Simavita

ASX ANNOUNCEMENT

Simavita reports half-year financial results

For Immediate Release: **17 July 2019**

Highlights:

- **$3.5m approved by shareholders on June 24 for the issue of Convertible Notes. To date $3.14m has been received or committed. This funding will enable the Company to achieve key short term commercialisation milestones.**
- **Simavita seeks to lift its suspension from trading on the ASX**
- **Next Steps Strategy to focus on short term commercialisation outcomes associated with the Company's new AlertPLUS™ platform technology**

Financial Results for the 6 months to 31 December 2018:

- **Total comprehensive loss after tax for the half-year ended 31 December 2018 was $2.17 million a decrease of 13% on the prior corresponding period.**
- **Total revenues for the half-year were $123k, a decrease of 40% on the prior corresponding period and is in line with expectation and falling market demand for AlertPLUS™.**
- **Total expenses for the period were $2.57m, a decrease of 10% over the corresponding period. This reduction was after allowing for share based payments and inventory write-off totalling $233k which were nil in the previous corresponding period.**
- **Cash balance recorded at the end of the period was $1.15 million.**

Sydney, Australia – Simavita Limited (ASX: SVA;) ("Simavita" or the "Company") is pleased to release its financial results for the half-year ended December 31, 2018, together with an accompanying ASX Appendix 4D.

Key points from the Appendix 4D include:

- A total comprehensive loss after tax for the half-year ended December 31, 2018 of $2.17 million, representing a decrease of $336k, or 13%, over the loss for the previous half-year.
- Sales generated by the Company from the sale of its Smart Incontinence Management (SIM™) and AssessPLUS™ solutions were $123k, a decrease of $ 81k or 40%, as compared to the corresponding half-year period in the previous year. Other revenue of $353k increased by $81k or 30% compared to $271k in the previous corresponding period. The other revenue included an estimated R&D tax incentive of $300k (2017: $267k) and $51k (2017: nil) being the final instalment due under the Royalty Purchase & Assignment Agreement with Triumph Gold Corp.
- A reduction in operating and non-operating expenses to $2.57m for the period to December 31, 2018 from $2.87m an overall decrease in expenses of $298k. The expenses for the current period included $58k

in share-based payments expenses and inventory write off of $174k compared to nil in the corresponding period.

- Total cash reserves of the Simavita Group as at December 31, 2018 were approximately $1.15 million.

Strategy execution

The Company has now completed its PIVOT strategy to materially reduce operating costs and to focus upon the delivery of a business model and software platform technology AlertPLUS™ which the Company believes has market demand and may deliver a strong and profitable business. The Company is now embarking on its Next Steps strategy. Funds recently received from the issue of Convertible Notes will be applied to working capital. Our focus is to bring the Company's leading platform technology to market.

The Company can now deliver sensors and a portfolio of Apps that meet a clear demand for change in major markets. Our platform technology AlertPLUS™ delivers cost effectiveness as well as better and timely information to address all segments of the international infant diaper and adult incontinence industry. Importantly, AlertPLUS™ is a platform that facilitates a suite of wellness applications using data from our sensors to provide information well beyond wetness detection. These additional applications will in due course include fall alerts, hydration management, ambient temperature and comfort control as well as many other indicators designed to improve care and securely deliver meaningful information. The operation of the AlertPLUS™ platform represents a clear unmet market need to provide low cost product to a rapidly growing US$53bn diaper market for infants and a US$11bn market for adult incontinence pads. It is our view that this market has failed to materially change in over 25 years prior to our platform development.

Commercialisation:

Our immediate objective is to license components of our key AlertPLUS™ to large corporates. The Company continues very active dialogue with a number of major organisations with specific interest in our platform technology. The Company is committed to informing our CDI holders and market should these discussions translate into signed agreements that are material to the Company and its operations.

The Company is committed to a reorganisation including rebranding. We envisage the first elements of brand reorganisation will commence in the current quarter and a full restructuring is planned for 30 June 2020.

Resumption of trading on the ASX

The ASX are currently reviewing the half yearly accounts. Once the ASX has completed its review the Company expects to resume trading on the ASX.

For further information, please check our website (www.simavita.com) or contact:

Ms Peta Jurd
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About Simavita

Simavita (ASX: SVA) is a MedTech Company focused on the development of smart, wearable and disposable platform technologies for the health care market.

Our key platform AlertPLUS™ is a highly disruptive technology focused on transforming a traditional "dumb" diaper into a smart device to help parents and carers of both infants and adults.

With the support of our CDI holders, customers and employees, Simavita is absolutely committed to the business at hand; creating a commercially successful and growing corporation. www.simavita.com

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

SIMAVITA LIMITED

ARBN 165 831 309

Appendix 4D

For the half-year ended December 31, 2018

1 The report period covers the half-year ended December 31, 2018.
The previous corresponding period covers the half-year ended December 31, 2017.

2 Results for announcement to the market

2.1 Total comprehensive loss attributable to members for the period was $2,170,861 a decrease of 13% compared to $2,507,234 in the previous corresponding period.

2.2 Total loss from ordinary activities after income tax attributable to members for the period was $2,171,220 a decrease of 13% compared to $2,509,490 in the previous corresponding period.

2.3 During the period under review, total expenses incurred by the Company amounted to $2,575,988, a reduction of $298,281 or 10% over the corresponding period to December 31, 2017. The expense for the period included $58,800 associated with share based payments to employees and $174,434 being the write-off of AssessPLUS™ inventory resulting from the Company's PIVOT strategy. There were no comparative costs for these two items during the period to December 31, 2017.

2.4 Total revenue from ordinary activities for the reporting period was $123,857 a reduction of $81,070 or 40% compared to $204,927 in the previous corresponding period. In line with the Company's PIVOT strategy all proactive direct sales of its AssessPLUS™ product have been eliminated. Moving forward, the Company will continue to focus on major sales activity through partnerships with organisation who have significant and synergistic businesses. Total revenue including Research & Development Grant for the reporting period was $477,382 a slight increase compared to $476,531 in the previous corresponding period

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, 2018 was negative 0.10 cents, an improvement of approximately 83% over the previous period (June 30, 2018) of negative 0.58 cents.

4 During the half-year ended December 31, 2018, 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, 2018 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, 2018

(continued)

9 This report is based on the Group's consolidated financial statements for the half-year ended December 31, 2018 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: July 17, 2019.

SIMAVITA LIMITED AND CONTROLLED ENTITIES

(ARBN 165 831 309)

CONSOLIDATED INTERIM FINANCIALS STATEMENTS

FOR THE HALF-YEAR ENDED

December 31, 2018

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, 2018.

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 (resigned on December 11, 2018)
Damien M. Haakman (appointed on December 11, 2018)

Company Secretary

Peta C. Jurd

Graeme Blackett is appointed for the purposes of ASX Listing Rule 12.6 and is responsible for communications between the Company and ASX.

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 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$64bn 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™ is a low cost, easy to use and highly graphical electronic assessment tool for community users including the aged and disabled.

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. Over time, the AssessPLUS™ functionality will transition to the AlertPLUS™ platform.

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 distributors and also 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. This has allowed reallocation of resources to focus on partnering our products. For the current period this has impacted sales receipts. Despite this, the net result has been a reduction in the loss incurred by the Company.

An outstanding validation of our PIVOT strategy was the signing in August 2018 of the first major marketing agreement with a global diaper manufacturer to target the sale of infant and adult products incorporating Simavita's AlertPLUS™ platform technology. The Agreement, for a 12 month period of collaboration, will initially be focused on major customers in mass markets in North America and Europe. Simavita will be entitled to a share of profits generated from sales under this agreement. The company is in the process of filing and obtaining CE Mark registration by November 1, 2019.

Financial results

Statement of comprehensive loss

The Group's reported total comprehensive loss for the six month period ended December 31, 2018 was $2,170,861 a decrease of $336,373 or 13% less than the loss incurred during the previous corresponding period ended December 31, 2017 of $2,507,234. The reduced loss in the current half-year is principally attributable to:

> A reduction in operating and non-operating expenses to $2,575,988 for the period to December 31, 2018 from $2,874,269 an overall decrease in expenses of $298,281. The expenses for the current period included $58,800 in share-based payments expenses and inventory write off of $174,434 compared to nil in the corresponding period.

Statement of comprehensive loss (continued)

> A reduction in net sales to $123,857 a decrease of $81,070 or 40% compared to $204,927 in the previous corresponding period in line with the Company's PIVOT strategy to focus on a partnership sales model particularly for its new generation product AlertPLUS™.

> Other revenue of $353,525 increased by $81,921 or 30% compared to $271,604 in the previous corresponding period. The other revenue included an estimated R&D tax incentive of $300,000 (2017: $267,946) and $51,172 (2017: nil) being the final instalment due under the Royalty Purchase & Assignment Agreement with Triumph Gold Corp.

Cash and cash equivalents

Cash on hand at the end of the current period fell by $211,303 or 16% to $1,150,181 as compared to $1,361,484 at the end of the previous financial year.

Changes to capital structure

On August 1, 2018 the Group issued 36,045,208 of CDIs on conversion of 2017 Convertible notes and accrued interest at a price of $0.04 per share.

On October 9, 2018 the Group issued 68,499,999 of CDIs at a price of $0.03 per share.

On November 21, 2018 the Group issued 3,333,331 of CDIs at a price of $0.03 per share.

On November 20, 2018 the Group granted 2,800,000 unlisted options at a price of $0.035 per share to the Group's employees.

During the period ended December 31, 2018 a total of 954,000 unlisted options issued to current and former employees lapsed.

Liquidity

The Group has incurred losses before tax of $2,171,220 during the six month period ended December 31, 2018 and net cash flows used in operations during the same period of $1,486,580. The Group's cash reserves as at December 31, 2018 were $1,150,181 and its working capital (defined to be current assets less current liabilities) was negative $483,508 compared to negative $1,723,120 at the end of the previous financial year.

During the financial year June 2020, the Group will continue to focus on growing revenue via the commercialisation of AlertPLUS™. The commercialisation of AlertPLUS™ will primarily occur through partnerships and licensing of AlertPLUS™ and will require that the company obtain a CE Mark registration by 1 November 2019. The Group aims to enter into non-exclusive partnerships or licensing agreements with manufacturers for the use of its ultra low cost smart diaper technology.

The Directors plan is to raise additional capital through the issuance of new equity or convertible notes during FY 2020.

There is uncertainty about the Group's ability to materially grow revenue in a timely manner, raise capital on a timely basis with terms that are acceptable to shareholders and / or complete licensing agreements. The Group's net liabilities at the statement of financial position date were $391,192 (2017: $1,765,756). 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:

Liquidity (continued)

> Achieving CE Mark registration of AlertPLUS™, together with confirmation of agreements with sufficient magnitude to evidence market support for AlertPLUS™ by November 1, 2019.

> Receiving the third tranche of funding to the value of $1,000,000 from convertible notes approved by the shareholders at the Special General Meeting on June 24, 2019.

> Deliver revenue or enter into agreements which reasonably point toward market support for AlertPLUS™ and prospects of short to medium term revenue of a commercial nature.

> Materially and rapidly address new market opportunities and to grow revenue together with;

> Obtaining continued support from third party finance facility related to the Group's R&D tax incentive claim.

> Continuing cost containment strategies. Subject to the availability of financing, one off commercialization costs in FY 2020 will increase to deliver product enhancements to meet customer demands.

> Working with our partner organisations to enter the market with the Company's platform smart technology.

> The continued support of the Group's shareholders in the provision of ongoing working capital to capture new opportunities as they arise and maintaining sufficient cash reserves to trade into the 2020 Financial Year. This includes successfully raising further capital through the issue of new shares and/or the issue of convertible notes.

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 discharge its 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.

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, 2018 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

On February 22, 2019 the Company entered into an agreement with 2018 Convertible Note holders to extend the Maturity Date to March 31, 2020.

On March 6, 2019 the Group received $253,754 under a receivable finance facility related to the Group's 2019 R&D tax incentive claim.

On May 10, 2019 the Company cancelled 2018 Series 2 Convertible Note for $1,000,000 which was approved at the Annual General Meeting in December 2018.

On May 10, 2019 the Company modified 2018 Series 1 Convertible Notes for $1,000,000 such that the holder will maintain their interests until June 30, 2020. These 2018 Series 1 Convertible Notes will convert at no less than 3 cents per CDI.

The Company has received signed Convertible Note agreements for the total amount of $3,140,000 which have been approved by the shareholders at the Special General Meeting ("SGM") on June 24, 2019. The payment of $500,000 for Tranche 1 of these notes was received in April 2019. The Tranche 2 totalling $1,640,000 was received immediately after the SGM and the Tranche 3 of $1,000,000 is due from the shareholders on November 1, 2019 or before upon completion of CE Mark registration of AlertPLUS™ and evidence of commercial market support for technology. The notes have maturity date of April 30, 2022 with a coupon rate of 10% per annum, payable upon the maturity date.

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, 2018.

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, 2018 has been received and

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

MICHAEL R. SPOONER	DAMIEN M. HAAKMAN
Chairman	Director

Dated July 17, 2019.

SIMAVITA LIMITED

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE LOSS

FOR THE HALF-YEAR ENDED DECEMBER 31, 2018

	Notes	Consolidated Dec 31, 2018 $	Consolidated Dec 31, 2017 $
Revenue		123,857	204,927
Cost of sales		(72,614)	(111,752)
Gross profit		51,243	93,175
Other revenue	4	353,525	271,604
Expenses	5		
Finance costs		(112,367)	(74,780)
General and administration		(832,645)	(1,126,387)
Occupancy costs		(80,845)	(175,712)
Research and development		(542,540)	(644,725)
Sales, marketing and distribution		(948,791)	(852,665)
Share-based payments expense		(58,800)	-
Loss before income tax		(2,171,220)	(2,509,490)
Income tax	7	-	-
Loss for the period		(2,171,220)	(2,509,490)
Other comprehensive income			
Items that may be subsequently reclassified to profit/ (loss)			
Translation of foreign operations		359	2,256
Total comprehensive loss for the period		(2,170,861)	(2,507,234)
Basic loss per common share	6	(0.01)	(0.01)
Diluted loss per common share	6	(0.01)	(0.01)

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

SIMAVITA LIMITED

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

	Notes	Consolidated Dec 31, 2018 $	Jun 30, 2018 $
Assets			
Current Assets			
Cash and cash equivalents	9	1,150,181	1,361,484
Trade and other receivables	10	332,079	792,934
Inventories	11	-	207,008
Prepayments		179,468	167,875
Total Current Assets		1,661,728	2,529,301
Non-Current Assets			
Property, plant and equipment	12	67,144	8,315
Intangible assets	13	25,172	29,123
Total Non-Current assets		92,316	37,438
Total Assets		1,754,044	2,566,739
Liabilities and Shareholders' Equity			
Liabilities			
Current Liabilities			
Trade and other payables	14	470,375	576,010
Borrowings	16	1,494,137	3,533,041
Provisions	15	180,724	143,370
Total Current Liabilities		2,145,236	4,252,421
Non-Current Liabilities			
Provisions	15	-	80,074
Total Non-Current Liabilities		-	80,074
Total Liabilities		2,145,236	4,332,495
Shareholders' Equity			
Share capital	17	69,729,681	66,243,056
Reserves	18	1,691,071	1,811,130
Accumulated losses	19	(71,811,944)	(69,819,942)
Total Shareholders' Equity		(391,192)	(1,765,756)
Total Liabilities and Shareholders' Equity		1,754,044	2,566,739

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, 2018

	Share Capital $	Reserves $	Accumulated Losses $	Totals $
Balance at July 1, 2017	66,243,056	2,914,723	(66,061,620)	3,096,159
Net Loss for the period	-	-	(4,942,295)	(4,942,295)
Other comprehensive income, net of tax	-	(4,130)	-	(4,130)
Total comprehensive loss for the period	-	(4,130)	(4,942,295)	(4,946,425)
Transactions with owners				
Issue of common shares for cash	-	-	-	-
Movement in share-based payments reserve	-	84,510	-	84,510
Reversal of lapsed options vested not exercised	-	(1,183,973)	1,183,973	-
Total transactions with owners	-	(1,099,463)	1,183,973	84,510
Balance at June 30, 2018.	66,243,056	1,811,130	(69,819,942)	(1,765,756)
Balance at July 1, 2018	66,243,056	1,811,130	(69,819,942)	(1,765,756)
Net Loss for the period	-	-	(2,171,220)	(2,171,220)
Other comprehensive income, net of tax	-	359	-	359
Total comprehensive loss for the period	-	359	(2,171,220)	(2,170,861)
Transactions with owners				
Issue of common shares for cash	3,486,625	-	-	3,486,625
Movement in share-based payments reserve	-	58,800	-	58,800
Reversal of lapsed options vested not exercised	-	(179,218)	179,218	-
Total transactions with owners	3,486,625	(120,418)	179,218	3,545,425
Balance at December 31, 2018	69,729,681	1,691,071	(71,811,944)	(391,192)

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, 2018

	Notes	Consolidated Dec 31, 2018 $	Dec 31, 2017 $
Cash flows used in operating activities			
Loss for the year		(2,171,220)	(2,509,490)
Non-cash items			
Depreciation and amortization		9,503	31,131
Share-based payments expenses		58,800	-
Unrealized foreign exchange movements		(3,353)	(3,873)
Accrued interest on borrowings		111,775	13,767
Changes in assets and liabilities			
(Increase)/decrease in receivables		460,855	920,618
(Increase)/decrease in inventories		207,008	26,015
(Increase)/decrease in other assets		(11,593)	(7,582)
Increase/(decrease) in payables		(105,635)	(167,595)
Increase/(decrease) in provisions		(42,720)	(22,176)
Net cash flows used in operating activities		(1,486,580)	(1,719,185)
Cash flows used in investing activities			
Purchases of plant and equipment		(64,381)	-
Purchases of intangible assets		-	(225)
Net cash flows used in investing activities		(64,381)	(225)
Cash flows from financing activities			
Proceeds from the issue of shares by the Company		2,044,817	-
Proceeds from the issue of convertible notes		-	1,350,000
Repayment of the borrowings		(708,871)	-
Net cash flows from financing activities		1,335,946	1,350,000
Net decrease in cash and cash equivalents held		(215,015)	(369,410)
Cash and cash equivalents at the beginning of period		1,361,484	2,072,353
Net foreign exchange differences on cash and cash equivalents		3,712	5,159
Cash and cash equivalents at the end of period	9	1,150,181	1,708,102

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, 2018

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.

Simavita's patented technologies provide sensors for all segments of the diaper market from the assessment of incontinence needs for the aged and disabled through to extremely low cost alert sensors for everyday use, particularly focused upon the infant market. The annual global economic burden is billions of dollars for incontinence diapers alone and is increasing rapidly.

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 2018 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 2018 and any public announcements made by Simavita Limited during the interim reporting period in accordance with the continuous disclosure requirements.

The group has applied the following standards for the first time for their financial reporting period commencing 1 July 2018 - AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers* . The group did not need change its accounting policies and did not need to make retrospective adjustments following the adoption of AASB 9 and AASB 15.

Going concern

The Group has incurred a total loss before tax of $2,171,220 (2017: $2,509,490) during the six month period ended December 31, 2018 and net cash flows used in operations during the same period of $1,486,580 (2017: $1,719,185). The Group's cash reserves as at December 31, 2018 were $1,150,181 (June 2018 $1,361,484). The Group's net liabilities at the balance date were $391,192 (2017: $1,765,756).

Subsequent to the half year, on March 6, 2019 the Group received $253,754 under a receivable finance facility related to the Group's 2019 R&D tax incentive claim. A Convertible Note agreement for $3,140,000 was approved by the shareholders at the Special General Meeting on June 24, 2019 and is payable in 3 tranches. Payment of $500,000 for Tranche 1 of these notes was received in April 2019. Tranche 2 payment of $1,640,000 was received prior to signing of these financial statements. The final Tranche 3 payment of $1,000,000 is due on November 1, 2019 pending management obtaining CE Mark registration together with confirmation of agreements with sufficient magnitude to evidence the market support for AlertPlus™.

During financial year 2020, the Group will continue to focus on commercialising AlertPLUS™ to grow revenue by obtaining CE Mark registration and securing relevant agreements. The commercialisation of AlertPLUS™ will primarily occur through partnerships and licensing of AlertPLUS™.

Going concern (continued)

Importantly the Group will also seek to appoint new distributors to address the long term care and rehabilitation markets in Europe, and in due course, in North America whilst focusing on government payers who support the disabled and aged.

The Group has indicated to the market its strong intention to complete a reorganisation. Details of this reorganisation will be announced in coming months. Fundamental to the reorganisation of the Company will be to raise sufficient capital to fund major revenue opportunities particularly associated with AlertPLUS™ for global Aged, Disabled and Infant markets.

There is uncertainty about the Group’s ability to materially grow revenue in a timely manner, raise capital on a timely basis with 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:

> Achieving CE Mark registration of AlertPLUS™, together with confirmation of agreements with sufficient magnitude to evidence market support for AlertPLUS™ by November 1, 2019.
> Receiving the third tranche of funding to the value of $1,000,000 from convertible notes approved by the shareholders at Special General Meeting on June 24, 2019.
> Deliver revenue or enter into agreements, which reasonably point toward market support for AlertPLUS™ and prospects of short to medium term revenue of a commercial nature.

> Materially and rapidly addressing new market opportunities to grow revenue.

> Continuing cost containment strategies.
> Obtaining continued support from third party finance facility related to the Group’s R&D tax incentive claim.
> Working with our partner organisations to enter the market with the Company's platform smart technology.
> Obtaining continued support of the Group’s shareholders in the provision of ongoing working capital to capture new opportunities as they arise and maintaining sufficient cash reserves to trade into the 2020 Financial Year. This includes successfully raising additional working capital through the issue of new shares and/or the issue of convertible notes.

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, whether 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.

The Group’s auditor have included an emphasis of matter paragraph in the December 31, 2018 Review Report relating to the Group’s ability to continue as a going concern.

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, 2018 and have 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 has examined the following areas of AASB

(i) Accounting for refunds - Customers have right to return the product within a given time period and the Company is obliged to refund the purchase price. Under AASB 15, a refund liability for the expected refunds to customers is recognised as adjustment to revenue in trade and other payables. Prior to introduction of the AASB 15, the Company did not make any specific provisions against possible refunds but recognized the refunds as adjustment to the revenue. No changes to the accounting treatment have been necessary as result of adoption of AASB 15.

(ii) Software subscription revenue - The company provides customers with access to the cloud server to perform incontinence assessments. The revenue is recognized in the accounting period covered by the software licence and this treatment is consistent with AASB 15 resulting in no changes to the revenue recognition policy.

(iii) Financing components - The company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

In conclusion, management has established that there has been no material impact of the adoption of AASB 15 on the Group's financial statements and prior period comparison figures have not been restated.

> 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. Management has established that the company's prior treatment of financial assets and financial liabilities, in particular the convertible notes have been performed in accordance with AASB 9 and there has been no material impact of the adoption of AASB 9 on the Group's financial statements.

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2018 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

Changes in accounting policies (continued)

> AASB 16 Leases will primarily affect the accounting by lessees and will result in the recognition of almost all leases on the statement of financial position. The standard removes the current distinction between operating and 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 standard will affect primarily the accounting for the group's operating leases. As at the reporting date, the group has non-cancellable operating lease commitments of $34,158. However, the group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the group's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16 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. At this stage, the Group does not intend to adopt the standard before its effective date.

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.

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.

	Notes	Consolidated Dec 31, 2018 $	Consolidated Dec 31, 2017 $
4 Other revenue			
Interest revenue		2,353	3,658
Sale of mining rights		51,172	-
R&D tax incentive		300,000	267,946
Total other revenue		353,525	271,604

	Notes	Dec 31, 2018 $	Dec 31, 2017 $
5 Expenses			
Amortization of intangible assets		3,951	8,107
Depreciation of fixed assets		5,552	23,024
Total depreciation and amortization		9,503	31,131
Employee benefit expenses		1,176,221	1,443,581
R&D expenses (excluding employee benefits)		190,227	148,955

Note: Employee benefits expenses represent all salaries, bonuses, redundancies, share based payments 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	Dec 31, 2018 $	Dec 31, 2017 $
6 Loss per share			
Loss for the year attributable to the owners of Simavita Limited		(2,171,220)	(2,509,490)
Weighted average number of shares used to calculate loss per share		371,708,678	309,899,594

Note: None of the 28,739,844 (2017: 24,168,844) 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 30, 2018, there are unrecognized tax losses with a benefit of approximately $14,401,985 (June 2017: $14,112,913) 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, 2018, 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	
	Dec 31, 2018	Jun 30, 2018
	$	$
9 Cash and cash equivalents		
Cash at bank and on-hand	1,150,181	1,361,484
Total cash and cash equivalents	1,150,181	1,361,484
10 Trade and other receivables		
Trade receivables	6,859	37,841
Less Provision for doubtful debts	(1,627)	(2,905)
GST receivable	26,847	26,683
R&D tax concession receivable	300,000	731,315
Total trade and other receivables	332,079	792,934
11 Inventories		
Finished goods and raw materials	521,552	588,909
Less Provision for obsolescence	(521,552)	(381,901)
Total inventories	-	207,008

Note:In line with the Company's strategy which outlines its focus on its new generation product AlertPLUS™, the Company has decided to provide for the full carrying cost of its legacy product AssessPLUS™ and SIM™.

	Consolidated	
	Dec 31, 2018	June 30, 2018
	$	$
12 Property, plant and equipment		
Office equipment at cost	336,332	333,945
Less: accumulated depreciation	(332,865)	(332,033)
Net office equipment	3,467	1,912
Furniture and fittings at cost	84,679	84,679
Less: accumulated depreciation	(83,300)	(82,436)
Net furniture and fittings	1,379	2,243
Leasehold Improvements	80,117	80,117
Less: accumulated depreciation	(79,813)	(76,369)
Net leasehold improvements	304	3,748
Testing Equipment	109,211	47,217
Less: accumulated depreciation	(47,217)	(47,217)
Net testing equipment	61,994	-
Rental Assets at cost	59,737	59,737
Less: accumulated depreciation	(59,737)	(59,325)
Net rental assets	-	412
Total property, plant & equipment	**67,144**	**8,315**

13 Intangible assets		
Patents at cost	63,714	63,714
Less: accumulated depreciation	(39,103)	(37,510)
Net patents	24,611	26,204
Software at cost	138,253	138,253
Less: accumulated depreciation	(137,692)	(135,334)
Net software	561	2,919
Total intangible assets	**25,172**	**29,123**

	Consolidated	
	Dec 31, 2018	June 30, 2018
	$	$
14 Trade and other payables		
Trade payables	119,925	126,420
Accrued expenses	139,711	350,487
Payroll-related payables	101,178	77,328
Other payables	109,561	21,775
Total trade and other payables	470,375	576,010
15 Provisions		
Current Provisions		
Annual leave	117,577	143,370
Long service leave	63,147	-
Total current provisions	180,724	143,370
Reconciliation of annual leave provision		
Balance at the beginning of the period	143,370	184,787
Add: obligation accrued during the period	76,466	143,863
Less: balance utilized during the period	(102,259)	(185,280)
Balance at the end of the period	117,577	143,370
Non-Current Provisions		
Long service leave	-	80,074
Total non-current provisions	-	80,074
Reconciliation of long service leave provision		
Balance at the beginning of the period	80,074	79,978
Add: obligation accrued/(released) during the period	(16,927)	96
Less: balance utilized during the period	-	-
Balance at the end of the period	63,147	80,074
16 Borrowings		
Third party loan - R&D tax incentive advance	-	678,767
Convertible notes issue - 2017	-	1,430,712
Convertible notes issue - 2018	1,494,137	1,423,562
Total borrowings	1,494,137	3,533,041

In April 2018, the company entered into unsecured note deed pursuant to which it has issued unsecured notes for an aggregate principal amount of AUD$1,400,000.

At the company's Special General Meeting on April 13, 2018, the Company obtained shareholder approval to convert the Debt Notes issued in 2017 into CDIs (a form of ‘equity security’ for the purposes of the ASX Listing Rules). The conditions of the resultant AUD$1,400,000 Convertible Notes are prescribed by the Convertible Note Terms contained in the unsecured 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 approval by the independent members of the Board of Directors.

The company has accrued $94,137 interest payable on Convertible Notes as at 31 December 2018.

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:	March 31, 2019, at which time the Noteholder can elect the Notes be redeemed or convert into CDIs following shareholder approval which was obtained at the Special General Meeting on April 13, 2018. The principal amount plus accrued interest is repayable earlier on the occurrence of an event of default.
Security and priority:	The Notes are unsecured. The 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 either redeemed for cash or converted into CDIs on the earlier of the next capital raising or March 31, 2019.
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 (i) $0.04 per CDI; (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 and (iii) the 10 Day VWAP for the period immediately preceding the Maturity Date.
Repayment	Repayment is due on earlier of: • Maturity Date (March 31, 2019); or • the occurrence of an Event of Default If repayment is due to the occurrence of an Event of Default 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 – · 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

On February 22, 2019 the Company entered into Deed of Amendment with the 2018 Noteholders to extend the Maturity Date of notes to March 31, 2020. The Noteholders option to convert at the price per CDI at which the Next Capital Raise has been completed has been extended to within 7 days prior to the convening of a special general meeting of CDI holders to seek security holder approval to a reorganisation.

The mandatory conversion provision is now operational when the company completes a Next Financing Event defined as a financing of the company of at least $7.5 million undertaken after February 21, 2019 and before Maturity Date. The Conversion Price is the lower of the Conversion Price as originally defined or the price at which funds were raised under that Next Financing Event.

17 Share capital

Summary of common shares issued and outstanding	Number of Common Shares	Amount
		$
Balance at July 1, 2017	309,899,594	66,243,056
Issue of common shares for cash	-	-
Equity transaction costs	-	-
Balance at June 30, 2018	**309,899,594**	**66,243,056**
Balance at July 1, 2018	309,899,594	66,243,056
Issue of common shares for cash	71,833,330	2,155,000
Issue of common shares from conversion of convertible notes	36,045,208	1,441,808
Equity transaction costs	-	(110,183)
Balance at December 31, 2018	**417,778,132**	**69,729,681**

As of the date of these financial statements, there was a total of 417,778,132 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, 2018, a total of 28,739,844 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
300,000	$0.680	April 9, 2015	March 31, 2019	$0.145
6,279,922	$0.050	July 14, 2016	June 23, 2023	$0.056
6,279,922	$0.050	July 14, 2016	June 23, 2023	$0.056
4,500,000	$0.060	October 13, 2016	October 13, 2023	$0.034
750,000	$0.120	October 13, 2016	October 13, 2023	$0.027
250,000	$0.050	December 14, 2016	December 13, 2023	$0.057
2,500,000	$0.065	June 7, 2017	June 6, 2019	$0.014
2,000,000	$0.050	June 29, 2017	June 28, 2024	$0.019
3,030,000	$0.050	February 15, 2018	January 31, 2025	$0.027
50,000	$0.050	June 5, 2018	June 4, 2025	$0.027
2,800,000	$0.035	November 20, 2018	November 19, 2025	$0.021

	Consolidated	
	Dec 31, 2018	Jun 30, 2018
	$	$
18 Reserves		
Share-based payments reserve	1,149,311	1,269,729
Share capital reserve	499,445	499,445
Foreign currency reserve	42,315	41,956
Total reserves	1,691,071	1,811,130

19 Accumulated Losses		
Balance at the beginning of the period	(69,819,942)	(66,061,620)
Reversal of lapsed options vested not exercised	179,218	1,183,973
Add: net loss attributable to owners of Simavita Limited	(2,171,220)	(4,942,295)
Balance at the end of the period	(71,811,944)	(69,819,942)

20 Commitments and contingencies

	Consolidated	
	Dec 31, 2018	Jun 30, 2018
Operating lease expenditure commitments	$	$
- not later than one year	34,158	75,148
- later than one year but no later than five years	-	-
- later than five years	-	-
Total minimum operating lease payments	34,158	75,148

As at December 31,2018 the Group continued with its operating lease relating to the following premises:

Location	Landlord	Use	Date of lease expiry	Minimum payments
Suite 2.02, Level 2, 54 Miller St North Sydney NSW 2060, Australia	VIA III Miller Property T Pty Ltd	Office	May 31, 2019	$34,158

21 Auditor's remuneration

Name of Auditor	Year	Audit services	Assurance services	Other services	Totals
		$	$	$	$
PricewaterhouseCoopers	June 30, 2019	100,000	-	16,320	116,320
	June 30, 2018	100,000	-	62,402	162,402

22 Related party transactions

(a) Parent entities

The Group is controlled by the following entities:

Name	Type	Place of incorporation	Ownership interest	
			Dec-18	Jun-18
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-18	Jun-18
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 were 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, 2018 that have a material effect on the financial position or results of operations of the Group.

Related party transactions (continued)

	Dec 31, 2018 $	Dec 31, 2017 $
(d) Key management personnel compensation		
Short-term employee benefits	619,909	589,104
Post-employment benefits	45,968	41,617
Share-based payments	42,000	-
	707,877	630,721

Table disclosing directors and KMP's who were employed by the group during the period to 31 December 2018

Directors

Name	Title	Nature of transactions
Michael R. Spooner	Non-Executive Chairman	Director's fee
Gary W. Pace	Non-Executive Director	Director's fee
Warren R. Bingham	Non-Executive Director (resigned December 11, 2018)	Director's fee
Damien M. Haakman	Non-Executive Director (appointed December 11, 2018)	Director's fee

Executives

Name	Title	Nature of transactions
Peta C. Jurd	Chief Commercial Officer & Company Secretary	Salary and share options
Peter J. Curran	Chief Technology Officer	Salary and share options
Wessel van Dijk	VP Europe Sales and Market	Salary and car allowance

No bonuses were paid relating to year ended 30 June 2018.

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 2018 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, 2018	**Jun 30, 2018**
	$	$
Financial Risk Management		
Financial Assets		
Cash and cash equivalents	1,150,181	1,361,484
Trade and other receivables	332,079	792,934
Total financial assets	**1,482,260**	**2,154,418**
Financial Liabilities		
Trade and other payables	470,375	576,010
Borrowings	1,494,137	3,533,041
Total financial liabilities	**1,964,512**	**4,109,051**

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, 2018 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, 2018, the Group had raised provision of $1,627 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:

	Consolidated	
Trade Receivables	**Dec 31, 2018**	**Jun 30, 2018**
	$	$
Current (less than 30 days)	2,973	13,323
31 days to 60 days	3,886	21,475
61 days to 90 days	-	275
Greater than 90 days	-	2,768
Total trade receivables	**6,859**	**37,841**

Note: Trade receivables do not include the R&D tax concession receivable of $300,000 (Jun 30, 2018: $731,315)

Financial risk management (continued)

	Consolidated	
Trade and other payables	**Dec 31, 2018**	**Jun 30, 2018**
	$	$
Current (less than 30 days)	450,514	571,165
31 days to 60 days	15,398	-
61 days to 90 days	-	-
Greater than 90 days	4,463	4,845
Total trade and other payables	**470,375**	**576,010**

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, 2018 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**	**GBP**	**EUR**	**Totals (AUD)**
		$	$	$	$	$	$
Cash and cash equivalents	Dec-18	953,370	5,394	43,748	-	147,669	1,150,181
	Jun-18	1,180,129	13,939	99,662	-	67,754	1,361,484
Trade and other receivables	Dec-18	336,088	(4,009)	-	-	-	332,079
	Jun-18	759,252	(3,253)	-	621	36,314	792,934
Total financial assets	**Dec-18**	**1,289,458**	**1,385**	**43,748**	**-**	**147,669**	**1,482,260**
	Jun-18	1,939,381	10,686	99,662	621	104,068	2,154,418
Financial Liabilities							
Trade and other payables	Dec-18	406,457	25,715	9,018	-	29,185	470,375
	Jun-18	511,296	31,437	-	-	33,277	576,010
Borrowings	Dec-18	1,494,137	-	-	-	-	1,494,137
	Jun-18	3,533,041	-	-	-	-	3,533,041
Total financial liabilities	**Dec-18**	**1,900,594**	**25,715**	**9,018**	**-**	**29,185**	**1,964,512**
	Jun-18	4,044,337	31,437	-	-	33,277	4,109,051

During the period ended December 31, 2018, the Australian dollar / US dollar exchange rate decreased by 4.5%, from 0.7391 at the beginning of the period July 1, 2018 to 0.7058 at the end of the period.
During the same period, the Australian dollar / Canadian dollar exchange rate decreased by 1.5%, from 0.9771 at the beginning of the period to 0.9622 at the end of the period.
Also, during the same period, the Australian dollar / Euro exchange rate decreased by 2.6% from 0.6344 at the beginning of the period to 0.6178 at the end of the period.
Based on the financial instruments held at December 31, 2018, 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, 2018, had the Australian dollar weakened / strengthened by 10% against the Canadian 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, 2018, 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 $11,850 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, 2018, 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, 2018 and December 31, 2018 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**	**Total**	**Weighted ave. rate %**	**Maturity period**
		$	$	$	%	days
Financial Assets						
Cash and cash equivalents	Dec-18	1,150,181	-	1,150,181	0.47%	At call
	Jun-18	1,361,484	-	1,361,484	0.53%	At call
Performance bond and deposits	Dec-18	-	62,640	62,640	2.30%	152
	Jun-18	-	-	-	-	
Total financial assets	**Dec-18**	**1,150,181**	**62,640**	**1,212,821**		
	Jun-18	1,361,484	-	1,361,484		
Financial Liabilities						
Interest-bearing liabilities	**Dec-18**	-	1,494,137	1,494,137	10.00%	
	Jun-18	-	3,533,041	3,533,041	11.15%	
Total financial liabilities	**Dec-18**	**-**	**1,494,137**	**1,494,137**		
	Jun-18	-	3,533,041	3,533,041		

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 months**	**1 to 5 years**	**> 5 years**	**Total**
		$	$	$	$	$
Financial liabilities						
Trade and other payables	Dec-18	436,028	34,347	-	-	470,375
	Jun-18	576,010	-	-	-	576,010
Interest-bearing liabilities and deposits	Dec-18	1,528,658	-	-	-	1,528,658
	Jun-18	2,109,479	1,423,562	-	-	3,533,041
Total financial liabilities	**Dec-18**	**1,964,686**	**34,347**	**-**	**-**	**1,999,033**
	Jun-18	2,685,489	1,423,562	-	-	4,109,051

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;

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of the Group's financial assets and liabilities as at June 30, 2018 and December 31, 2018 (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, 2018:

	Facility limit	**Amount used**	**Amount available**
	$	$	$
Nature of facility			
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

On February 22, 2019 the Company entered into an agreement with 2018 Convertible Note holders to extend the Maturity Date to March 31, 2020.

On March 6, 2019 the Group received $253,754 under a receivable finance facility related to the Group's 2019 R&D tax incentive claim.

On May 10, 2019 the Company canceled 2018 Series 2 Convertible Note for $1,000,000 which was approved at the Annual General Meeting in December 2018.

On May 10, 2019 the Company modified 2018 Series 1 Convertible Notes for $1,000,000 such that the holder will maintain their interests until June 30, 2020. These 2018 Series 1 Convertible Notes will convert at no less than 3 cents per CDI.

The Company has received signed Convertible Note agreements for the total amount of $3,140,000 which have been approved by the shareholders at the Special General Meeting on June 24, 2019. The payment of $500,000 for Tranche 1 of these notes was received in April 2019. The Tranche 2 totaling $1,640,000 was received immediately after the SGM and the Tranche 3 of $1,000,000 is due from the shareholders on November 1, 2019 or before upon completion of CE Mark registration of AlertPLUS™ and evidence of commercial market support for technology. The notes have maturity date of April 30, 2022 with a coupon rate of 10% per annum, payable upon the maturity date.

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, 2018 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	DAMIEN M. HAAKMAN
Chairman	Director

Dated July 17, 2019.

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

SIMAVITA LIMITED

CORPORATE INFORMATION

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Gary W. Pace (Non-Executive)
Damien M. Haakman (Non-Executive)

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Peta C. Jurd

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pwc

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 2018, 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 is 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 is 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.*

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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 2018 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 loss before tax of $2,171,220 during the half year ended 31 December 2018 and incurred operating cash outflows of $1,486,580 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.

PricewaterhouseCoopers

PricewaterhouseCoopers

Manoj Santiago
Partner

Sydney
17 July 2019