

SIMAVITA LIMITED

ARBN 165 831 309

Appendix 4D

For the half-year ended December 31, 2017

- 1 The report period covers the half-year ended December 31, 2017.
The previous corresponding period covers the half-year ended December 31, 2016.
- 2 Results for announcement to the market
 - 2.1 Total comprehensive loss attributable to members for the period was \$2,507,234 a decrease of 43% compared to \$4,408,038 in the previous corresponding period. During the period operating expenses were reduced by 34%, a decrease of \$1,484,102 compared to the previous corresponding period.
 - 2.2 Total loss from ordinary activities after income tax attributable to members for the period was \$2,509,490 a decrease of 43% compared to \$4,408,173 in the previous corresponding period.
 - 2.3 During the period to 31 December 2017, operating expenses were \$2,874,269, a reduction of \$1,484,102 or 34% over the corresponding period to 31 December 2016 of \$4,353,371. In addition, during the period to 31 December 2016 the Company incurred \$980,326 in share-based payments expenses compared to nil in the current period. Accordingly, overall total expenses reduced by \$2,464,428 on a corresponding period basis.
 - 2.4 Total revenue from ordinary activities for the reporting period was \$476,531 a decrease of 55% compared to \$1,050,710 in the previous corresponding period. Reductions were due to a decrease in R&D spending which had the effect of reducing R&D Tax incentives from \$593,689 for the period to 31 December 2016 to \$267,946 for the period to 31 December 2017. Furthermore, the company largely eliminated its direct sales strategy in favor of its PIVOT strategy of focused sales through partnerships with companies with significant and synergistic sales. As a consequence, sales have fallen during the period from \$443,214 for the period to 31 December 2016 to \$204,927 for the current period under review.
 - 2.5 The Group does not propose to pay a dividend.
 - 2.6 Entitlements to dividends: Not applicable.
- 3 The net tangible assets per ordinary share as at December 31, 2017 was 0.2 cents, a decrease of approximately 81% over the previous period (30 June 2017) of 1.2 cents.
- 4 During the half-year ended December 31, 2017, Simavita Limited neither gained nor lost control of any entities.
- 5 No dividends were paid by Simavita Limited during or after the reporting period, nor were any paid during the previous corresponding period.
- 6 The Group has no dividend reinvestment plans in operation.
- 7 As at December 31, 2017 Simavita Limited held no investments in any associates or joint ventures.
- 8 The group's financial statements for the reporting period have been prepared in accordance with Australian Accounting Standards.

SIMAVITA LIMITED

ARBN 165 831 309

Appendix 4D

For the half-year ended December 31, 2017

(continued)

- 9 This report is based on the Group's consolidated financial statements for the half-year ended December 31, 2017 which have been reviewed by PricewaterhouseCoopers. It contains an emphasis of matter paragraph in regard to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

Signed on behalf of Simavita Limited



Peta C Jurd

Company Secretary

Date: February 28, 2018.



**SIMAVITA LIMITED AND
CONTROLLED ENTITIES**

(ARBN 165 831 309)

CONSOLIDATED INTERIM FINANCIALS STATEMENTS

FOR THE HALF-YEAR ENDED

December 31, 2017

ASX CODE: SVA

SIMAVITA LIMITED

ARBN 165 831 309

Directors' Report

The Directors submit their report on the consolidated entity consisting of Simavita Limited and the entities it controlled at the end of and during the half-year ended December 31, 2017.

Directors

The names of the Directors of Simavita Limited who held office during the half-year and to the date of this report are:

Michael R Spooner

Gary W Pace

Warren R Bingham

Company Secretary

Peta C Jurd

Emma Lawler (Co-Company Secretary)

Group Overview

Simavita Limited is a public company incorporated in Canada and it is the Ultimate parent company for four wholly-owned subsidiaries:

Simavita Holdings Limited

Simavita (Aust) Pty Ltd

Fred Bergman Healthcare Pty Ltd

Simavita US Inc.

Principal activities

The Simavita Group of companies (the "Group") is a world leader in the development of smart, wearable and disposable sensors for the global diaper industry. The Group is focused upon major and rapidly growing markets for adult and infant diapers which currently amount to over USD\$21bn annually.

The Group's product range now encompasses a comprehensive spectrum of electronic sensors and systems from incontinence assessment through to everyday use including:

> AlertPLUS™ is our new core platform technology. AlertPLUS™ is a hyper low cost, completely disposable product linked to smart devices including phones and tablets. Our target market includes adult and infant users for all geographies.

> AssessPLUS™ which was released to market in November 2016. AssessPLUS™ is a low cost, easy to use and highly graphical electronic assessment tool for community users including the NDIS through to aged care operators.

> SIM™ our traditional electronic incontinence assessment tool for large institutional users.

Simavita operates in Australia, Europe and North America where there is a significant and growing demand for products that deliver real clinical and cost benefits to the health care industry.

Review of operations

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:

> 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.

> 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. Furthermore, the device may be adapted to cater for environmental and specific health and safety requirements.

> 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.

AlertPLUS™ complements AssessPLUS™ which is the portable, highly automated solution that is simple to use and an efficient method of assessing incontinence. AssessPLUS™ rapidly generates evidence based care plans for both home use and aged care operators.

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

The Company's sales strategy is to license our AlertPLUS™ platform technology to major manufacturers and to partner AssessPLUS™ with large and successful businesses who have synergistic products and commitment. This shift in strategy has seen the Company largely eliminate those activities associated with direct sales particularly in North America and Australia. This has allowed reallocation of resources to focus on partnering our products. For the current period this has impacted sales receipts. Importantly these changes have also delivered a reduction in the loss incurred by the Company.

Due to our change in strategy outlined above, the company's North American activities have transitioned to a major focus on AlertPLUS™ where the Company sees significant opportunity to partner with major manufacturers to drive sales in both adult and infant markets. Consequently, the Company has eliminated direct sales effort and significant overheads whilst maintaining both a presence in North America and a commitment to our existing customers.

Financial results

Statement of comprehensive loss

The Group reported a total comprehensive loss for the six month period ended December 31, 2017 was \$2,507,234 a decrease of \$1,900,804 or 43% less than the loss incurred during the previous corresponding period ended December 31, 2016 of \$4,408,038. The reduced loss in the current half-year is principally attributable to:

> A significant reduction in operating and non operating expenses from \$5,338,697 for the period to 31 December 2016 to \$2,874,269 an overall decrease in expenses of \$2,464,428. The expenses for the period to 31 December 2016 included \$980,326 in share-based payments expenses compared to nil in the current period.

Statement of comprehensive loss (continued)

> Total operating expenses of \$2,874,269 (excluding share-based expense) had a decrease of \$1,484,102 or 34% compared to \$4,358,371 in the previous corresponding period.

> A reduction in net sales of \$204,927 a decrease of \$238,287 or 54% compared to \$443,214 in the previous corresponding period due to a refocus on building larger partnership opportunities and away from small unprofitable direct sales.

> Other revenue, comprising an estimated R&D tax incentive of \$267,946, decreased \$325,752 or 55% compared to \$593,698 in the previous corresponding period due to reduced spending on R&D.

Cash and cash equivalents

The Group's cash and cash equivalents at the end of the period ended December 31, 2017 decreased by \$364,251 or 18% to \$1,708,102 as compared to \$2,072,353 at the end of the previous financial year.

Changes to capital structure

During the six month period ended December 31, 2017, the Group issued no new shares.

During the six month period ended December 31, 2017, the Group granted no unlisted stock options.

During the six month period ended December 31, 2017, the Group raised capital by issuing convertible notes.

Liquidity

The Group has incurred losses before tax of \$2,509,490 during the six month period ended December 31, 2017 and net cash flows used in operations during the same period of \$1,719,185. The Group's cash reserves as at December 31, 2017 were \$1,708,102 and its working capital (defined to be current assets less current liabilities) was \$610,640 compared to \$3,088,430 at the end of the previous financial year.

During the year ended June 30, 2018 the Group plans to materially grow revenue through the licensing of AlertPLUS™. Additionally, the product range has been expanded to address additional market sectors of home based care and disability care. The Group is also looking to appoint additional distributors to address the long term care and rehabilitation markets in North America and Europe.

The Directors plan is to raise additional capital through the issuance of new equity during Q1 2018.

There is uncertainty about our ability to materially grow revenue in a timely manner and to raise capital on terms that meet timing and pricing requirements. The continuing viability of the Group and its ability to continue as a going concern and meet its debts and commitments as they fall due are dependent upon the following events occurring:

- > Successfully raising further capital from the issue of new shares and convertible notes;
- > Successfully sign heads of agreement with major manufacturers in 2018 Q2, with a view to release the new product AlertPLUS™ under a licensing model to the market;
- > Materially and rapidly address new market opportunities and to grow revenue; and
- > Continuing cost containment strategies.

Due to the uncertainty surrounding the above matters, there is material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and liabilities in the normal course of business. However, at the date of this report the Directors believe that the Group will be successful in the above matters and, accordingly, have prepared the financial report on a going concern basis.

Liquidity (continued)

The Group's auditor included an emphasis matter paragraph in the Review Report for the consolidated interim financial statements for the half-year ended December 31, 2017 relating to the Group's ability to continue as a going concern (refer Note 2(a) Going concern).

Currently, there are no significant seasonality factors that influence the Group's business.

Significant events after balance sheet date

There were no events that have occurred subsequent to balance date that have not been disclosed elsewhere in these financial statements.

Rounding of amounts

The Group is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Environmental regulations

The Group is not aware of any breaches of any environmental regulation during the half-year ended December 31, 2017.

Proceedings on behalf of the Group

No proceedings have been brought or intervened in or on behalf of the Group with leave to the Court.

Auditor's independence declaration

The auditor's independence declaration for the half-year ended December 31, 2017 has been received and is attached following the Director's declaration.

This report is signed in accordance with a resolution of the Board of Directors.



MICHAEL R SPOONER
Chairman



WARREN R BINGHAM
Director

Dated February 28, 2018.

SIMAVITA LIMITED
CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE LOSS
FOR THE HALF-YEAR ENDED DECEMBER 31, 2017

	Notes	Consolidated	
		Dec 31, 2017	Dec 31, 2016
		\$	\$
Revenue		204,927	443,214
Cost of sales		<u>(111,752)</u>	<u>(120,186)</u>
Gross profit		<u>93,175</u>	<u>323,028</u>
Other revenue	4	271,604	607,496
Expenses			
General and administration		(1,201,167)	(1,251,972)
Occupancy costs		(175,712)	(176,880)
Research and development		(644,725)	(844,843)
Sales, marketing and distribution		(852,665)	(2,084,676)
Share-based payments expense		-	(980,326)
Loss before income tax		<u>(2,509,490)</u>	<u>(4,408,173)</u>
Income tax	7	-	-
Loss for the period		<u>(2,509,490)</u>	<u>(4,408,173)</u>
Other comprehensive income			
Items that may be subsequently reclassified to profit/ (loss)			
Translation of foreign operations		2,256	135
Total comprehensive loss for the period		<u>(2,507,234)</u>	<u>(4,408,038)</u>
Basic and diluted loss per common share	6	(0.01)	(0.02)

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

SIMAVITA LIMITED
CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

	Notes	Consolidated	
		Dec 31, 2017	Jun 30, 2017
		\$	\$
Assets			
Current Assets			
Cash and cash equivalents	9	1,708,102	2,072,353
Trade and other receivables	10	416,811	1,337,429
Inventories	11	464,613	490,628
Prepayments		115,221	106,665
Total Current Assets		<u>2,704,747</u>	<u>4,007,075</u>
Non-Current Assets			
Property, plant and equipment	12	21,759	44,783
Intangible assets	13	35,038	42,924
Total Non-Current assets		<u>56,797</u>	<u>87,707</u>
Total Assets		<u>2,761,544</u>	<u>4,094,782</u>
Liabilities and Shareholders' Equity			
Liabilities			
Current Liabilities			
Trade and other payables	14	580,030	733,858
Convertible notes	16	1,350,000	-
Provisions	15	164,077	184,787
Total Current Liabilities		<u>2,094,107</u>	<u>918,645</u>
Non-Current Liabilities			
Provisions	15	78,512	79,978
Total Non-Current Liabilities		<u>78,512</u>	<u>79,978</u>
Total Liabilities		<u>2,172,619</u>	<u>998,623</u>
Shareholders' Equity			
Share capital	17	66,243,056	66,243,056
Reserves	18	1,771,529	2,914,723
Accumulated losses	19	(67,425,660)	(66,061,620)
Total Shareholders' Equity		<u>588,925</u>	<u>3,096,159</u>
Total Liabilities and Shareholders' Equity		<u>2,761,544</u>	<u>4,094,782</u>

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

SIMAVITA LIMITED
CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED DECEMBER 31, 2017

	Share Capital	Reserves	Accumulated Losses	Totals
	\$	\$	\$	\$
Balance at July 1, 2016	64,083,824	3,638,297	(60,075,149)	7,646,972
Net Loss for the period	-	-	(4,408,173)	(4,408,173)
Share-based payments reserve	-	980,326	-	980,326
Other comprehensive income, net of tax	-	135	-	135
Total comprehensive loss for the period	<u>-</u>	<u>980,461</u>	<u>(4,408,173)</u>	<u>(3,427,712)</u>
Transactions with owners				
Issue of common shares for cash	-	-	-	-
Cancellation of fractional shares	(24)	-	-	(24)
Total transactions with owners	<u>(24)</u>	<u>-</u>	<u>-</u>	<u>(24)</u>
Balance at December 31, 2016	<u>64,083,800</u>	<u>4,618,758</u>	<u>(64,483,322)</u>	<u>4,219,236</u>
Balance at July 1, 2017	66,243,056	2,914,723	(66,061,620)	3,096,159
Net Loss for the period	-	-	(2,509,490)	(2,509,490)
Movement in share-based payments reserve	-	-	-	-
Other comprehensive income, net of tax	-	2,256	-	2,256
Total comprehensive loss for the period	<u>-</u>	<u>2,256</u>	<u>(2,509,490)</u>	<u>(2,507,234)</u>
Transactions with owners				
Issue of common shares for cash	-	-	-	-
Reversal of lapsed options vested not exercised	-	(1,145,450)	1,145,450	-
Total transactions with owners	<u>-</u>	<u>(1,145,450)</u>	<u>1,145,450</u>	<u>-</u>
Balance at December 31, 2017	<u>66,243,056</u>	<u>1,771,529</u>	<u>(67,425,660)</u>	<u>588,925</u>

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

SIMAVITA LIMITED
CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED DECEMBER 31, 2017

	Notes	Consolidated	
		Dec 31, 2017	Dec 31, 2016
		\$	\$
Cash flows from /(used in) operating activities			
Loss for the year		(2,509,490)	(4,408,173)
Non-cash items			
Depreciation and amortization		31,131	65,699
Bad debts written-off		-	483
Share-based payments expenses		-	980,326
Unrealized foreign exchange movements		(3,873)	(4,108)
Accrued interest on convertible notes		13,767	-
Changes in assets and liabilities			
(Increase)/decrease in receivables		920,618	1,143,712
(Increase)/decrease in inventories		26,015	(121,160)
(Increase)/decrease in other assets		(7,582)	(28,578)
Increase/(decrease) in payables		(167,595)	(468,215)
Increase/(decrease) in provisions		(22,176)	16,886
Net cash flows used in operating activities		<u>(1,719,185)</u>	<u>(2,823,128)</u>
Cash flows used in investing activities			
Purchases of plant and equipment		-	(2,406)
Purchases of intangible assets		(225)	-
Proceeds from the sale of plant and equipment		-	150
Net cash flows used in investing activities		<u>(225)</u>	<u>(2,256)</u>
Cash flows from financing activities			
Proceeds from the issue of shares by the Company		-	-
Proceeds from the issue of convertible notes	16	1,350,000	-
Cancellation of fractional shares		-	24
Net cash flows from financing activities		<u>1,350,000</u>	<u>24</u>
Net decrease in cash and cash equivalents held		(369,410)	(2,825,360)
Cash and cash equivalents at the beginning of period		2,072,353	6,172,770
Net foreign exchange differences on cash and cash equivalents		5,159	312
Cash and cash equivalents at the end of period	9	<u>1,708,102</u>	<u>3,347,722</u>

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

SIMAVITA LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED DECEMBER 31, 2017

1 Nature and continuance of operations

Simavita Limited (the company) 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 consolidated interim financial statements of the Group for the half-year ended December 31, 2017 comprise Simavita Limited and its subsidiaries (together referred to as the “Group” and individually as “Group Entities”) and have been prepared in accordance with Australian Accounting Standards, as applicable to the preparation of interim financial statements including AASB 134 “Interim Financial Reporting”, and should be read in conjunction with the financial statements for the year ended June 30, 2017 which have been prepared in accordance with Australian Accounting Standards, as issued by the Australian Accounting Standards Board. Simavita Limited is the ultimate parent entity of the Group.

The Simavita Group of companies (the “Group”) is a world leader in the development of smart, wearable and disposable sensors for the global diaper industry. The Group is focused upon major and rapidly growing markets for adult and infant diapers.

The Group's product range now encompasses a comprehensive spectrum of electronic sensors and systems from incontinence assessment through to everyday use including:

> AlertPLUS™ is our new core platform technology. AlertPLUS™ is a hyper low cost, completely disposable product linked to smart devices including phones and tablets. Our target market includes adult and infant users for all geographies.

> AssessPLUS™ which was released to market in November 2016. AssessPLUS™ is a low cost, easy to use and highly graphical electronic assessment tool for community users including the NDIS through to aged care operators.

> SIM™ our traditional electronic incontinence assessment tool for large institutional users.

Simavita operates in Australia, Europe and North America where there is a significant and growing demand for products that deliver real clinical and cost benefits to the health care industry.

2 Summary of significant accounting policies

2a Basis of preparation

This consolidated interim financial report for the half-yearly reporting period ended 31 December 2017 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting*.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by Simavita Limited during the interim reporting period in accordance with the continuous disclosure requirements.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Going concern

The Group has incurred total loss before tax of \$2,509,490 (2016: \$4,408,173) during the six month period ended December 31, 2017 and net cash flows used in operations during the same period of \$1,719,185 (2016: \$2,823,128). The Group's cash reserves as at December 31, 2017 were \$1,708,102 (June 2017 \$2,072,353). The Group received a payment of \$964,321 under the Australian Commonwealth Government's research and development tax incentive scheme in October 2017. This incentive was financed and a \$695,039 loan was received in September 2017, which was repaid on receipt of the incentive.

During the remainder of the financial year 2018 the Group plans to materially grow revenue. This will primarily occur through the licensing of AlertPLUS™. Additionally, the product range has been expanded to address additional market sectors of home based care and disability care. This initiative is in response to a clear global trend to assist the elderly and disabled to stay in their family home longer and to take ownership of their care. This initiative is designed to deliver more effective and cost efficient service to a rapidly growing community. Importantly the Group will also seek to appoint new distributors to address the long term care and rehabilitation markets in North America and Europe whilst driving a select number of significant sales opportunities in Australia.

The Group has indicated its strong intention to incrementally raise additional capital to fund major revenue opportunities particularly associated with AlertPLUS™ for the Aged, Disabled and Infants markets, whilst pushing distribution partnerships and direct sales to government and "payers" who support the introduction of AssessPLUS™ for Community, Aged and Rehabilitation markets in Australia, North America and Europe.

There is uncertainty about our ability to materially grow revenue in a timely manner, raise capital on a timely basis and terms that are acceptable to shareholders and / or complete licensing agreements. The viability of the Group and its ability to continue as a going concern and meet its debts and commitments as they fall due are dependent upon:

- The continued support of our shareholders in the provision of ongoing working capital,
- Successfully raising additional working capital through the issue of new shares and convertible notes and/or finalising a licensing agreement with at least one of the international manufacturing firms currently reviewing Simavita's AlertPLUS™ platform technology prior to 15 April 2018 in order for Simavita to maintain sufficient levels of cash,
- Materially and rapidly addressing new market opportunities and to grow revenue; and
- Continuing cost containment strategies.

Due to the uncertainty surrounding the above matters, there is material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and liabilities in the normal course of business. However, the Directors believe that the Group will be successful in the above matters and, accordingly, have prepared the financial report on a going concern basis.

Currently, there are no significant seasonality factors that influence the Group's business.

2b Basis of consolidation

These consolidated interim financial statements include the accounts of the company and the entities it controlled, being Simavita Holdings Limited, Simavita (Aust.) Pty. Ltd., Simavita US, Inc. and Fred Bergman Healthcare Pty. Ltd. A Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Intracompany balances and transactions, including any unrealised income and expenses arising from any intracompany transactions, are eliminated in preparing the consolidated financial statements. The functional and presentation currency of the Group is the Australian dollar.

2c Changes in accounting policies

The following standards and amendments to standards and interpretations are effective for annual periods following July 1, 2017 and have not been applied in preparing these consolidated interim financial statements:

> AASB 15 Revenue from Contracts with Customers provides clarification for recognizing revenue from contracts with customers and establishes a single revenue recognition and measurement framework that applies to contracts with customers. The new standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. Management is currently assessing the potential impact of the adoption of AASB 15 on the Group's financial statements.

> AASB 9 Financial Instruments is intended to replace IAS 39 Financial Instruments: Recognition and Measurement and uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. For financial liabilities designated at fair value through profit or loss, a Group can recognize the portion of the change in fair value related to the change in the Group's own credit risk through other comprehensive income rather than profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39, and incorporates new hedge accounting requirements. The new standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. Management does not expect AASB 9 to have significant impact on the Group's financial statements.

> AASB 16 Leases will primarily affect the accounting by lessees and will result in the recognition of almost all leases on the balance sheet. The standard removes the current distinction between operating & financing leases and requires recognition of an asset (the right to use the leased item) and financial liability to pay rentals for almost all of the lease contracts. The accounting by lessors, however, will not significantly change. The new standard will result in extended disclosures in the financial statements. The new standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. The Group has decided not to early adopt AASB 16 and is still assessing its impact on the financial statements.

3 Critical accounting estimates and judgments

Estimates and judgments are evaluated and based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

3a Critical accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of certain assets and liabilities within the next annual reporting period are set out below.

Critical accounting estimates and judgments (continued)

Share-based payments transactions

The Group measures the cost of equity-settled transactions with employees by reference to the value of the equity instruments at the date on which they are granted. The fair value is determined by an independent valuer using a Black-Scholes options pricing model.

3b Critical judgments in applying the Group's accounting policies*Research and development costs*

An intangible asset arising from development expenditure on an internal project is recognized only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

To date, all development costs have been expensed as incurred as their recoverability cannot be regarded as assured. The costs of research and development are expensed in full in the period in which they are incurred. The Group will only capitalize its development expenses when specific milestones are met and when the Group is able to demonstrate that future economic benefits are probable.

	Consolidated	
	Dec 31, 2017	Dec 31, 2016
	\$	\$
4 Other revenue		
Interest revenue	3,658	13,657
Net gain on sale of plant and equipment	-	150
R&D tax incentive	267,946	593,689
Total other revenue	<u>271,604</u>	<u>607,496</u>
5 Expenses		
Amortization of intangible assets	1,590	1,617
Depreciation of fixed assets	29,541	64,082
Total depreciation and amortization	<u>31,131</u>	<u>65,699</u>
Employee benefit expenses	1,443,581	2,928,614
R&D expenses (excluding employee benefits)	148,955	204,241
Finance costs	59,102	-

Note: Employee benefits expenses represent all salaries, bonuses, redundancies and associated on-costs attributable to employees of the Group, which have been allocated across their respective functions in the statement of comprehensive loss.

	Notes	Consolidated	
		Dec 31, 2017	Dec 31, 2016
		\$	\$
6 Loss per share			
Loss for the year attributable to the owners of Simavita Limited		(2,509,490)	(4,408,173)
Weighted average number of shares used to calculate loss per share		309,899,594	251,196,893

Note: None of the 24,168,844 (2016: 24,962,177) options over the Group's ordinary shares that were outstanding as at the reporting date are considered to be dilutive for the purposes of calculating diluted earnings per share.

7 Income tax

Subject to the Group continuing to meet the relevant statutory tests, tax losses are available for offset against future taxable income. As at June 2017, there are unrecognized tax losses with a benefit of approximately \$14,112,913 (June 2016: \$12,838,051) that have not been recognized as a deferred tax asset to the Group. These unrecognized deferred tax assets will only be obtained if:

- (a) The Group companies derive future assessable income of a nature and amount sufficient to enable the benefits to be realized;
- (b) The Group companies continue to comply with the conditions for deductibility imposed by the law; and
- (c) No changes in tax legislation adversely affect the Group companies from realizing the benefit.

Tax consolidation legislation

Simavita Holdings Limited (the "Head Entity") and its wholly owned Australian controlled entities have formed an income tax consolidated group under the tax consolidation regime. As at December 31, 2017, the Group had not yet generated a profit from the commercialization of its intellectual property. Accordingly, no deferred tax assets arising from carried forward losses and temporary differences have yet been recognized.

8 Dividends and distributions

No dividends have been paid since the end of the previous financial year, nor have the Directors recommended that any dividend be declared or paid in the foreseeable future. Rather, the Group intends to retain any earnings to finance its future growth and development.

Any future payment of cash dividends will be dependent upon, amongst other things, the Group's future earnings, financial condition, capital requirements, and such other factors as the Board of Directors may deem relevant at that time.

	Consolidated	
Notes	Dec 31, 2017	Jun 30, 2017
	\$	\$
9 Cash and cash equivalents		
Cash at bank and on-hand	1,708,102	2,072,353
Total cash and cash equivalents	<u>1,708,102</u>	<u>2,072,353</u>
10 Trade and other receivables		
Trade receivables	23,628	179,138
Less Provision for doubtful debts	(4,287)	(30,109)
GST receivable	38,527	65,784
R&D tax concession receivable	357,942	961,558
Other receivables	1,001	161,058
Total trade and other receivables	<u>416,811</u>	<u>1,337,429</u>
11 Inventories		
Finished goods and raw materials	635,750	677,282
Less Provision for obsolescence	(171,137)	(186,654)
Total inventories	<u>464,613</u>	<u>490,628</u>

	Consolidated	
	Dec 31, 2017	June 30, 2017
	\$	\$
12 Property, plant and equipment		
Office equipment at cost	333,768	333,768
Less: accumulated depreciation	(328,335)	(317,981)
Net office equipment	<u>5,433</u>	<u>15,787</u>
Furniture and fittings at cost	84,679	84,679
Less: accumulated depreciation	(81,571)	(80,672)
Net furniture and fittings	<u>3,108</u>	<u>4,007</u>
Leasehold Improvements	80,117	80,117
Less: accumulated depreciation	(68,061)	(58,046)
Net leasehold improvements	<u>12,056</u>	<u>22,071</u>
Testing Equipment	47,217	47,217
Less: accumulated depreciation	(47,201)	(46,179)
Net testing equipment	<u>16</u>	<u>1,038</u>
Rental Assets at cost	59,737	59,737
Less: accumulated depreciation	(58,591)	(57,857)
Net rental assets	<u>1,146</u>	<u>1,880</u>
Total property, plant & equipment	<u>21,759</u>	<u>44,783</u>
13 Intangible assets		
Patents at cost	63,714	63,714
Less: accumulated depreciation	(35,917)	(34,324)
Net patents	<u>27,797</u>	<u>29,390</u>
Software at cost	138,253	138,029
Less: accumulated depreciation	(131,012)	(124,495)
Net software	<u>7,241</u>	<u>13,534</u>
Total intangible assets	<u>35,038</u>	<u>42,924</u>

	Consolidated	
	Dec 31, 2017	June 30, 2017
	\$	\$
14 Trade and other payables		
Trade payables	216,621	192,825
GST payable	5,005	12,643
Accrued expenses	303,159	389,329
Payroll-related payables	31,578	112,819
Other payables	23,667	26,242
Total trade and other payables	<u>580,030</u>	<u>733,858</u>
15 Provisions		
Current Provisions		
Annual leave	164,077	184,787
Total current provisions	<u>164,077</u>	<u>184,787</u>
Reconciliation of annual leave provision		
Balance at the beginning of the period	184,787	202,898
Add: obligation accrued during the period	73,470	94,152
Less: balance utilized during the period	(94,180)	(112,263)
Balance at the end of the period	<u>164,077</u>	<u>184,787</u>
Non-Current Provisions		
Long service leave	78,512	79,978
Total non-current provisions	<u>78,512</u>	<u>79,978</u>
Reconciliation of long service leave provision		
Balance at the beginning of the period	79,978	60,177
Add: obligation accrued/(released) during the period	(1,466)	19,801
Less: balance utilized during the period	-	-
Balance at the end of the period	<u>78,512</u>	<u>79,978</u>

16 Borrowings

In November 2017, the company entered into a secured note deed pursuant to which it has issued secured notes for an aggregate principal amount of AUD\$1,350,000.

At the company's Annual General Meeting on 15 December 2017, the Company obtained shareholder approval to convert the Debt Notes into CDIs (a form of 'equity security' for the purposes of the ASX Listing Rules). The conditions of the resultant AUD\$1,350,000 Convertible Notes are prescribed by the Convertible Note Terms contained in the secured debt notes entered into between the Company and each Noteholder on identical terms.

There has been no prior formal valuation of the securities issued in the Financing as there has not been any necessity to do so. The Financing has been reviewed and unanimously approved by the independent members of the Board of Directors.

The company has accrued \$13,767 interest payable on Convertible Notes as at 31 December 2017.

Borrowings (continued)

The key terms from the Convertible Note Deed are summarised as follows:

Term	Description
Use of Funds:	Company's working capital purposes.
Interest:	Coupon rate of 10% per annum, with all interest payable upon the Maturity Date.
Maturity Date:	31 July 2018, at which time the Notes will automatically convert into CDIs following shareholder approval which was obtained at the Annual General Meeting on 15 December 2017. The principal amount plus accrued interest is repayable earlier on the occurrence of an event of default.
Security and priority:	General securities deed poll (first ranking) over the entire Company's assets and undertakings in Australia in favour of each Noteholder. The secured money owing to each Noteholder by the Company shall rank pari passu and pro rata between each Noteholder without any preference or priority between them.
Requisite Approvals	All Requisite Approvals have been obtained under the applicable laws and regulations and the Convertible Notes are now convertible into CDIs upon Conversion.
Convertible Notes	As all Requisite Approvals have been obtained, the Convertible Notes will be automatically converted into CDIs on the earlier of the next capital raising or 31 July 2018.
Conversion	The Convertible Notes automatically convert into CDIs (shareholder approval having been obtained) into that number of CDIs calculated by dividing the sum of the principal amount paid under the Convertible Notes plus accrued interest; by the Conversion Price (being the lower of (i) \$0.04 per CDI and (ii) where prior to the Maturity Date the Company undertakes the Next Capital Raise, the price per CDI at which the Next Capital Raise has been completed).
Repayment	Repayment is due on the occurrence of an Event of Default whereby the Company must redeem the relevant Notes the subject of a Default Redemption Notice by paying the Principal outstanding plus Accrued Interest (including interest at the annual rate of 12% as from the date of service of the default redemption notice).
Events of default:	The Convertible Note Deed also includes customary events of default including – <ul style="list-style-type: none"> · the Company breaches a material term of the Deed; · any warranty is materially misleading or untrue; · occurrence of an insolvency event; · failure to obtain a Requisite Approval (including shareholder approval) within the time periods- no longer applicable; · Court judgement in excess of \$100,000 is obtained against the Company

17 Share capital

Summary of common shares issued and outstanding	Number of Common Shares	Amount
Balance at July 1, 2016	251,196,900	64,083,824
Issue of common shares for cash	37,500,000	2,348,109
Issue of common shares for cash under Rights Issue	21,202,734	-
Equity transaction costs	-	(188,853)
Cancellation of fractional shares	(40)	(24)
Balance at June 30, 2017	309,899,594	66,243,056
Balance at July 1, 2017	309,899,594	66,243,056
Issue of common shares for cash	-	-
Issue of common shares for cash under Share Purchase Plan	-	-
Equity transaction costs	-	-
Balance at December 31, 2017	309,899,594	66,243,056

As of the date of these financial statements, there was a total of 309,899,594 common shares in the Group on issue, of which all of them were held as CDIs.

Summary of warrants outstanding

As of the date of these financial statements, there were no warrants outstanding.

Summary of options outstanding

As at December 31, 2017, a total of 24,168,844 options over common shares in the Group were outstanding.

The numbers of options outstanding including the respective dates of expiry and exercise prices, are tabled below. The options are not listed on the ASX.

Number	Exercise price	Grant date	Expiry date	Fair value option Black Scholes
641,000	\$0.70	August 19, 2014	August 31, 2018	\$0.267
300,000	\$0.68	April 9, 2015	March 31, 2019	\$0.145
43,000	\$0.70	July 7, 2015	June 30, 2019	\$0.183
250,000	\$0.50	September 18, 2015	September 18, 2018	\$0.109
6,279,922	\$0.05	July 14, 2016	June 23, 2023	\$0.056
6,279,922	\$0.05	July 14, 2016	June 23, 2023	\$0.056
4,500,000	\$0.06	October 13, 2016	October 13, 2023	\$0.034
1,125,000	\$0.12	October 13, 2016	October 13, 2023	\$0.027
250,000	\$0.05	December 14, 2016	December 13, 2023	\$0.057
2,500,000	\$0.065	June 7, 2017	June 6, 2019	\$0.014
2,000,000	\$0.05	June 29, 2017	June 28, 2024	\$0.019

	Consolidated	
	Dec 31, 2017	Jun 30, 2017
	\$	\$
18 Reserves		
Share-based payments reserve	1,223,742	2,369,192
Share capital reserve	499,445	499,445
Foreign currency reserve	48,342	46,086
Total reserves	<u>1,771,529</u>	<u>2,914,723</u>

19 Accumulated Losses

Balance at the beginning of the period	(66,061,620)	(60,075,149)
Reversal of lapsed options vested not exercised	1,145,450	1,766,045
Add: net loss attributable to owners of Simavita Limited	(2,509,490)	(7,752,516)
Balance at the end of the period	<u>(67,425,660)</u>	<u>(66,061,620)</u>

20 Commitments and contingencies

	Consolidated	
	Dec 31, 2017	Jun 30, 2017
	\$	\$
Operating lease expenditure commitments		
- not later than one year	127,451	254,903
- later than one year but no later than five years	-	-
- later than five years	-	-
Total minimum operating lease payments	<u>127,451</u>	<u>254,903</u>

As at December 31,2017 the Group continued with its operating lease relating to the following premises:

Location	Landlord	Use	lease expiry	payments
Level 13, 54 Miller St North Sydney NSW 2060, Australia	Allawah Nominee Pty Ltd	Office	June 30,2018	\$127,451

21 Auditor's remuneration

Name of Auditor	Year	Audit services	Assurance services	Other services	Totals
		\$	\$	\$	\$
PricewaterhouseCoopers	2017	100,000	-	-	100,000
	2016	115,000	-	-	115,000

22 Related party transactions

(a) Parent entities

The Group is controlled by the following entities:

Name	Type	Place of incorporation	Ownership interest	
			Dec-17	Jun-17
Simavita Limited *	Ultimate parent entity and controlling party	Canada	100%	100%
Simavita Holdings Limited	Immediate and ultimate Australian parent entity	Australia	100%	100%

* Simavita Limited holds 100% of the issued ordinary shares of Simavita Holdings Limited.

(b) Subsidiaries

Interests in subsidiaries are set out below:

Name of Group company	Incorporation details	Group interest %	
		Dec-17	Jun-17
Simavita Limited	28 May 1968; Yukon, Canada (continued into British Columbia, Canada on 3 December 2013)	N/A	N/A
Simavita Holdings Limited	11 October 1995; Victoria, Australia	100%	100%
Simavita (Aust) Pty Ltd	15 January 2009; NSW, Australia	100%	100%
Simavita US Inc.	11 August 2012; Delaware, USA	100%	100%
Fred Bergman Healthcare Pty Ltd	28 January 1971; Victoria, Australia	100%	100%

(c) Transactions with Directors and Key Management Personnel

There was no related party transactions with Directors and other key management personnel during the half-year outside of contractual remuneration and there has been no change to the nature of the related party transactions described in the Group financial statements for the year ended June 30, 2017 that have a material effect on the financial position or results of operations of the Group.

Related party transactions (continued)

	Period ending Dec 31, 2017	Year ending Jun 30, 2017
	\$	\$
(d) Key management personnel compensation		
Short-term employee benefits	589,104	1,593,857
Post-employment benefits	41,617	96,920
Termination benefits	-	50,777
Share-based payments	-	908,602
	630,721	2,650,156

Table disclosing directors and KMP's who were employed by the group during the period to 31 December 2017

Directors

Name	Title	Nature of transactions
Michael R. Spooner	Non-Executive Chairman	Salary and share options
Gary W. Pace	Non-Executive Director	Director's fee and share options
Warren R. Bingham	Non-Executive Director	Director's fee and share options

Executives

Name	Title	Nature of transactions
Peta C. Jurd	Chief Commercial Officer & Company Secretary	Salary, performance bonus and share options
Peter J. Curran	Chief Technology Officer	Salary, performance bonus and share options
Wessel V. Dijk	VP Europe Sales and Market	Salary, performance bonus, car allowance and share options
Christopher Southerland	Former VP. US Sales and Market (left 7 July 2017)	Salary, performance bonus, car allowance and share options

No bonuses were paid relating to year ending 30 June 2017.

23 Financial risk management

The Group's activities expose it to a variety of financial risks such as credit risk, market risk (including foreign currency risk and interest rate risk) and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group uses different methods to measure the different types of risk to which it is exposed. These methods include sensitivity analysis in the case of foreign exchange, interest rate and aging analysis for credit risk.

Risk management is managed by the Group's Audit and Risk Committee (the "Committee") under guidance provided by the Board of Directors. Due to the small number of Directors currently, the full Board is operating as the Audit & Risk Committee. The Committee identifies and evaluates financial risks in close cooperation with the Group's operating units. A detailed Enterprise Risk Plan was developed during the year ended June 30, 2015 and approved by the Board. This Plan has been thoroughly reviewed in early 2017 given the shift in business focus. This Plan is reviewed by the Committee and revised on a regular basis, as required.

The Board, via the Committee, provides guidance for overall risk management, as well as policies covering specific areas, such as credit risk, foreign exchange risk and interest rate risk. The Group's principal financial instruments comprise cash and cash equivalents. The Group also has other financial assets and liabilities, such as trade receivables and payables and convertible notes which arise directly from its operations.

The Group does not enter into derivative transactions, such as interest rate swaps or forward currency contracts. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group's financial instruments are credit risk exposures, foreign currency risk, interest rate risk and liquidity risk. The policies and procedures for managing these risks are summarized below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2.

The Group holds the following financial instruments:

	Consolidated	
	Dec 31, 2017	Jun 30, 2017
	\$	\$
Financial Risk Management		
Financial Assets		
Cash and cash equivalents	1,708,102	2,072,353
Trade and other receivables	416,811	1,337,429
Total financial assets	2,124,913	3,409,782
Financial Liabilities		
Trade and other payables	580,030	733,858
Convertible notes	1,350,000	-
Total financial liabilities	1,930,030	733,858

Financial risk management (continued)

Credit risk

The Group's credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. If there is no independent rating, the Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings. The compliance with credit limits by customers is regularly monitored by Management. The maximum exposures to credit risk as at December 31, 2017 in relation to each class of recognized financial assets is the carrying amount of those assets, as indicated in the statement of financial position.

Financial assets included on the statement of financial position that potentially subject the Group to concentration of credit risk consist principally of cash and cash equivalents and trade receivables. In accordance with the guidelines of the Group's Short Term Investment Policy, the Group minimizes this concentration of risk by placing its cash and cash equivalents with financial institutions that maintain superior credit ratings in order to limit the degree of credit exposure. For banks and financial institutions, only independently-rated parties with a minimum rating of "A-1" are accepted. The Group has also established guidelines relative to credit ratings, diversification and maturities that seek to maintain safety and liquidity. The Group does not require collateral to provide credit to its customers, however, the majority of the Group's customers to whom credit is provided are substantial, reputable organizations and, as such, the risk of credit exposure is relatively limited. The Group has not entered into any transactions that qualify as a financial derivative instrument.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. As at December 31, 2017, the Group had raised provision of \$4,287 for doubtful debts. In certain circumstances, the Group may also obtain security in the form of guarantees, deeds of undertaking or letters of credit from customers which can be called upon if the counterparty is in default under the terms of the agreement.

The Group does not typically enter into derivative transactions, such as interest rate swaps or forward currency contracts. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group's financial instruments are credit risk exposures, foreign currency risk, interest rate risk and liquidity risk. The policies and procedures for managing these risks are summarized below.

Credit risk further arises in relation to financial guarantees given by the Group to certain parties in respect of any obligations of its subsidiaries. Such guarantees are only provided in exceptional circumstances. An analysis of the aging of trade and other receivables and trade and other payables is provided below:

Trade Receivables	Consolidated	
	Dec 31, 2017	Jun 30, 2017
	\$	\$
Current (less than 30 days)	12,968	121,676
31 days to 60 days	9,516	29,701
61 days to 90 days	2,400	7,408
Greater than 90 days	(1,256)	20,353
Total trade receivables	23,628	179,138

Note: Trade receivables do not include the R&D tax concession receivable of \$357,942 (Jun 30, 2017: \$961,558)

Financial risk management (continued)

Trade and other payables	Consolidated	
	Dec 31, 2016	Jun 30, 2016
	\$	\$
Current (less than 30 days)	552,813	728,492
31 days to 60 days	-	1,931
61 days to 90 days	21,665	-
Greater than 90 days	5,552	3,435
Total trade and other payables	580,030	733,858

Market risk

Foreign currency risk

The Group operates internationally and is exposed to foreign currency exchange risk, primarily as at balance date with respect to the US dollar, Euro and Canadian dollar, through financial assets and liabilities. It is the Group's policy not to hedge these transactions as the exposure is considered to be minimal from a consolidated operations perspective. Further, as the Group incurs expenses which are payable in US dollars, Euros and Canadian Dollars, the financial assets that are held in US dollars, Euros and Canadian dollars provide a natural hedge for the Group.

Foreign exchange risk arises from planned future commercial transactions and recognized assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group has a Foreign Exchange Management Policy which was developed to establish a formal framework and procedures for the efficient management of the financial risks that impact on Simavita Limited through its activities outside of Australia, predominantly in the United States and Europe. The policy governs the way in which the financial assets and liabilities of the Group that are denominated in foreign currencies are managed and any risks associated with that management are identified and addressed. Under the policy, which is updated as circumstances dictate, the Group generally retains in foreign currency only sufficient funds to meet the expected expenditures in that currency. Surplus funds, if any, are converted into Australian dollars as soon as practicable after receipt.

As at December 31, 2017 the Group held the following financial assets and liabilities that were denominated in the following currencies: AUD – Australian dollars; USD – United States dollars; CAD – Canadian dollars; EUR – European euros.

Financial risk management (continued)

Financial Assets	Year	AUD	USD	CAD	EUR	Totals (AUD)
		\$	\$	\$	\$	\$
Cash and cash equivalents	Dec-17	1,343,366	29,967	201,639	133,130	1,708,102
	Jun-17	1,758,395	99,387	207,771	6,800	2,072,353
Trade and other receivables	Dec-17	425,643	1,882	-	(10,714)	416,811
	Jun-17	1,269,854	2,175	-	65,400	1,337,429
Total financial assets	Dec-17	1,769,009	31,849	201,639	122,416	2,124,913
	Jun-17	3,028,249	101,562	207,771	72,200	3,409,782
Financial Liabilities						
Trade and other payables	Dec-17	506,262	19,038	27,719	27,011	580,030
	Jun-17	683,968	20,682	17,402	11,806	733,858
Convertible notes	Dec-17	1,350,000	-	-	-	1,350,000
	Jun-17	-	-	-	-	-
Total financial liabilities	Dec-17	1,856,262	19,038	27,719	27,011	1,930,030
	Jun-17	683,968	20,682	17,402	11,806	733,858

During the period ended December 31, 2017, the Australian dollar / US dollar exchange rate increased by 1.4%, from 0.7692 at the beginning of the period 1 July 2017 to 0.78 at the end of the period.

During the same period, the Australian dollar / Canadian dollar exchange rate decreased by 1.9%, from 0.9990 at the beginning of the period to 0.9798 at the end of the period.

Also, during the same period, the Australian dollar / Euro exchange rate decreased by 3% from 0.6730 at the beginning of the period to 0.6530 at the end of the period.

Based on the financial instruments held at December 31, 2017, had the Australian dollar weakened / strengthened by 10% against the US dollar, with all other variables held constant, the Group's equity for the period would not have changed materially.

Based on the financial instruments held at December 31, 2017, had the Australian dollar weakened / strengthened by 10% against the Canadian dollar, with all other variables held constant, the Group's equity, relating solely to the movement in profit and loss for the period, would have been \$17,400 lower/higher, due to changes in the values of cash and cash equivalents which are denominated in Canadian dollars, as detailed in the above tables.

Based on the financial instruments held at December 31, 2017, had the Australian dollar weakened / strengthened by 10% against the Euro, with all other variables held constant, the Group's equity, relating solely to the movement in profit and loss for the period, would have been \$9,500 lower/higher, due to changes in the values of cash and cash equivalents which are denominated in Euros, as detailed in the above tables.

Financial risk management (continued)

Interest rate risk

The Group's main interest rate risk arises in relation to its short-term deposits with various financial institutions. If rates were to decrease, the Group may generate less interest revenue from such deposits. However, given the relatively short duration of such deposits, the associated risk is relatively minimal. As at balance date, the Group has no debt or hire purchase liabilities on which variable interest expense is charged.

The Group has a Short Term Investment Policy which was developed to manage the Group's surplus cash and cash equivalents. In this context, the Group adopts a prudent approach that is tailored to cash forecasts rather than seeking the highest rates of return that may compromise access to funds as and when they are required. Under the policy, the Group deposits its surplus cash in a range of deposits over different time frames and with different institutions in order to diversify its portfolio and minimize overall risk.

On a monthly basis, Management provides the Board with a detailed list of all cash and cash equivalents, showing the periods over which the cash has been deposited, the name and credit rating of the institution holding the deposit and the interest rate at which the funds have been deposited. A comparison of interest rate movements from month to month and a variance to an 11am deposit rate is also provided.

At December 31, 2017, if interest rates had changed by +/- 50 basis points from the year-end rates, with all other variables held constant, the Group's equity, relating solely to the movement in profit and loss for the period, would not have changed materially. The Group's main interest rate risk during the period ended June 30, 2017 and December 31, 2017 arose in respect of fixed rate borrowings with interest rates that did not fluctuate.

The exposure to interest rate risks and the effective interest rates of financial assets and liabilities, both recognized and unrealized, for the Group is as follows:

Consolidated	Year	Floating rate \$	Fixed rate \$	Carrying amount \$	Weighted ave. rate % %	Maturity period days
Financial Assets						
Cash and cash equivalents	Dec-17	1,708,102	-	1,708,102	0.56%	At call
	Jun-17	2,072,353	-	2,072,353	0.60%	At call
Performance bond and deposits	Dec-17	-	-	-	-	At call
	Jun-17	-	-	-	-	At call
Total financial assets	Dec-17	1,708,102	-	1,708,102		
	Jun-17	2,072,353	-	2,072,353		
Financial Liabilities						
Interest-bearing liabilities	Dec-17	-	1,350,000	-	10.00%	249
	Jun-17	-	-	-	-	-
Total financial liabilities	Dec-17	-	1,350,000	-		
	Jun-17	-	-	-		

Note: All periods in respect of financial assets are for less than one year.

Financial risk management (continued)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities, such as its hire purchase and credit card facilities. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and, wherever possible, matching the maturity profiles of financial assets and liabilities. Due to the dynamic nature of the underlying business, Management aims to maintain flexibility in funding by keeping committed credit lines available. Surplus funds are generally only invested in instruments that are tradable in highly liquid markets.

A balanced view of cash inflows and outflows affecting the Group is summarized in the table below:

Consolidated	Year	< 6 months	6 to 12	1 to 5	> 5 years	Total
		\$	months	years	\$	\$
Financial liabilities						
Trade and other payables	Dec-17	580,030	-	-	-	580,030
	Jun-17	733,858	-	-	-	733,858
Interest-bearing liabilities and deposits	Dec-17	-	1,350,000	-	-	1,350,000
	Jun-17	-	-	-	-	-
Total financial liabilities	Dec-17	580,030	1,350,000	-	-	1,930,030
	Jun-17	733,858	-	-	-	733,858

Classification of financial instruments

AASB 13 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities; inputs other than quoted prices included in Level 1 that are observable for the asset or liability,
- Level 2: either directly (i.e. as prices) or indirectly (i.e. derived from prices); and inputs for the asset or liability that are not based on observable market data (unobservable
- Level 3: inputs).

The fair values of the Group's financial assets and liabilities as at June 30, 2017 and December 31, 2017 (as set out above) approximate their carrying values due to the short term nature of these instruments.

Borrowing facilities

The Group had access to the following borrowing facilities as at December 31, 2017:

Nature of facility	Facility	Amount	Amount
	limit	used	available
	\$	\$	\$
Credit card facilities	90,000	-	90,000

24 Capital management

The Group's objective when managing capital is to ensure its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. Refer to note 9 for details of cash reserves of the Group as at the end of the financial reporting period.

25 Subsequent events

There were no events that have occurred subsequent to balance date that have not been disclosed elsewhere in these financial statements.

Directors' Declaration

The Directors of the Group declare that:

- 1 The financial statements and notes are:
 - (a) giving a true and fair view of the Group's financial position as at December 31, 2017 and of its performance for the half-year ended on that date; and
 - (b) complying with Accounting Standard AASB 134 Interim Financial Reporting; and
- 2 In the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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



MICHAEL R SPOONER
Chairman



WARREN R BINGHAM
Director

Dated February 28, 2018.

The above declaration should be read in conjunction with the consolidated financial statements and with the accompanying notes.

SIMAVITA LIMITED

CORPORATE INFORMATION

Directors

Michael R. Spooner (Non-Executive Chairman)
Warren R. Bingham (Non-Executive)
Gary W. Pace (Non-Executive)

Company Secretary

Peta C. Jurd
Emma Lawler (Co-Company Secretary)

Registered Office

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Vancouver BC V7Y 1B3
Canada

Head Office

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North Sydney NSW 2060
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Facsimile: +61 2 8088 1301
Email: customerservice@simavita.com

Simavita Group website

www.simavita.com

Australian Registered Business Number

165 831 309

Banker (Canada)

Bank of Montreal
595 Burrard Street
Vancouver BC V7X 1L7
Canada

Banker (Australia)

Westpac Banking Corporation
694-696 Pittwater Road
Brookvale NSW 2100
Australia

Banker (USA)

J.P. Morgan Chase Bank N.A.
3700 Wiseman Boulevard
San Antonio, TX 78251
USA

Auditor

PricewaterhouseCoopers
Level 11
1PSQ, 169 Macquarie Street
Parramatta NSW 2124
Australia

Australian Securities Exchange

Code: SVA (CDIs)
Exchange Centre
20 Bridge Street
Sydney NSW 2000
Australia

CDI Register

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Independent auditor's review report to the members of Simavita Limited

Report on the consolidated interim financial statements

We have reviewed the accompanying consolidated interim financial statements of Simavita Limited (the Company), which comprises the consolidated interim statement of financial position as at 31 December 2017, the consolidated interim statement of comprehensive loss, consolidated interim statement of changes in equity and consolidated interim statement of cash flows for the half-year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the Simavita Group (the "Group"). The Group comprises the Company and the entities it controlled during that half-year.

Directors' responsibility for the consolidated interim financial statements

The directors of the Company are responsible for the preparation and fair presentation of the consolidated interim financial statements in accordance with Australian Accounting Standards and for such internal control as the directors determine is necessary to enable the preparation of the consolidated interim financial statements that are free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated interim financial statements based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the consolidated interim financial statements are not presented fairly, in all material respects, in accordance with Australian Accounting Standards. As the auditor of Simavita Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of consolidated interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the consolidated interim financial statements to determine whether it contains any material inconsistencies with the consolidated interim financial statements. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants*.

PricewaterhouseCoopers, ABN 52 780 433 757

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Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the consolidated interim financial statements of Simavita Limited do not present fairly, in all material respects, the Group's financial position as at 31 December 2017 and its performance for the half-year ended on that date, in accordance with Australian Accounting Standards.

Material uncertainty related to going concern

We draw attention to Note 2(a) to the consolidated interim financial statements, which indicates that the Group incurred a net loss of \$2,509,490 during the half year ended 31 December 2017 and incurred operating cash outflows of \$1,719,185 for the same period. As a result the Group is dependent on successfully completing a fund raising and other related operational strategies.

These conditions, along with other matters set forth in Note 2(a), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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A handwritten signature in black ink, appearing to read 'Manoj Santiago', written over a faint, larger version of the PricewaterhouseCoopers logo.

Manoj Santiago
Partner

Sydney
28 February 2018