASSESSPLUS™ we will focus on creating relationships with service suppliers including NDIS operators as well as home care providers whilst maintaining our existing relationships with aged care providers. In addition, SIM™ will provide a platform for the sale and support of incontinence management product to large institutional users including hospitals and rehabilitation facilities where there is knowledge and capacity to utilize sophisticated product.

ALERTPLUS™ is our latest platform addition and core to the company's future. ALERTPLUS™ is available for adult and infant markets. It is, we believe, an industry disruptive, platform technology. It has three components which may be modified to suit product and market requirements. Components include:

1. An integrated electronic sensor which forms part of the diaper materials. The sensor is added to the diaper during manufacture and does not require modification to manufacturing equipment or the manufacturing process, nor does the addition of the sensor impact manufacturing efficiency. Current estimates of a standard sensor will be immaterial to the input costs of each diaper. Importantly, the sensor may be adapted to specified diaper types.
2. A low cost, multi-use, data capture device which is clipped to the end of each diaper. The ideal low cost specification for this device is Bluetooth. However, it may be modified to utilize WIFI at additional cost. Furthermore, the device may be adapted to cater for environmental and specific health and safety requirements.
3. A multi-OS downloadable APP including Android, Windows and IOS from Apple iTunes developed and modified to suit market requirements. APPs may support multiple languages as well as functionality required by users.

As foreshadowed in recent announcements to the market, Simavita has been granted patented rights to this core technology within our primary markets.

The Group's continued focus on cost management has resulted in the reduction of operating costs and research and development costs. As a consequence the R&D tax incentive has also been reduced.

## 2.8 Explanation of revenue and profit/ loss from ordinary activities after tax

The preliminary total comprehensive loss is below the prior year by \$3,622,855 due primarily to:

- > An increase in Net sales of \$115,484 to \$908,665 or 15% compared to \$793,181 in the previous corresponding year.
- > Other income decreased due to an estimated R&D tax incentive of \$961,558 compared to \$1,665,911 in the previous corresponding year.
- > Cost of goods sold of \$297,017 decreased from 41% back to 33% a reduction of 8% compared to \$322,809 in the previous corresponding year.
- > Total operating expenses of \$8,285,205 (excluding share-based expense) had a decrease of \$5,418,748 or 40% compared to \$13,703,953 in the previous corresponding year. The Group has a policy of regularly reviewing the value of inventory on hand. These expenses include a write-down of \$176,966 worth of inventory which was slow moving.
- > Total comprehensive loss for the year was \$7,763,371 a decrease of \$3,622,855 or 32% compared to \$11,386,226 in the previous corresponding year.

**2.9 Net intangible assets**

The consolidated net tangible assets as at the end of the Reporting Period were \$0.01 per share. The corresponding figure as at the end of the Previous Period was \$0.04 per share.

**2.10 Control gained or loss over entities**

During the Reporting Period, the Group did not gain or lose control of any entities.

**2.11 Details of associates and joint venture entities**

As at the end of the Reporting Period, the Group had no interest in any associate or joint venture.

**2.12 Foreign entities**

Simavita Limited (the "Group") was incorporated under the laws of the Yukon Territory on May 28, 1968 and continued under the laws of the Province of British Columbia, Canada on December 3, 2013.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board. The Group is a for-profit entity for the purpose of preparing the financial statements.

The financial statements comprise the consolidated financial statements of the consolidated entity. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards (IFRS).

**2.13 Audit status**

This report is based on financial statements which are in the process of being audited.

The financial statements are prepared on a going concern basis. We anticipate an unqualified opinion to be issued with an emphasis of matter paragraph regarding a material uncertainty on going concern. Due to material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.

**2.14 Attachments**

The preliminary financial statements of the Group for the year ended June 30, 2017 are attached.

**Signed on behalf of Simavita Limited**



**Peta C. Jurd**

*Company secretary*

Dated this 31st day of August 2017.

**SIMAVITA LIMITED**  
**PRELIMINARY CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
*Appendix 4E - Item 3*

	<b>Consolidated</b>	
	<b>Jun 30, 2017</b>	<b>Jun 30, 2016</b>
	\$	\$
Revenue	908,665	793,181
Cost of sales	<u>(297,017)</u>	<u>(322,809)</u>
Gross profit	<u>611,648</u>	<u>470,372</u>
Other income	974,367	1,865,595
Expenses		
Finance costs	-	(39,182)
General and administration	(2,646,818)	(4,938,885)
Occupancy costs	(318,566)	(410,979)
Research and development	(1,574,499)	(2,713,351)
Sales, marketing and distribution	(3,745,322)	(5,601,556)
Share-based payments expense	<u>(1,053,326)</u>	<u>(89,235)</u>
Loss before income tax	<u>(7,752,516)</u>	<u>(11,457,221)</u>
Income tax	-	-
Loss for the year	<u>(7,752,516)</u>	<u>(11,457,221)</u>
Other comprehensive income		
Items that may be subsequently reclassified to profit/ (loss)		
Translation of foreign operation	(10,855)	70,995
Total comprehensive loss for the year	<u>(7,763,371)</u>	<u>(11,386,226)</u>
	Cents	Cents
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the Group:		
Basic loss per common share	(0.03)	(0.05)
Diluted loss per common share	(0.03)	(0.05)
Earnings per share for loss attributable to the ordinary equity holders of the Group:		
Basic loss per common share	(0.03)	(0.10)
Diluted loss per common share	(0.03)	(0.10)

The accompanying notes form an integral part of these consolidated financial statements

**SIMAVITA LIMITED**  
**PRELIMINARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2017**  
*Appendix 4E - Item 4*

	<b>Consolidated</b>	
	<b>Jun 30, 2017</b>	<b>Jun 30, 2016</b>
	<b>\$</b>	<b>\$</b>
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	2,072,353	6,172,770
Trade and other receivables	1,337,429	1,917,772
Inventories	490,628	482,023
Other assets	106,665	131,047
Total Current Assets	4,007,075	8,703,612
Non-Current Assets		
Property, plant and equipment	44,783	132,457
Intangible assets	42,924	60,588
Total Non-Current assets	87,707	193,045
Total Assets	4,094,782	8,896,657
<b>Liabilities and Shareholders' Equity</b>		
<b>Liabilities</b>		
Current Liabilities		
Trade and other payables	733,858	986,610
Provisions	184,787	202,898
Total Current Liabilities	918,645	1,189,508
Non-Current Liabilities		
Provisions	79,978	60,177
Total Non-Current Liabilities	79,978	60,177
Total Liabilities	998,623	1,249,685
Shareholders' Equity		
Share capital	66,243,056	64,083,824
Reserves	2,914,723	3,638,297
Retained earnings	(66,061,620)	(60,075,149)
Total Shareholders' Equity	3,096,159	7,646,972
Total Liabilities and Shareholders' Equity	4,094,782	8,896,657

The accompanying notes form an integral part of these consolidated financial statements

**SIMAVITA LIMITED**  
**PRELIMINARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2017**

*Appendix 4E - Item 5*

	Share Capital \$	Reserves \$	Retained Losses \$	Totals \$
Balance at July 1, 2015	<u>55,330,848</u>	<u>3,478,067</u>	<u>(48,617,928)</u>	<u>10,190,987</u>
Net Loss for the period	-	-	(11,457,221)	(11,457,221)
Movement in Share-based payments reserve	-	89,235	-	89,235
Other comprehensive income, net of tax	-	<u>70,995</u>	-	<u>70,995</u>
Total comprehensive loss for the period	<u>-</u>	<u>160,230</u>	<u>(11,457,221)</u>	<u>(11,296,991)</u>
<i>Transactions with owners</i>				
Issue of common shares for cash	9,128,000	-	-	9,128,000
Equity transaction costs	<u>(375,024)</u>	-	-	<u>(375,024)</u>
Total transactions with owners	<u>8,752,976</u>	-	-	<u>8,752,976</u>
Balance at June 30, 2016	<u>64,083,824</u>	<u>3,638,297</u>	<u>(60,075,149)</u>	<u>7,646,972</u>
Net Loss for the period	-	-	(7,752,516)	(7,752,516)
Movement in share-based payments reserve	-	1,053,326	-	1,053,326
Other comprehensive income, net of tax	-	<u>(10,855)</u>	-	<u>(10,855)</u>
Total comprehensive loss for the period	<u>-</u>	<u>1,042,471</u>	<u>(7,752,516)</u>	<u>(6,710,045)</u>
<i>Transactions with owners</i>				
Issue of common shares for cash	2,348,109	-	-	2,348,109
Reversal of lapsed options vested not exercised	-	(1,766,045)	1,766,045	-
Equity transaction costs	(188,853)	-	-	(188,853)
Cancellation of fractional shares	<u>(24)</u>	-	-	<u>(24)</u>
Total transactions with owners	<u>2,159,232</u>	<u>(1,766,045)</u>	<u>1,766,045</u>	<u>2,159,232</u>
Balance at June 30, 2017	<u>66,243,056</u>	<u>2,914,723</u>	<u>(66,061,620)</u>	<u>3,096,159</u>

The accompanying notes form an integral part of these consolidated financial statements

**SIMAVITA LIMITE D**  
**PRELIMINARY CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
*Appendix 4E - Item 6*

	<b>Consolidated</b>	
	<b>Jun 30, 2017</b>	<b>Jun 30, 2016</b>
	\$	\$
Cash flows from/(used in) operating activities		
Loss for the year	(7,752,516)	(11,457,221)
Non-cash items		
Depreciation and amortization	108,027	137,154
Bad debts written-off	483	8,000
Share-based payments expenses	1,053,326	89,235
Net (Gain)/Loss on sale of plant and equipment	(150)	530
Unrealized foreign exchange movements	(3,015)	81,210
Accrued interest on convertible notes	-	51,230
Changes in assets and liabilities		
(Increase)/decrease in receivables	576,458	(325,205)
(Increase)/decrease in inventories	(8,605)	(136,111)
(Increase)/decrease in prepayments	24,777	28,487
Increase/(decrease) in payables	(236,886)	89,458
Increase/(decrease) in provisions	(9,084)	(104,769)
Net cash flows from/(used in ) operating activities	<u>(6,247,185)</u>	<u>(11,538,002)</u>
Cash flows from/(used in) investing activities		
Purchases of plant and equipment	(2,690)	(44,335)
Purchases of intangible assets	-	(17,738)
Proceeds from the sale of plant and equipment	150	2,364
Net cash flows from/(used in ) investing activities	<u>(2,540)</u>	<u>(59,709)</u>
Cash flows from/(used in) financing activities		
Proceeds from the issue of shares by the Company	2,348,109	6,065,000
Proceeds from conversion of borrowings into equity	-	3,063,000
Cancellation of fractional shares	(24)	-
Equity transaction costs	(188,853)	(375,024)
Net cash flows from/(used in ) financing activities	<u>2,159,232</u>	<u>8,752,976</u>
Net increase/(Decrease) in cash and cash equivalents held	(4,090,493)	(2,844,735)
Cash and cash equivalents at the beginning of period	6,172,770	9,027,722
Net foreign exchange differences on cash and cash equivalents	<u>(9,924)</u>	<u>(10,217)</u>
Cash and cash equivalents at the end of period	<u>2,072,353</u>	<u>6,172,770</u>

The accompanying notes form an integral part of these consolidated financial statements