



## Simavita releases unaudited financial results for the three months ended September 30, 2014

For Immediate Release

November 28, 2014

**Sydney, Australia** – Simavita Limited (“Simavita” or the “Company”) (ASX: SVA; TSX-V: SV) announced today its financial results for the first quarter ended September 30, 2014, reported in Australian dollars and in accordance with International Financial Reporting Standards (“IFRS”). The Company’s results are presented in comparison to the three months ended September 30, 2013, which were also prepared in accordance with IFRS.

### Quarterly highlights

Notable developments and achievements during the first quarter and up to the date of this release included:

- Successful completion of a private placement and capital raise in Australia via a CDI purchase plan, raising gross proceeds of \$3,633,497;
- Completion of the roll-out of the Company’s fourth generation SIM™ technology to its existing customers in the Australian market and to new customers in the US;
- Commencement of sales in the US market through its exclusive distributor Medline Industries, Inc.;
- Forecast revenues for the first half of the 2015 financial year likely to exceed 2014 full year revenues;
- Agreement in principle reached with Sanicare Sweden to develop first Swedish SIM™ showcase site;
- Danish showcase site progresses, along with negotiations with potential European distributors; and
- Mr. Craig Holland appointed as a non-executive Director of the Company.

For further information, please visit the Company’s profile on SEDAR ([www.sedar.com](http://www.sedar.com)) or the Company’s website ([www.simavita.com](http://www.simavita.com)) or contact the persons outlined below.

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### Further Information:

#### About Simavita

Simavita is a medical device company operating in the digital healthcare sector that has developed an innovative, world first solution for the management of urinary incontinence, with a focus on the elderly. SIM™ is a platform technology and the first application is an instrumented incontinence assessment product that provides evidence based incontinence management care plans to the residential aged care market driving efficiencies and improved clinical outcomes.

## **About SIM™**

SIM™ is a wireless sensor technology that delivers evidence-based instrument incontinence data on individuals that replaces the current manual process. SIM™ provides user friendly tools and software to assess the incontinence condition and to help plan better outcomes. SIM™ is used to detect, record and report incontinence events during a compulsory or recommended assessment period in residential aged care facilities to develop an evidence-based incontinence care plan. This results in labour efficiency, reduced costs and person centred care that provides greatly enhanced clinical outcomes.

Conducting assessments is mandatory in many countries and the incontinence assessment creates an influential element of care of each individual. For more information on Simavita or SIM™, please visit [www.simavita.com](http://www.simavita.com).

*The TSX Venture Exchange has in no way passed upon the merits of the transactions set out herein and has neither approved nor disapproved the contents of this press release. Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this Release.*



**Simavita**  
gracing life

# **SIMAVITA LIMITED**

ARBN 165 831 309

## **CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(UNAUDITED)

AND

## **MANAGEMENT DISCUSSION AND ANALYSIS**

FOR THE THREE MONTHS ENDED

**SEPTEMBER 30, 2014**

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company for the three month period ended September 30, 2014 have been prepared by and are the responsibility of the Company's Management.

The Company's independent auditor has not performed a review of these unaudited condensed interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

# SIMAVITA LIMITED

(the “Company”)

## Management Discussion and Analysis

(Form 51-102F1)

For the three months ended September 30, 2014

The following Management Discussion and Analysis (“MD&A”) of the results and financial position of the Company for the three-month period ended September 30, 2014 should be read in conjunction with the information provided in the Company’s Condensed Interim Financial Statements for the three-month period ended September 30, 2014 (“Financial Statements”) and the material contained herein.

Unless otherwise noted, all currency amounts contained in this MD&A and in the Financial Statements are stated in Australian dollars. The information presented in the Financial Statements is prepared in accordance with International Financial Reporting Standards (“IFRS”).

### DATE

This MD&A is dated **November 28, 2014**.

## OVERALL PERFORMANCE AND DISCUSSION OF OPERATIONS

### Group overview

The Simavita Group of companies (the “Group”) operates in the global digital healthcare space and has developed an innovative, wearable platform which is a patented world-first solution for the management of urinary incontinence. The Group’s flagship product is the Smart Incontinence Management (“SIM™”) platform technology which is an instrumented incontinence assessment application that provides evidence-based incontinence management care plans for the residential aged care market.

Now in its fourth generation, the Company’s SIM™ technology is being used by more than 50 residential aged care facilities in Australia. Further, in June 2014, the Company expanded its operations internationally, initially into the United States, via an exclusive agreement with a large US-based distribution partner, Medline Industries, Inc., where sales of SIM™ have now commenced. During the 2015 financial year, in addition to working to increase sales of its products in Australia and the US, Simavita hopes to expand its activities into Canada and certain European countries and into different markets and sectors, with potential new products that leverage off the Company’s underlying platform technology.

### Capital raising activities

During the the three-month period ended September 30, 2014, the Company completed various transactions that have resulted in additional securities being issued and further capital being raised by the Company, as summarized below:

- On June 23, 2014, the Company announced that it had closed an initial tranche (the “First Tranche”) of a private placement (the “Placement”) to sophisticated and institutional investors. The Placement also consisted of a subsequent tranche (the “Second Tranche”) which was subject to shareholder approval. Such approval was sought and received at a Special Meeting of the Company’s shareholders held on July 23, 2014. As a result, a further 6,502,216 common shares as CDIs were issued on July 30, 2014 at an issue price of \$0.45 per share/CDI, raising a total of \$2,925,997, before the payment of associated costs.

## **Capital raising activities (cont.)**

- In addition to the Placement, the Company conducted a capital raise in Australia via a CDI purchase plan (the “SPP”) to raise up to an additional \$1,080,000 at an issue price of \$0.45 per CDI. The SPP offer opened on June 26, 2014 and closed on July 25, 2014. Pursuant to the terms of the SPP, the Company issued a total of 1,572,201 common shares as CDIs to those who subscribed under the SPP. The shares/CDIs were issued on July 30, 2014 at an issue price of \$0.45 per share/CDI, raising a total of \$707,490, before the payment of associated costs.
- On August 26, 2014, the Company granted a total of 1,237,500 stock options pursuant to the Company’s stock option plan to various non-executive employees of the Company. Each option, which was granted at no cost, entitles the holder to acquire one common share at a price of \$0.70 per share. The options, which vested immediately upon the date of grant, have an expiry date of August 31, 2018.

## **Discussion of operations**

During the previous year ended June 30, 2014, the Company successfully completed the development of its fourth generation SIM™ technology platform and released it for live site trials. This latest version of SIM™ eliminates costly bespoke network infrastructure and embraces a rapid deployment approach leveraging Wi-Fi technology. Based on the positive results of the live trials, the Company rolled out its fourth generation SIM™ technology to its existing customers in the Australian market and to new customers in the US. Completion of this rollout to the Group’s existing customers occurred during the period under review.

### Statement of comprehensive loss

The Group reported a net consolidated loss after tax for the three-month period ended September 30, 2014 of \$2,364,261 which was consistent with the loss incurred during the previous corresponding period ended September 30, 2013 (\$2,352,189). However, during that previous corresponding period, the Group had not yet completed its dual listing on the TSX Venture Exchange and the Australian Securities Exchange. As a result, several line items in the two sets of financial statements were materially different, as explained below.

#### *Revenues*

Revenues generated by the Group from the sale of its SIM™ solution increased by \$23,367, or 31%, to \$98,693 during the period ended September 30, 2014, as compared to the previous corresponding period. The majority of this growth came from existing and new customers in Australia where there was an increase in the number of assessments they performed following the successful introduction of the Group’s Generation 4 product.

Also during the September quarter under review, the Group’s exclusive US distributor, Medline, issued its first significant order for SIM™. It is anticipated that the revenues from this order will be recognized by the Company in its statement of comprehensive loss during the quarter ending December 31, 2014. Assuming that these revenues are received during that quarter, the Company anticipates that the revenues generated for the first half of the 2015 financial year will exceed the revenues received during the entire previous financial year ended June 30, 2014.

The Group anticipates that sales of its SIM™ solution in Australia will continue to grow as current sales and marketing efforts result in further aged care facilities adopting the technology. In the US market, negotiations with a number of potential users of the Group’s product are likely to continue, hopefully resulting in further contracts to supply SIM™. At the same time, the current negotiations with potential distributors of the Group’s product in certain European countries and Canada are likely to continue.

#### *Cost of sales*

The Company’s cost of sales increased by \$12,061, or 57%, to \$33,333 during the period ended September 30, 2014, as compared to the previous corresponding period. The relative higher increase in cost of sales as compared to sales (57% increase as compared to 31%) is attributable to initial establishment costs incurred upon the introduction of the Company’s solution to new customers.

## **Discussion of operations (cont.)**

### *Finance costs*

During the period ended September 30, 2013, the Group incurred finance costs of \$262,011 in respect of interest-bearing liabilities held by the Group during that period. Following the extinguishment of outstanding interest-bearing liabilities during the previous year via the conversion of certain debt instruments into equity and the repayment in cash of other loans from the proceeds of the Company's various capital raisings, all such liabilities were repaid such that, during the period ended September 30, 2014, no such finance costs were incurred.

### *General and administration*

General and administration costs increased by \$389,896, or 54%, to \$1,116,266 during the period ended September 30, 2014, as compared to the corresponding period. Following the acquisition of Simavita Holdings Limited in December 2013, a number of senior employees were recruited in Australia and the US leading to a material increase in employee benefits expenses, including significant recruitment expenses and increased Directors' fees (\$496,155 in 2014, as compared to \$274,153 in the corresponding period). Further, as the Group continued to expand its operations globally, travel related expenses increased from \$109,189 in 2013 to \$218,544 in the current period (refer page 10 of this MD&A for further expense information).

### *Occupancy costs*

Occupancy costs increased by \$10,291, or 12%, to \$93,325 during the period ended September 30, 2014, as compared to the previous corresponding period. This increase related to the additional costs incurred in respect of the Group's serviced office in Melbourne, Australia and the fact that the Group moved into larger premises in North Sydney to accommodate the Group's expanding activities. It is expected that occupancy costs will remain constant in coming quarters, as existing accommodation will be adequate for the foreseeable future.

### *Research and development*

Research and development costs decreased by \$14,567, or 3%, to \$519,179 during the period ended September 30, 2014, as compared to the corresponding period. While the Group maintains an active product development pipeline, significant research and development costs were incurred during the 2013 financial year in completing the fourth Generation of SIM™. During the period under review, the Company undertook a relatively greater proportion of its R&D in-house resulting in a higher employee benefits expense and lower external R&D-related costs (refer page 10 of this MD&A for further expense information).

As the Group works to introduce further refinements to existing products and develop new applications that leverage off the core SIM™ technology platform, it is likely that material research and development costs will continue to be incurred in future periods. The rate at which such developments occur will be dependent on the Group's available cash resources. Importantly, the Group qualifies for a significant R&D tax incentive payment each year from the Australian Government that materially reduces the overall R&D cost burden for the Group.

### *Sales, marketing and distribution*

Sales, marketing and distribution costs decreased by \$4,628, or 1%, to \$421,891 during the period ended September 30, 2014, as compared to the corresponding period. It is anticipated that, as the Group continues to promote its product to secure sales in both existing and additional global markets and to further strengthen its internal sales and marketing capability in future periods, these costs will begin to increase. The appointment of third party distributors in new markets to sell SIM™ should enable the Group to manage the increase in such costs.

### *Share-based payments expense*

During the September quarter under review, a total of 1,237,500 options over the Company's common shares were granted to employees of the Group. As a result, a one-off, non-cash, share-based payment expense of \$330,413 was incurred. No such expense was incurred during the previous corresponding period.

### *Transaction expenses*

During the period ended September 30, 2013, the Company incurred transaction expenses of \$379,539 in respect of the acquisition of Simavita Holdings Limited which was subsequently completed on December 3, 2013. No such expenses were incurred during the period under review.

## **Discussion of operations (cont.)**

### Statement of financial position

#### *Cash and cash equivalents*

As a result of the above capital raising activities undertaken by Simavita during the quarter, the Group's cash and cash equivalents increased during the quarter under review by \$788,953 such that the Group's cash reserves as at September 30, 2014 were \$7,633,150.

#### *Other assets*

During the period ended September 30, 2014, the Group's other assets (comprising principally deposits) increased by \$78,873, or 156%, due to amounts held as bonds with certain suppliers and for short-term rental accommodation, the latter of which has subsequently been refunded.

#### *Trade and other receivables*

As at September 30, 2014, the Group recorded a receivable of \$1,214,355 in respect of its estimated 2014 R&D tax incentive claim from the Australian Government. It is anticipated that cash from this claim will be received early in the 2015 calendar year.

#### *Trade and other payables*

During the quarter ended September 30, 2014, the Group's trade and other payables decreased by a significant \$510,481. Trade creditors at the end of the Group's financial year (June 30) tend to be higher than an average month due to material year-end accruals and creditors including audit and legal fees.

#### *Share capital*

As a result of the Group's capital raising activities during the quarter, which resulted in the issue of a total of 8,074,417 common shares, the Company's share capital increased during the quarter ended September 30, 2014 by \$3,407,324, or approximately 8%, to \$47,343,276. The net funds raised by the Group will be added to the existing cash reserves and are likely to be used to accelerate the roll-out of the Company's current technologies in the US and European markets; (ii) accelerate the development of SIM™ Generation 5 (cloud compatible) product and potentially its SIM™ Community Care (home-based) product; (iii) negotiate the appointment of distributors to roll-out SIM™ Generation 4 in Europe; (iv) acquire and develop complimentary intellectual property; and (v) for general working capital purposes.

#### *Reserves*

The increase in reserves over the same period of \$330,413 related solely to the increase in the share-based payments reserve arising from the issue of options during the quarter.

### Statement of cash flows

#### *Operating activities*

Net cash outflows from operating activities during the period ended September 30, 2014, decreased by \$79,562, or 3%, to \$2,536,881. During the period, the Group incurred a non-cash, share-based payments expense of \$330,413. Also, the Group's trade and other payables decreased by a significant \$510,481. Trade creditors at the end of the financial year (June 30) tend to be higher than an average month due to material year-end accruals and creditors including audit and legal fees. If this reduction in creditors, which in effect represented the payment of expenses relating to prior periods (pre June 30), is applied to the net cash outflows from operations, as disclosed in the Statement of Cash Flows for the quarter ended September 30, 2014, the adjusted net cash outflows from operations for the quarter would fall from \$2,536,881 to \$2,030,870, or \$676,957 per month on average.

#### *Investing activities*

Net cash outflows from investing activities during the period ended September 30, 2014, increased by \$63,911, or 263%, to \$81,490, due to increased purchases of plant and equipment as part of the Group's global expansion.

#### *Financing activities*

Net cash inflows from financing activities during the period ended September 30, 2014, increased by \$1,183,192, or 53%, to \$3,407,324, due to the net proceeds raised from capital raisings (refer above for details).



## SUMMARY OF QUARTERLY RESULTS

The following is a comparison of revenue and earnings for the previous nine quarters ended September 30, 2014, which includes the information contained in the first set of financial statements prepared by the Company since the reverse takeover of Simavita Holdings in December 2013. All financial information is prepared in accordance with IFRS and is reported in the Group's functional currency, the Australian dollar.

Quarter ended	Total revenue \$	Net profit/(loss) \$	Net loss per share \$
September 30, 2014	150,146	(2,364,261)	(0.03)
June 30, 2014	95,774	(867,099)	(0.03)
March 31, 2014	102,838	(4,406,615)	(0.15)
December 31, 2013	75,957	(2,865,887)	(0.09)
September 30, 2013	75,326	(2,352,189)	(0.07)
Totals - year ended June 30, 2014	349,895	(10,491,790)	(0.34)
June 30, 2013	37,103	(1,153,445)	(0.51)
March 31, 2013	100,211	(2,405,992)	(1.07)
December 31, 2012	72,743	(2,193,494)	(0.98)
September 30, 2012	106,233	(1,632,880)	(0.73)
Totals - year ended June 30, 2013	316,290	(7,385,811)	(3.29)

Revenues from the sale of SIM™ in Australia are trending upwards and it is anticipated that sales in that market for the quarter ending December 31, 2014 will continue this trend. The timing and quantum of sales of SIM™ from the US market, however, will be less predictable, as the Group's exclusive US distributor, Medline, orders inventory to service its US customers in fewer, but significantly larger, orders.

The net losses incurred during the quarters ended March 31 and June 30, 2014 contained significant, one-off transactions relating to the reverse takeover of Simavita Holdings that was completed during the prior financial year. The net loss for the period under review (\$2,364,261) is more representative of the Group's current operating position.

During the quarter ended September 30, 2014, the Company made solid progress towards achieving its announced milestones. A showcase site for the Company's technology was established in Copenhagen, Denmark, the Company's various capital raisings were successfully completed, Medline launched the SIM™ product in the US market and first sales were achieved, a number of new facilities in Australia committed to rolling out SIM™, and the numbers of assessments performed by existing customers increased following the successful roll-out of Generation 4 SIM™.

## LIQUIDITY

The Group incurred total expenses of \$2,477,435 during the three-month period ended September 30, 2014 and net cash outflows from operations during the same period of \$2,536,881. As a result of the capital raising activities undertaken by Simavita during the quarter, the Group's cash and cash equivalents increased during the quarter under review by \$788,953 such that the Group's cash reserves as at September 30, 2014 were \$7,633,150 and its working capital (defined to be current assets less current liabilities) was \$8,711,126. During the three-month period ending March 31, 2015, the Group anticipates it will receive a research and development tax incentive payment and a payment under the Australian Government's Export Market Development Grant scheme totalling approximately \$1.6 million.

The Group believes it has sufficient funds to meet its current working capital requirements. While sales of its SIM™ technology are steadily increasing, such that net cash outflows are progressively reducing, the Group anticipates that it will generate net outflows from operations for at least the next nine months from the date of this MD&A. The date on which the Group achieves a break even position will be largely dependent on the rate at which Simavita's products are adopted by customers in the US and Australian marketplaces. Until that time, the Group will closely monitor its available cash and cash equivalents and the monthly net cash outflows from operations it incurs. To the extent that further capital raisings may be necessary to support the Group's projected sales and marketing and product development plans, the Group will investigate and pursue appropriate potential financing options.

## LIQUIDITY (cont.)

As at the date of this MD&A, the Company has the capacity to issue by way of private placement up to approximately 11 million common shares without having to seek the approval of its shareholders, pursuant to the requirements of the Australian Securities Exchange. Based on the prevailing price of the Company's common shares on that date, such a capital raise could potentially generate more than \$5 million in new equity for the Company, if required.

Currently, there are no material seasonality factors that influence the Company's business.

## CAPITAL RESOURCES

As detailed above, the Group believes it has sufficient funds to meet its current working capital requirements.

The Company currently has no external debt and modest contractual commitments, as detailed below. We do not expect to have any significant fluctuations in our capital resources nor any changes in the mix and relative cost of those resources. As sales of SIM™ increase, our net cash outflows should progressively reduce. However, the Group anticipates that it will continue to generate net outflows from operations for at least the next nine months from the date of this MD&A. The Group will closely monitor its capital resources (predominantly cash and cash equivalents), to ensure it continues to have sufficient funds to meet its working capital requirements.

As at the date of this MD&A, the Company had the following contractual commitments:

### Operating lease expenditure commitments

Minimum operating lease payments	\$
- not later than one year	173,157
- later than one year but not later than five years	384,572
- later than five years	-
Total minimum operating lease payments	<u>557,729</u>

As at the above date, the Group had entered into two operating leases relating to the following premises:

Location	Landlord	Use	Date of expiry of lease	Minimum payments (\$)
Level 13, 54 Miller Street North Sydney, NSW 2060 Australia	54 Miller Street Pty. Ltd.	Office	June 30, 2018	539,800
Level 40, 140 William Street Melbourne, Victoria 3000 Australia	ServCorp Pty. Ltd.	Office	May 11, 2015	17,929
			Total	<u>557,729</u>

## OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements in place as of September 30, 2014.

## TRANSACTIONS BETWEEN RELATED PARTIES

### Details of Directors and Named Executive Officers ("NEOs") as at September 30, 2014

#### Directors

Ari B. Bergman (*Non-Executive Acting Chairman*)  
Philippa M. Lewis (*Chief Executive Officer*)  
Damien M. Haakman (*Non-Executive*)

#### Named Executive Officers

Thomas G. Howitt (*Chief Financial Officer / Company Secretary*)  
Peter J. Curran (*Chief Technology Officer*)

## Payments made to Directors and NEOs during the three-month period ended September 30, 2014

Name and title of	Period	Short-term		Post-employment	Long-term	Share-based	Totals
		Salary/fees	Other	Superannuation	Long service leave	Options	
		\$	\$	\$	\$	\$	\$
<b>Directors</b>							
Ari B. Bergman	<b>2014</b>	<b>8,244</b>	-	<b>506</b>	-	-	<b>8,750</b>
Acting Non-Exec. Chair.	2013	-	17,500	-	-	-	17,500
Philippa M. Lewis	<b>2014</b>	<b>87,500</b>	<b>17,500</b>	<b>7,312</b>	<b>742</b>	-	<b>113,054</b>
Chief Executive Officer	2013	118,750	25,000	-	-	-	143,750
Damien M. Haakman	<b>2014</b>	<b>8,750</b>	<b>165,000</b>	-	-	-	<b>173,750</b>
Non-Executive Director	2013	8,753	-	-	-	-	8,753
Peter C. Cook <sup>1</sup>	<b>2014</b>	<b>25,000</b>	-	<b>2,375</b>	-	-	<b>27,375</b>
Former Non-Exec. Chair.	2013	-	-	-	-	-	-
Maxwell C. Lloyd-Jones <sup>2</sup>	<b>2014</b>	-	-	-	-	-	-
Former Non-Exec. Chair.	2013	12,500	-	-	-	-	12,500
Sub-totals for Directors	<b>2014</b>	<b>129,494</b>	<b>182,500</b>	<b>10,193</b>	<b>742</b>	-	<b>322,929</b>
	2013	140,003	42,500	-	-	-	182,503
<b>NEOs</b>							
Thomas G. Howitt	<b>2014</b>	<b>60,854</b>	<b>10,919</b>	<b>4,696</b>	-	-	<b>76,469</b>
Chief Financial Officer / Company Secretary	2013	-	-	-	-	-	-
Peter J. Curran	<b>2014</b>	<b>67,455</b>	-	<b>6,408</b>	<b>530</b>	<b>93,450</b>	<b>167,843</b>
Chief Technology Officer	2013	55,000	-	5,087	-	-	60,087
Colin Christie <sup>3</sup>	<b>2014</b>	-	-	-	-	-	-
Former Chief Fin. Officer	2013	46,250	5,000	4,741	-	-	55,991
Sub-totals for NEOs	<b>2014</b>	<b>128,309</b>	<b>10,919</b>	<b>11,104</b>	<b>530</b>	<b>93,450</b>	<b>244,312</b>
	2013	101,250	5,000	9,828	-	-	116,078
Total payments made to Directors and NEOs	<b>2014</b>	<b>257,803</b>	<b>193,419</b>	<b>21,297</b>	<b>1,272</b>	<b>93,450</b>	<b>567,241</b>
	2013	241,253	47,500	9,828	-	-	298,581

Note: The heading "Other" includes commissions, bonuses and expenses paid to Directors and NEOs. The amount of \$165,000 that was paid to a party associated with Mr. Haakman related to services provided to the Company with respect to its capital raising in July 2014.

The amounts included in the tables above in respect of the three-month period ended September 30, 2014 include amounts paid by the Company and its subsidiaries. The comparative information, in respect of three-month period ended September 30, 2013, includes amounts paid by Simavita Holdings Limited which was acquired by the Company on December 3, 2013.

The following changes to Directors and NEOs relate to the periods detailed in the table above:

1. Mr. Cook was appointed as a Director of the Company on November 20, 2013 and subsequently as the Non-Executive Chairman of the Board on January 31, 2014. He resigned from the Board on September 12, 2014.
2. Mr. Lloyd-Jones was appointed as a Director of the Company and as Non-Executive Chairman of the Board on November 20, 2013. He subsequently resigned as a Director of the Company on January 31, 2014. He was formerly a Director of Simavita Holdings Limited and Non-Executive Chairman of its Board from July 1, 2013 until January 31, 2014.
3. Mr. Christie served as Chief Financial Officer of the Group from November 19, 2012 until March 4, 2014.

Apart from the above, there were no other transactions between the Company and any related parties during the three-month period ended September 30, 2014.

## CRITICAL ACCOUNTING ESTIMATES

The critical accounting estimates used by the Group are detailed in Note 4 of its financial statements for the year ended June 30, 2014.

## CHANGES IN ACCOUNTING POLICIES

During the three-month period ended September 30, 2014, the Company has not changed any of its accounting policies. The following new standards have been issued but are not yet effective for the financial year beginning July 1, 2014 and have not been early adopted:

- *IFRS 9 “Financial Instruments” (effective from January 1, 2018)*  
This addresses the classification and measurement of financial assets. We have yet to assess the full impact of IFRS 9, but we do not expect any material changes due to this standard.
- *IFRS 14 “Regulatory deferral accounts” (effective from January 1, 2016)*  
This standard permits first-time adopters to continue to recognize amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, the effect of rate regulation must be presented separately from other items. This standard will have no impact on Simavita Limited.
- *IFRS 15 “Revenue from contracts with customers” (effective from January 1, 2017)*  
This new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer, so the notion of control replaces the existing notion of risks and rewards. We have yet to assess the full impact of IFRS 15 on Simavita Limited.

## FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company only invests in cash deposits with large banks that are considered to be low risk.

## OTHER MD&A REQUIREMENTS

### Additional Disclosure for Venture Issuers without Significant Revenue

Details pertaining to the expenses incurred by the Company during the three-month period ended September 30, 2014 are provided above under the heading *Discussion of Operations*.

Prior to its acquisition of Simavita Holdings, no significant external investor relations activities were carried out by the Company. The Company maintains a web site at [www.simavita.com](http://www.simavita.com), which gives shareholders the opportunity to review published financial reports, news releases, corporate profiles, project details and other information.

The material expenses incurred by the Group during the three-month periods ended September 30, 2014 and 2013, as disclosed in the Statement of Comprehensive Loss, contain the following items:

	2014 (\$)	2013 (\$)
<b>General and administration</b>	<b>(1,116,266)</b>	<b>(726,370)</b>
Employee benefits	(496,155)	(274,153)
Travel	(218,544)	(109,189)
Consultants	(126,546)	(99,073)
Audit and tax	(61,390)	(54,592)
Other	(213,631)	(189,363)
<b>Research and development</b>	<b>(519,178)</b>	<b>(533,745)</b>
Employee benefits	(319,586)	(264,337)
Patent and R&D support and development fees	(186,569)	(259,874)
Other	(13,023)	(9,534)
<b>Sales, marketing and distribution</b>	<b>(421,891)</b>	<b>(426,519)</b>
Employee benefits	(411,172)	(407,732)
Other	(10,719)	(18,787)

## Outstanding share data

### Summary of shares issued and outstanding

	Number of shares	Amount \$
Balance at July 1, 2013	7,964,337	18,602,287
Issue of ordinary shares by Simavita Holdings for cash	20,928,675	2,000,000
Conversion of convertible notes and options into ordinary shares	24,649,516	3,439,592
Conversion of preference shares into ordinary shares	24,940,004	4,446,898
Equity transaction costs	-	(60,000)
Balance at September 30, 2013	<u>78,482,532</u>	<u>28,428,777</u>
Balance at July 1, 2014	65,653,326	43,935,952
Issue of common shares by Simavita Limited for cash	6,502,216	2,925,997
Issue of common shares under Share Purchase Plan	1,572,201	707,500
Equity transaction costs	-	(226,173)
Balance at September 30, 2014	<u><u>73,727,743</u></u>	<u><u>47,343,276</u></u>

As of the date of this MD&A, being November 28, 2014, there was a total of 73,727,743 common shares in the Company on issue.

### Summary of warrants outstanding

As of the date of this MD&A, being November 28, 2014, the following warrants had been granted in respect of the Company's previous capital raisings:

Number	Exercise price	Grant date	Expiry date	Fair value / warrant
1,154,245	\$0.41	January 31, 2014	December 3, 2016	\$0.167

As of the date of this MD&A, being November 28, 2014, the following warrants had been granted to Medline Industries, Inc. ("Medline") in respect of the Company's distribution arrangements with Medline (refer notes below the table for further details):

Tranche	Number	Exercise price	Grant date	Expiry date	Fair value / warrant
Tranche One	1,155,298	CAD\$0.42	January 31, 2014	December 6, 2018	\$0.206
Tranche Two	1,444,412	(refer note 1)	January 1, 2015	January 1, 2018	N/A
Tranche Three	1,444,412	(refer note 2)	January 1, 2016	January 1, 2018	N/A

- Tranche Two has an exercise price equal to the greater of (i) CAD\$0.504, as may be adjusted; or (ii) the volume-weighted average closing price of the common shares on the TSX Venture and each other stock exchange upon which the Company's common shares are traded for the 30 days prior to the date of exercise.
- Tranche Three has an exercise price equal to the greater of: (i) CAD\$0.604, as may be adjusted; or (ii) the volume-weighted average closing price of the common shares on the TSX Venture and each other stock exchange upon which the Company's common shares are traded for the 30 days prior to the date of exercise.

The right to purchase common shares in Tranches Two and Three are subject to the condition precedent that Medline meets the Extended Sales Volumes for the Contract Year (as defined in the Distribution Agreement between the Company and Medline). All warrants vested immediately on the date of grant.

## Outstanding share data (cont.)

### Summary of options outstanding

As of the date of this MD&A, being November 28, 2014, the following options were outstanding:

Number	Exercise price	Grant date	Expiry date	Fair value / option
1,469,166	\$0.41	January 31, 2014	December 3, 2016	\$0.167
2,469,166	\$0.52	January 31, 2014	December 3, 2016	\$0.137
1,469,166	\$0.65	January 31, 2014	December 3, 2016	\$0.110
1,469,166	\$0.82	January 31, 2014	December 3, 2016	\$0.086
1,237,500	\$0.70	August 26, 2014	August 31, 2018	\$0.267
500,000	\$0.62	October 28, 2014	July 1, 2017	\$0.187

## DIRECTORS AND OFFICERS

As of the date of this MD&A, being November 28, 2014, the names of the Directors and Officers of the Company are set out below. Mr. Holland was appointed as a Director of the Company on November 14, 2014.

Ari B. Bergman	Acting Chairman and Director
Philippa M. Lewis	Director and CEO
Damien M. Haakman	Director
Craig J. Holland	Director
Thomas G. Howitt	CFO and Secretary

The Company is dependent on a number of key Directors and Officers. Loss of any of those persons could have an adverse affect on the Company. The Company maintains “key-man” insurance in respect of Ms. Lewis as CEO.

## FORWARD-LOOKING STATEMENTS

This MD&A contains certain statements that may be deemed “forward-looking statements”. All statements in this release, other than statements of historical fact, that address future acquisitions and events or developments that the Company expects to occur, are forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words “expects”, “plans”, “anticipates”, “believes”, “intends”, “estimates”, “projects”, “potential” and similar expressions, or that events or conditions “will”, “would”, “may”, “could” or “should” occur, and similar expressions, and the negative of such expressions.

Forward-looking statements and information are based on Simavita’s current beliefs as well as assumptions made by, and information currently available to, the Company concerning anticipated financial conditions and performance, business prospects, strategies, regulatory developments, the Company’s ability to secure sales of its SIM™ solution in both current and future markets, its ability to secure adequate financing, and its ability to develop and commercialize new products for sale.

Although Simavita believes that the assumptions underlying its forward-looking statements are reasonable, any of the assumptions made could be inaccurate, and, therefore, the Company cannot be certain that the forward-looking statements will eventuate. In light of the uncertainties inherent in the Company’s forward-looking statements, the inclusion of such information should not be regarded as a representation by Simavita or any other person that its objectives and plans will be achieved.

Forward-looking statements in this document may include statements regarding possible future acquisitions, spending plans and possible financing plans. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market conditions, availability of capital and financing, general economic, and market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Forward-looking statements are based on the beliefs, estimates and opinions of the Company’s management on the date the statements are made.

## **FORWARD-LOOKING STATEMENTS (cont.)**

A more complete discussion of the risks and uncertainties facing the Company is disclosed in the Company's continuous disclosure filings with Canadian securities regulatory authorities at [www.sedar.com](http://www.sedar.com). All forward-looking information herein is qualified in its entirety by this cautionary statement, and the Company disclaims any obligation to revise or update any such forward-looking information or to publicly announce the result of any revisions to any of the forward-looking information contained herein to reflect future results, events or developments, except as required by law.

The Board of Directors of the Company has approved the disclosure contained in this MD&A. Additional information relating to the Company is available on the System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).

BY ORDER OF THE BOARD

*"Ari B. Bergman"*

ARI B. BERGMAN  
*Acting Chairman and Director*

*"Philippa M. Lewis"*

PHILIPPA M. LEWIS  
*Director and Chief Executive Officer*

# SIMAVITA LIMITED

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE LOSS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2014

	Notes	Consolidated	
		Sept. 30, 2014	Sept. 30, 2013
		\$	\$
Revenue		<b>98,693</b>	75,326
Cost of sales		<b>(33,333)</b>	(21,272)
Gross profit		<b>65,360</b>	54,054
Other revenue	5	<b>51,453</b>	4,975
Expenses			
Finance costs		-	(262,011)
General and administration		<b>(1,116,266)</b>	(726,370)
Occupancy costs		<b>(93,325)</b>	(83,034)
Research and development		<b>(519,179)</b>	(533,745)
Sales, marketing and distribution		<b>(421,891)</b>	(426,519)
Share-based payments expense		<b>(330,413)</b>	-
Transaction expenses		-	(379,539)
Loss before income tax		<b>(2,364,261)</b>	(2,352,189)
Income tax expense		-	-
Loss for the year		<b>(2,364,261)</b>	(2,352,189)
Other comprehensive income		-	674
Total comprehensive loss for the year		<b>(2,364,261)</b>	(2,351,515)
Basic and diluted loss per common share	7	<b>(0.03)</b>	(0.06)

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



# SIMAVITA LIMITED

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2014

	Notes	Consolidated	
		Sept. 30, 2014	June 30, 2014
		\$	\$
<b>Assets</b>			
Current Assets			
Cash and cash equivalents	10	7,633,150	6,844,197
Trade and other receivables	11	1,394,247	1,397,009
Inventories	12	300,311	313,809
Other assets	13	129,589	50,716
Total Current Assets		9,457,297	8,605,731
Non-Current Assets			
Property, plant and equipment	14	174,191	114,436
Intangible assets	15	64,550	69,757
Total Non-Current Assets		238,741	184,193
Total Assets		9,696,038	8,789,924
<b>Liabilities and Shareholders' Equity</b>			
<b>Liabilities</b>			
Current Liabilities			
Trade and other payables	16	512,342	1,022,823
Provisions	17	233,829	236,338
Total Current Liabilities		746,171	1,259,161
Non-Current Liabilities			
Provisions	17	45,628	-
Interest-bearing liabilities	18	-	-
Total Non-Current Liabilities		45,628	-
Total Liabilities		791,799	1,259,161
<b>Shareholders' Equity</b>			
Share capital	19	47,343,276	43,935,952
Reserves	20	3,079,943	2,749,530
Retained losses	21	(41,518,980)	(39,154,719)
Total Shareholders' Equity		8,904,239	7,530,763
Total Liabilities and Shareholders' Equity		9,696,038	8,789,924

Approved and authorized by the Board on November 28, 2014

*"Ari B. Bergman"*

ARI B. BERGMAN (Acting Chairman and Director)

*"Philippa M. Lewis"*

PHILIPPA M. LEWIS (Director and CEO)

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

# SIMAVITA LIMITED

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2014

	Share capital \$	Reserves \$	Retained losses \$	Totals \$
Balance at July 1, 2013	18,602,287	1,469,980	(28,662,929)	(8,590,662)
Net loss for the year	-	-	(2,352,189)	(2,352,189)
Other comprehensive income, net of tax	-	674	-	674
Total comprehensive income for the year	-	674	(2,352,189)	(2,351,515)
<i>Transactions with owners</i>				
Issue of ordinary shares for cash	2,000,000	-	-	2,000,000
Conversion of convertible notes	3,439,592	-	-	3,439,592
Conversion of preference shares	4,446,898	-	-	4,446,898
Equity transaction costs	(60,000)	-	-	(60,000)
Total transactions with owners	9,826,490	-	-	9,826,490
Balance at September 30, 2013	28,428,777	1,470,654	(31,015,118)	(1,115,687)
Balance at July 1, 2014	<b>43,935,952</b>	<b>2,749,530</b>	<b>(39,154,719)</b>	<b>7,530,763</b>
Net loss for the year	-	-	(2,364,261)	(2,364,261)
Movement in share-based payments reserve	-	330,413	-	330,413
Total comprehensive income for the year	-	330,413	(2,364,261)	(2,033,848)
<i>Transactions with owners</i>				
Issue of common shares for cash	3,633,497	-	-	3,633,497
Equity transaction costs	(226,173)	-	-	(226,173)
Total transactions with owners	3,407,324	-	-	3,407,324
<b>Balance at September 30, 2014</b>	<b>47,343,276</b>	<b>3,079,943</b>	<b>(41,518,980)</b>	<b>8,904,239</b>

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

**SIMAVITA LIMITED**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2014**

	Consolidated	
Notes	Sept. 30, 2014	Sept. 30, 2013
	\$	\$
<b>Cash flows from/(used in) operating activities</b>		
Loss for the period	(2,364,261)	(2,352,189)
<i>Non-cash items</i>		
Depreciation and amortization	26,942	39,446
Share-based payments expense	330,413	-
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in receivables	2,762	(39,695)
(Increase)/decrease in inventories	13,498	(13,416)
(Increase)/decrease in other assets	(78,873)	(202,835)
Increase/(decrease) in payables	(510,481)	(67,754)
Increase/(decrease) in provisions	43,119	20,000
Net cash flows from/(used in) operating activities	(2,536,881)	(2,616,443)
<b>Cash flows from/(used in) investing activities</b>		
Purchases of plant and equipment	(81,490)	(5,699)
Purchases of intangibles	-	(11,880)
Net cash flows from/(used in) investing activities	(81,490)	(17,579)
<b>Cash flows from/(used in) financing activities</b>		
Proceeds from the issue of shares by the Company	3,633,497	2,000,000
Equity transaction costs	(226,173)	(60,000)
Net movement in borrowings	-	284,132
Net cash flows from/(used in) financing activities	3,407,324	2,224,132
Net increase/(decrease) in cash and cash equivalents held	788,953	(409,890)
Cash and cash equivalents at the beginning of period	6,844,197	737,978
Net foreign exchange differences on cash and cash equivalents	-	-
<b>Cash and cash equivalents at the end of period</b>	10     7,633,150	328,088

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

# SIMAVITA LIMITED

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2014

### 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 condensed consolidated interim financial statements of the Company as at and for the period ended September 30, 2014 comprise Simavita Limited and its subsidiaries (together referred to as the “Group” and individually as “Group Entities”) and have been prepared in accordance with IFRS, as applicable to the preparation of interim financial statements including IAS 34 “Interim Financial Reporting”, and should be read in conjunction with the annual financial statements for the year ended June 30, 2014 which have been prepared in accordance with IFRS, as issued by the IASB. Simavita Limited is the ultimate parent entity of the Group.

The Group’s operations focus on the sale and distribution of an expanding range of innovative products derived from its proprietary incontinence assessment and management technology, SIM™, with an initial emphasis on the US marketplace through an existing distribution arrangement. Simavita’s operations are located in Sydney, Australia.

### 2. Qualifying transaction and reverse takeover

On December 3, 2013, the Company completed a reverse takeover qualifying transaction (“Reverse Takeover”) in accordance with TSX Venture Exchange Inc. (“TSX-V”) Policy 2.4 whereby the Company acquired all the issued shares of Simavita Holdings Limited on the basis of one share in the Company for one share in Simavita Holdings. Legally, the Company is the parent of Simavita Holdings. However, as a result of the above share exchange, control of the Group passed to the former shareholders of Simavita Holdings which, for accounting purposes, is deemed to be the acquirer. There has been no change in the accounting treatment used in the preparation of these condensed consolidated interim financial statements.

### 3. Summary of significant accounting policies

#### Basis of preparation

The accounting policies adopted are consistent with those in the previous financial year except as described below:

1. No new accounting standards are applicable for the current reporting period.
2. Other amendments to IFRS effective for the financial year ended June 30, 2015 are not expected to have a material impact to the Group.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to be expected total annual profit or loss.

### 4. Critical accounting estimates and judgments

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of the assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the condensed interim financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended June 30, 2014.

	Consolidated	
	Sept. 30, 2014	Sept. 30, 2013
	\$	\$

## 5. Other revenue

Interest revenue	46,983	4,975
Foreign currency gain	4,470	-
Total other revenue	<u>51,453</u>	<u>4,975</u>

## 6. Expenses

Amortization of intangible assets	5,207	7,454
Depreciation of fixed assets	21,735	31,992
Employee benefits expenses	1,224,559	797,957
Research and development expenses (excluding employee benefits)	199,592	269,408

## 7. Loss per share

The following reflects the income and share data used in the calculations of basic and diluted loss per share:

Loss for the period attributable to the owners of Simavita Limited	<u>(2,364,261)</u>	<u>(2,352,189)</u>
Weighted average number of shares used in calculating loss per share	<u>71,154,577</u>	<u>40,521,401</u>

Note: None of the 10,423,707 (June 2014: 9,186,207) options or warrants over the Company'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.

## 8. Income tax

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 September 30, 2014, 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. The effective tax rate in Australia is 30%.

Subject to the Group continuing to meet the relevant statutory tests, the tax losses are available for offset against future taxable income. As at June 30, 2014, there were unrecognized tax losses with a benefit of approximately \$6,484,591 (June 2013: \$5,904,733) 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.

## 9. 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 paid.

	Consolidated	
	Sept. 30, 2014	June 30, 2014
	\$	\$
<b>10. Cash and cash equivalents</b>		
Cash at bank and on hand	1,633,150	3,291,355
Short-term deposits	<u>6,000,000</u>	<u>3,552,842</u>
Total cash and cash equivalents	<u><u>7,633,150</u></u>	<u><u>6,844,197</u></u>
<b>11. Trade and other receivables</b>		
Trade receivables	83,645	58,768
GST receivable	96,247	105,141
Accrued interest receivable	-	18,745
Research and development tax concession receivable	<u>1,214,355</u>	<u>1,214,355</u>
Total trade and other receivables	<u><u>1,394,247</u></u>	<u><u>1,397,009</u></u>
<b>12. Inventories</b>		
Finished goods and raw materials	<u>300,311</u>	<u>313,809</u>
Total inventories	<u><u>300,311</u></u>	<u><u>313,809</u></u>
<b>13. Other assets</b>		
Prepayments	40,882	25,582
Deposits	<u>88,707</u>	<u>25,134</u>
Total other assets	<u><u>129,589</u></u>	<u><u>50,716</u></u>
<b>14. Property, plant and equipment</b>		
Office equipment, at cost	243,958	168,924
Less: accumulated depreciation	<u>(161,630)</u>	<u>(151,661)</u>
Net office equipment	<u>82,328</u>	<u>17,263</u>
Furniture and fittings, at cost	76,030	76,030
Less: accumulated depreciation	<u>(66,783)</u>	<u>(64,806)</u>
Net furniture and fittings	<u>9,247</u>	<u>11,224</u>
Leasehold improvements, at cost	47,417	40,961
Less: accumulated depreciation	<u>(4,628)</u>	<u>(1,707)</u>
Net leasehold improvements	<u>42,789</u>	<u>39,254</u>
Testing equipment, at cost	42,108	42,108
Less: accumulated depreciation	<u>(22,009)</u>	<u>(19,749)</u>
Net testing equipment	<u>20,099</u>	<u>22,359</u>
Motor vehicles, at cost	42,599	42,599
Less: accumulated depreciation	<u>(42,599)</u>	<u>(42,599)</u>
Net motor vehicles	<u>-</u>	<u>-</u>

## Consolidated

Sept. 30, 2014

June 30, 2014

\$

\$

**14. Property, plant and equipment (cont.)**

Rental assets, at cost	55,288	55,288
Less: accumulated depreciation	(35,560)	(30,952)
Net rental assets	19,728	24,336
Total property, plant and equipment	174,191	114,436
<i>Reconciliation of property, plant and equipment</i>		
Opening gross carrying amount	425,910	531,485
Add: additions purchased during the period	81,490	97,756
Less: disposals made during the period	-	(203,331)
Closing gross carrying amount	507,400	425,910
Opening accumulated depreciation	(311,474)	(347,682)
Add: disposals made during the period	-	152,137
Less: depreciation expense charged	(21,735)	(115,929)
Closing accumulated depreciation	(333,209)	(311,474)
Total net property, plant and equipment	174,191	114,436

**15. Intangible assets**

Patents, at cost	67,690	67,690
Less: accumulated amortization	(24,010)	(23,539)
Total net patents	43,680	44,151
Software, at cost	94,767	94,767
Less: accumulated amortization	(73,897)	(69,161)
Total net software	20,870	25,606
Total intangible assets	64,550	69,757
<i>Reconciliation of patents</i>		
Opening gross carrying amount	67,690	67,690
Add: additions during the period	-	-
Closing gross carrying amount	67,690	67,690
Opening accumulated amortization	(23,539)	(21,656)
Add: amortization expense charged	(471)	(1,883)
Closing accumulated amortization	(24,010)	(23,539)
Total net patents	43,680	44,151

	Consolidated	
	Sept. 30, 2014	June 30, 2014
	\$	\$

## 15. Intangible assets (cont.)

### *Reconciliation of software*

Opening gross carrying amount	94,767	77,725
Add: additions during the period	-	17,042
Closing gross carrying amount	<u>94,767</u>	<u>94,767</u>
Opening accumulated amortization	(69,161)	(47,074)
Add: amortization expense charged	(4,736)	(22,087)
Closing accumulated amortization	<u>(73,897)</u>	<u>(69,161)</u>
Total net software	<u><u>20,870</u></u>	<u><u>25,606</u></u>

## 16. Trade and other payables

Trade payables	215,674	630,888
GST payable	8,164	10,535
Other payables and accruals	<u>288,504</u>	<u>381,400</u>
Total trade and other payables	<u><u>512,342</u></u>	<u><u>1,022,823</u></u>

## 17. Provisions

Annual leave	233,829	193,297
Long service leave	<u>45,628</u>	<u>43,041</u>
Total provisions	<u><u>279,457</u></u>	<u><u>236,338</u></u>

### *Reconciliation of annual leave provision*

Balance at the beginning of the period	193,297	190,199
Add: obligation accrued during the period	77,033	179,501
Less: balance utilized during the period	<u>(36,501)</u>	<u>(176,403)</u>
Balance at the end of the period	<u><u>233,829</u></u>	<u><u>193,297</u></u>

### *Reconciliation of long service leave provision*

Balance at the beginning of the period	43,041	-
Add: obligation accrued during the period	<u>2,587</u>	<u>43,041</u>
Balance at the end of the period	<u><u>45,628</u></u>	<u><u>43,041</u></u>

## 18. Interest-bearing liabilities

Balance at the beginning of the period	-	10,147,143
Interest accrued during the period	-	249,885
Repayment of borrowings	-	(2,384,161)
Conversion of borrowings into equity	-	(7,885,514)
Conversion of Directors' loans into equity	<u>-</u>	<u>(127,353)</u>
Balance at the end of the period	<u><u>-</u></u>	<u><u>-</u></u>



## 19. Share capital

### Summary of shares issued and outstanding

	Number of shares	Amount \$
Balance at July 1, 2013	7,964,337	18,602,287
Issue of ordinary shares by Simavita Holdings for cash	20,928,675	2,000,000
Conversion of convertible notes and options into ordinary shares	24,649,516	3,439,592
Conversion of preference shares into ordinary shares	24,940,004	4,446,898
Equity transaction costs	-	(60,000)
Balance at September 30, 2013	<u>78,482,532</u>	<u>28,428,777</u>
Balance at July 1, 2014	65,653,326	43,935,952
Issue of common shares by Simavita Limited for cash	6,502,216	2,925,997
Issue of common shares under Share Purchase Plan	1,572,201	707,500
Equity transaction costs	-	(226,173)
Balance at September 30, 2014	<u><u>73,727,743</u></u>	<u><u>47,343,276</u></u>

As of the date of these financial statements, being November 28, 2014, there was a total of 73,727,743 common shares in the Company on issue.

### Summary of warrants outstanding

As of the date of these financial statements, being November 28, 2014, the following warrants had been granted in respect of the Company's previous capital raisings:

Number	Exercise price	Grant date	Expiry date	Fair value / warrant
1,154,245	\$0.41	January 31, 2014	December 3, 2016	\$0.167

As of the date of these financial statements, being November 28, 2014, the following warrants had been granted to Medline Industries, Inc. ("Medline") in respect of the Company's distribution arrangements with Medline (refer notes below the table for further details):

Tranche	Number	Exercise price	Grant date	Expiry date	Fair value / warrant
Tranche One	1,155,298	CAD\$0.42	January 31, 2014	December 6, 2018	\$0.206
Tranche Two	1,444,412	(refer note 1)	January 1, 2015	January 1, 2018	N/A
Tranche Three	1,444,412	(refer note 2)	January 1, 2016	January 1, 2018	N/A

- Tranche Two has an exercise price equal to the greater of (i) CAD\$0.504, as may be adjusted; or (ii) the volume-weighted average closing price of the common shares on the TSX Venture and each other stock exchange upon which the Company's common shares are traded for the 30 days prior to the date of exercise.
- Tranche Three has an exercise price equal to the greater of: (i) CAD\$0.604, as may be adjusted; or (ii) the volume-weighted average closing price of the common shares on the TSX Venture and each other stock exchange upon which the Company's common shares are traded for the 30 days prior to the date of exercise.

The right to purchase common shares in Tranches Two and Three are subject to the condition precedent that Medline meets the Extended Sales Volumes for the Contract Year (as defined in the Distribution Agreement between the Company and Medline). All warrants vested immediately on the date of grant.

## 19. Share capital (cont.)

### Summary of options outstanding

As of the date of these financial statements, being November 28, 2014, the following options were outstanding:

Number	Exercise price	Grant date	Expiry date	Fair value / option
1,469,166	\$0.41	January 31, 2014	December 3, 2016	\$0.167
2,469,166	\$0.52	January 31, 2014	December 3, 2016	\$0.137
1,469,166	\$0.65	January 31, 2014	December 3, 2016	\$0.110
1,469,166	\$0.82	January 31, 2014	December 3, 2016	\$0.086
1,237,500	\$0.70	August 26, 2014	August 31, 2018	\$0.267
500,000	\$0.62	October 28, 2014	July 1, 2017	\$0.187

## 20. Reserves

Share-based payments reserve	<b>2,607,326</b>	2,276,913
Share capital reserve	<b>499,445</b>	499,445
Foreign currency reserve	<b>(26,828)</b>	(26,828)
Total reserves	<b><u>3,079,943</u></b>	<u>2,749,530</u>

## 21. Retained losses

Balance at the beginning of the year	<b>(39,154,719)</b>	(28,662,929)
Add: net loss attributable to owners of Simavita Limited	<b>(2,364,262)</b>	(10,491,790)
Balance at the end of the year	<b><u>(41,518,981)</u></b>	<u>(39,154,719)</u>

## 22. Related party transactions

### Details of Directors and Named Executive Officers (“NEOs”) as at balance date

#### Directors

Ari B. Bergman (*Non-Executive Acting Chairman*)  
 Philippa M. Lewis (*Chief Executive Officer*)  
 Damien M. Haakman (*Non-Executive*)

#### Named Executive Officers

Thomas G. Howitt (*Chief Financial Officer / Company Secretary*)  
 Peter J. Curran (*Chief Technology Officer*)

### Payments made to Directors and NEOs during the three-month period ended September 30, 2014

Name and title of	Period	Short-term		Post-employment	Long-term	Share-based	Totals
		Salary/fees	Other	Superannuation	Long service leave	Options	
<b>Directors</b>		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Ari B. Bergman	<b>2014</b>	<b>8,244</b>	-	<b>506</b>	-	-	<b>8,750</b>
Acting Non-Exec. Chair.	2013	-	17,500	-	-	-	17,500
Philippa M. Lewis	<b>2014</b>	<b>87,500</b>	<b>17,500</b>	<b>7,312</b>	<b>742</b>	-	<b>113,054</b>
Chief Executive Officer	2013	118,750	25,000	-	-	-	143,750
Damien M. Haakman	<b>2014</b>	<b>8,750</b>	<b>165,000</b>	-	-	-	<b>173,750</b>
Non-Executive Director	2013	8,753	-	-	-	-	8,753
Peter C. Cook <sup>1</sup>	<b>2014</b>	<b>25,000</b>	-	<b>2,375</b>	-	-	<b>27,375</b>
Former Non-Exec. Chair.	2013	-	-	-	-	-	-
Maxwell C. Lloyd-Jones <sup>2</sup>	<b>2014</b>	-	-	-	-	-	-
Former Non-Exec. Chair.	2013	12,500	-	-	-	-	12,500
Sub-totals for Directors	<b>2014</b>	<b>129,494</b>	<b>182,500</b>	<b>10,193</b>	<b>742</b>	-	<b>322,929</b>
	2013	140,003	42,500	-	-	-	182,503

## 22. Related party transactions (cont.)

Name and title of	Period	Short-term Salary/fees	Other	Post-employment Superannuation	Long-term Long service leave	Share-based Options	Totals
<b>NEOs</b>							
Thomas G. Howitt Chief Financial Officer / Company Secretary	2014 2013	60,854 -	10,919 -	4,696 -	- -	- -	76,469 -
Peter J. Curran Chief Technology Officer	2014 2013	67,455 55,000	- -	6,408 5,087	530 -	93,450 -	167,843 60,087
Colin Christie <sup>3</sup> Former Chief Fin. Officer	2014 2013	- 46,250	- 5,000	- 4,741	- -	- -	- 55,991
Sub-totals for NEOs	2014 2013	128,309 101,250	10,919 5,000	11,104 9,828	530 -	93,450 -	244,312 116,078
Total payments made to Directors and NEOs	2014 2013	257,803 241,253	193,419 47,500	21,297 9,828	1,272 -	93,450 -	567,241 298,581

Note: The heading "Other" includes commissions, bonuses and expenses paid to Directors and NEOs. The amount of \$165,000 that was paid to a party associated with Mr. Haakman related to services provided to the Company with respect to its capital raising in July 2014.

The amounts included in the tables above in respect of the three-month period ended September 30, 2014 include amounts paid by the Company and its subsidiaries. The comparative information, in respect of three-month period ended September 30, 2013 includes amounts paid by Simavita Holdings Limited which was acquired by the Company on November 20, 2013.

The following changes to Directors and NEOs relate to the periods detailed in the tables above:

1. Mr. Cook was appointed as a Director of the Company on November 20, 2013 and subsequently as the Non-Executive Chairman of the Board on January 31, 2014. He resigned from the Board on September 12, 2014.
2. Mr. Lloyd-Jones was appointed as a Director of the Company and as Non-Executive Chairman of the Board on November 20, 2013. He subsequently resigned as a Director of the Company on January 31, 2014. He was formerly a Director of Simavita Holdings Limited and Non-Executive Chairman of its Board from July 1, 2013 until January 31, 2014.
3. Mr. Christie served as Chief Financial Officer of the Group from November 19, 2012 until March 4, 2014.

Apart from the above, there were no other transactions between the Company and any related parties during the three-month period ended September 30, 2014.

## 23. Segment information

As at September 30, 2014, the Group had one reportable business segment being the sale of products and services associated with the assessment and management of urinary incontinence. As at September 30, 2014, the Group's only geographic segment was Australia.

## **24. Exploration agreements**

### **CANADA; YUKON TERRITORY**

#### *Aurex Property - Mayo Mining District*

The Company previously had a 100% interest in this property, which consisted of 155 mineral claims. On August 16, 2001, the Company agreed with Yukon Zinc Corp. (“Yukon Zinc”) to accept CAD 84,000, to be paid by the issue of 600,000 common shares in Yukon Zinc, as final settlement for the sale of the property. The property was subsequently sold to StrataGold Corporation which was purchased by Victorian Gold Corp. in June 2009. Simavita retains a 1.5% royalty on the project which Victorian Gold Corp. may purchase from the Company for CAD\$1,000,000.

#### *Revenue Creek Area - Whitehorse Mining District*

The Company previously owned 69 mineral claims which it sold to ATAC Resources Limited (“ATAC”), a Canadian public company, on January 16, 2002. The Company agreed to accept 200,000 common shares in ATAC and a cash payment of CAD\$5,000 in final settlement for the transfer of the project. Simavita retains a 1.5% net smelter royalty which ATAC may purchase from the Company for CAD\$600,000.

## **25. Financial risk management**

### **Financial risk**

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 condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements and they should be read in conjunction with the Group’s annual financial statements as at June 30, 2014.

There have been no changes in the risk management department or in any risk management policies since year end.

### **Fair value estimation**

IFRS 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 Company’s financial assets and liabilities as at September 30, 2014 (as set out in the statement of financial position) approximate their carrying values due to the short term nature of these instruments.

## **26. Subsequent events**

On October 29, 2014, the Company granted a total of 500,000 stock options pursuant to the Company’s stock option plan to a consultant of the Company. Each option, which was granted at no cost, entitles the holder to acquire one common share in the Company at a price of \$0.62 at any time up to, and including, July 1, 2017.

On October 31, 2014, the Company released the documents for its 2014 Annual General and Special Meeting which is to be held in Sydney, Australia at 10.00 am (Australian Eastern Summer Time) on December 3, 2014.

On November 14, 2014, Mr. Craig Holland was appointed as a non-executive Director of the Company and, on November 28, 2014, as the Chairman of its Audit and Risk Committee.

Apart from these transactions, there were no events that have occurred subsequent to September 30, 2014 that have not been disclosed elsewhere in these financial statements.

# SIMAVITA LIMITED

## CORPORATE INFORMATION

### Directors

Ari B. Bergman (*Non-Executive Acting Chairman*)

Philippa M. Lewis (*Chief Executive Officer*)

Damien M. Haakman (*Non-Executive*)

Craig J. Holland (*Non-Executive*)

### Company Secretary

Thomas G. Howitt

### Registered Office

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Australia

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Facsimile: +61 2 8088 1301

Email: [customerservice@simavita.com](mailto:customerservice@simavita.com)

### Company website

[www.simavita.com](http://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  
Chartered Accountants  
Freshwater Place  
2 Southbank Boulevard  
Southbank Vic. 3006  
Australia

### Stock Exchanges

TSX Venture Exchange  
Symbol: **SV** (common shares)  
Suite 2700  
650 West Georgia Street  
Vancouver BC V6B 4N9  
Canada

Australian Securities Exchange  
Code: **SVA** (CDIs)  
Level 4, Rialto North Tower  
525 Collins Street  
Melbourne Vic. 3000  
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