



Simavita releases unaudited financial statements and MD&A for the three-month period ended September 30, 2016

For Immediate Release

December 2, 2016

Sydney, Australia – Simavita Limited (“Simavita” or the “Company”) (ASX: SVA), is refiling its financial results in accordance with Canadian reporting requirements for the first quarter ended September 30, 2016.

Re-Filing Requirement

As per the Canadian National Instruments 51-102, Section 4.3 (2) the interim financial statements must include:

- A balance sheet as at the end of the interim period (September 2016) and a balance sheet as at the end of the immediately preceding financial year (June 2016)
- Simavita Limited had previously included a balance sheet as at the end of the interim period (September 2016) and a balance sheet as at the end of the corresponding period in the preceding financial year (September 2015)

For further information, see our website (www.simavita.com) or contact Peta Jurd, Chief Commercial Officer, on +61 2 8405 6361.

About Simavita

Simavita is focused upon the rapid delivery of smart, wearable and disposable sensors for the health care industry.

With the support of our shareholders, customers and employees, Simavita is focused upon the business at hand; creating a commercially successful and growing corporation.

To date we have developed and are actively selling automated sensors and systems for the assessment and management of incontinence. Incontinence and the management of incontinence is a major and rapidly growing challenge. The annual cost to the global economy is in the billions of dollars and rising. It is an enormous cost that includes both incontinence materials as well as the significant time spent by carers in helping people suffering from incontinence. Most significantly, it impacts a growing community of seniors as well as people of any age who may be affected by disability and illness.

Simavita operates directly in Australia, Europe and North America where we see significant and growing demand for product that delivers real cost benefit to the health care industry and particularly for people in need.

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)

MANAGEMENT DISCUSSION & ANALYSIS

AND

CONDENSED CONSOLIDATED INTERIM FINANCIALS STATEMENTS

(UNAUDITED)

FOR THE THREE MONTH PERIOD ENDED

30 September 2016

NOTICE OF 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 consolidated interim financial statements of the Group for the three month period ended September 30, 2016 have been prepared by and are responsibility of the Group's management.

The Group'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 "Group")

Management Discussion and Analysis

(Form 51-102F1)

For the year ended September 30, 2016

The following Management Discussion and Analysis ("MD&A") of the results and financial position of the Group for the quarter ended September 30, 2016 should be read in conjunction with the information provided in the Group's financial statements for the quarter ended September 30, 2016 ("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 29, 2016.

OVERALL PERFORMANCE AND DISCUSSION OF OPERATIONS

Highlights

First Quarter 2016 vs First Quarter 2015 Financial Results

- > Reported net sales of \$266,293 an increase of 31% compared to \$203,814 in the first quarter of 2015.
- > Cost of good sold was reduced by 17% compared with prior corresponding period.
- > Total expenses were \$2,959,646, a decrease of \$219,976 or 7% compared to \$3,179,622 in the first quarter of 2015.
- > Total comprehensive loss for the period was \$2,461,808 a decrease of 5% compared to \$2,583,833 in the first quarter of 2015.
- > Cost reduction on cash flows continues with 24% reduction in costs from quarter 4 FY16 to quarter 1 FY17.
- > Revenue generated in the quarter includes sales to Australia, US, Canada, Denmark and The Netherlands.
- > Development of next generation version of SIM™, assessPLUS, is in final stages of testing.

Overview

The Simavita Group of companies (the “Group”) was established to deliver innovative continence solutions for our customers developed in ethical collaboration with healthcare professionals.

Simavita’s patented and leading assessment tool is designed to dramatically improve the quality of life for those suffering from incontinence. For aged care operators, hospitals, rehabilitation centres, home care and disability care providers the Simavita assessment tool enables users to significantly lower their incontinence product costs and reduce the time required to manage incontinence in patients whilst at the same time improving clinical outcomes.

Simavita operates in Australia, Europe and North America where conducting assessments is mandatory in aged care facilities and incontinence assessment creates an influential element of care of each individual and management of incontinence.

Our new product Assess Plus is ready for market launch to address the market demand for wearable technology with no training or infrastructure complexity. Features include fully stand-alone capability (networking/ cloud optional), integrated training and help, streamlined workflow and editable, automated recommendations for the key parameters of incontinence product change times, volume to manage and toileting times aligned to maximize toileting success.

AssessPlus is particularly suitable for the home care and disability care markets in addition to the geriatric rehabilitation units in acute hospitals and aged care facilities. It delivers all of the benefits of instrumented assessments and editable, automated care planning in a portable, easy to use and rapid deployment package.

Australia

The Company’s customer base in Australia continues to expand with the SIM™ technology now being used by Home Care and Disability Care providers in addition to hospitals and aged care facilities.

The Company has recently been confirmed as an Approved Provider under the National Disability Insurance Scheme (NDIS). When fully implemented in 3 years’ time the NDIS estimates that they will spend \$230 million per annum on incontinence pads alone.

With the imminent launch of assessPLUS the team have been focused on introducing new customers in the home care and disability care markets to SIM™ with positive results. A recent trial with disability participants has shown very positive clinical results identifying dehydration issues with a patient with limited language skills. There were also strong cost reduction results with a greater than 20% reduction in incontinence pad costs after implementing the SIM™ product capacity recommendations. A further 2 trials of disability participants are in the planning stages. Integration with Electronic Health Record systems continues with a 2nd provider so as to promote the safe and efficient management of data and reduced time for EHR users.

North America

In the United States we have reviewed our exclusive distribution relationship with Medline with a view to redefining our relationships in this market. It is our clear intention to engage with active distributors in the region and to rapidly grow this major market.

A new Canadian distributor Medical Mart was recently appointed to expand the sales, marketing and distribution network in Canada. Sales continue to grow in Canada with a new long term care facility in Ontario signing a one year agreement.

Europe

Market expansion in Europe is progressing with a distributor conducting assessments currently in The Netherlands whilst Sweden will commence shortly. A distributor has been identified to cover the southern region of Germany. Negotiations are also advanced with a Spanish distributor who has hired a dedicated manager for Simavita.

Sales in Denmark, through our distributor continue to grow with the support of a full time SIM™ clinical support person employed by our distributor.

A multi-center clinical trial across 2 countries has been agreed with University of Maastricht in The Netherlands and Ghent University in Belgium to start early in the new year.

Likely developments

During the 2017 financial year, the Group will focus on significantly increasing the sales of its products in Australia, North America and Europe. Importantly, Simavita is committed to expanding its range of products into new and potentially significant markets and sectors. New products will leverage the Group's underlying platform technology.

Changes to capital structure

During the three month period ended September 30, 2016, the Group issued no new shares.

> On July 14, 2016, the Group granted a total of 12,559,844 unlisted stock options pursuant to the Group's stock option plan to two directors of the Group. Each option, which was granted at no cost, entitles the holder to acquire one common share in the Company at a price of \$0.05 per share. The options are subject to certain hurdles and will vest on the earlier of December 31, 2017 or upon a change in control of the Group by way of a general offer received by the Group from a third party organization for greater than 20% of the Group's issued capital including common shares and CDIs.

Discussion of operations

Statement of comprehensive loss

Overview

The Group reported a total comprehensive loss for the three month period ended September 30, 2016 of \$2,461,808, which was \$122,025 or 5% less than the loss incurred during the previous corresponding period ended September 30, 2015 of \$2,583,833. The reduced loss in the current quarter is principally attributable to:

- > Net sales of \$266,293 an increase of 31% compared to \$203,814 in the first quarter of 2015.
- > Cost of goods sold of \$69,141 a decrease of 17% compared to \$83,244 in the first quarter of 2015.
- > Total operating expenses of \$2,256,295 (excluding share-based expense) had a decrease of \$860,758 or 28% compared to \$3,117,053 in the first quarter of 2015.
- > Estimated tax income tax benefit of \$300,000 versus \$337,500 in the first quarter of 2015.
- > The loss of the current quarter decreased despite recording a share-based payment expense of \$703,351 compared to \$62,569 in the first quarter of 2015. Also, contractual staff bonuses were paid in Q1 FY17 (\$235,000) whereas they were paid in Q2 FY16.

Revenues

Revenues generated by the Group from the sale of its SIM™ solution increased by \$62,479 or 31%, to \$266,293 during the quarter ended September 30, 2016 as compared to \$203,814 for the corresponding quarter in 2015.

Importantly, the Group is committed to the introduction of new products so as to address large and expanding markets associated with Community and Disability markets. These new product initiatives will be significantly easier for carers to use and will be repriced to appeal to a far larger target audience.

The Group anticipates that sales of SIM™ in Australia will continue to grow as sales and marketing efforts result in further aged care facilities adopting the technology. Furthermore, the Group intends to aggressively expand into Community and Disability markets.

Our North American operations are focused on appointing new distributors active in the US market to expand sales, marketing and distribution network following the restructuring of the Medline distribution agreement. Medline Industries Inc will continue to provide sales support and distribution services on a non-exclusive basis.

Development of the European market is proceeding solidly with distributors appointed for Denmark, The Netherlands and Sweden. At the same time, negotiations with potential distributors of the Group's product in certain other European countries are underway. As with other markets, the Group believes that its new product offering will open much greater opportunities whilst reducing overall costs associated with delivery and maintenance.

Cost of sales

Cost of goods sold for the three month period ended September 30, 2016 was \$69,141 a decrease of \$14,103 or 17% compared to \$83,244 during the period ended September 30,2015.

The gross margin for the three month period ended September 30, 2016 went up to 74% compared to 59% in the first quarter of 2015.

Finance costs

No finance costs were incurred during the three month period ended September 2016 as the Group has no interest bearing debt. The Group did not incur in any finance cost either during the first quarter ended September 30,2015.

General and administration

General and administration ("G&A") costs decreased by \$458,581 or 43% to \$599,732 during the three month period ended September 30, 2016 as compared to \$1,058,313 during the first quarter of 2015.

Included within the category of G&A for the three month period ended September 30, 2016 are the following expenses:

- > Employees' benefit expenses decreased by \$267,971 or 51%, due to a restructuring of costs that took place in May 2016. As a result, employees' leave entitlements plus on-cost have been significantly reduced.
- > Travel: savings of \$120,168 or 99% in the three month period ended September 30,2016. This was due to a reduction in overseas travel by Senior Management.
- > A total cost reduction of \$60,284 or 34% in consultancy fees, insurance and legal fees compared to \$155,831 in the first quarter of 2015. The savings relate mainly to \$10,935 in legal fees that were paid in the first quarter of 2015 for the set up of the Group's operations in Europe, \$9,505 in life insurance for Senior Management and \$26,713 paid in consultancy fees for Human Resources and investors briefings. \$20,158 in health insurance paid on behalf of the Group's employees in North America was reclassified to employee benefits rather than insurance.
- > Audit & tax fees increased by \$70,301 in the three month period ended September 30, 2016 compared to \$6,902 in the corresponding quarter in 2015. The Group is accruing on a pro rata basis for its annual audit and tax fees.
- > Other expenses decreased by \$57,209 or 27% to \$151,896 compared to \$209,105 during the corresponding quarter in 2015. This was mainly due to a reduction in foreign currency losses of \$69,803.

Occupancy costs

Occupancy costs decreased by \$13,115 or 14%, to \$81,567 during the three month period ended September 30, 2016 as compared to \$94,682 during the first quarter of 2015. The savings were achieved by the termination of the lease for the Group's offices in Melbourne.

Research and development

Research and development (“R&D”) costs decreased by \$212,929 or 34% to \$417,193 during the three month period ended September 30, 2016 as compared to \$630,122 for the corresponding quarter of 2015. R&D costs incurred during the quarter ended September 30, included savings of \$141,071 or 29% in salaries and employees benefits due to the reduction in R&D staff, savings in travel of \$29,215 and savings in intellectual property expenses of \$41,848 as part of the Group’s commitment to cost reductions.

The Group is committed to the development and introduction of new product to increase significant sales opportunities as well as easier and simpler to use systems which will leverage existing technologies. The Group firmly believes that new product opportunities will significantly increase market opportunities whilst decreasing its own costs associated with sales and maintenance. Importantly, the Group qualifies for an R&D tax incentive payment each year from the Australian Commonwealth Government that reduces the net overall cost incurred by the Group in respect of its R&D activities. It is anticipated that the Group will receive \$1,665,911 under the relevant scheme during December 2016 (2015 \$1,266,862).

Sales, marketing and distribution

Sales, marketing and distribution (“SM&D”) costs are reported on a geographical segment basis.

Australia

SM&D costs in Australia decreased by \$280,528 or 44%, to \$358,506 during the three month period ended September 30, 2016 as compared to \$639,034 for the corresponding quarter in 2015. As part of the cost reduction process, sales support resources were reduced in the fourth quarter of 2016.

North America

SM&D costs in North America decreased by \$264,918 or 43%, to \$358,058 during the three month period ended September 30, 2016 as compared to \$622,976 for the corresponding quarter in 2015. The reduction in expenses was mainly in payroll related costs, marketing and recruitment fees which were higher in first quarter of 2015 due to the commencement of the distribution agreement in the US with Medline Industries. In the three month period ended September 30, 2016 the number of employees is 5 compared to 7 in the corresponding quarter of 2015.

Europe

SM&D costs in Europe increased by \$178,022 or 248% to \$249,715 as compared to \$71,704 for the corresponding quarter in 2015. This increase is due to having a full team in place during the current quarter as compared to the beginning of the establishment of the Group's new operations in Europe during the corresponding quarter in 2015.

Share-based payments expense

Share-based payments (“SBP”) expense incurred during the three month period ended September 30, 2016 was \$703,351 as compared to \$62,569 for the corresponding quarter in 2015. This was due to the grant of a total of 12,559,844 unlisted stock options pursuant to the Group's stock option to two Directors of the Group.

Income tax benefit

The Group qualifies for an R&D tax incentive payment each year from the Australian Commonwealth Government which is recognized as an income tax benefit. The Group accrued an amount of \$300,000 for the period ended September 30, 2016 in respect of the estimated payment due under the relevant scheme. The Group accrued \$337,500 for such payment during the corresponding quarter in 2015.

Statement of financial position

Cash and cash equivalents

The Group's cash and cash equivalents at the end of the period ended September 30, 2016 decreased by \$2,674,526 or 43% to \$3,498,244 as compared to \$6,172,770 at the end of the previous financial year.

Trade and other receivables

The Group's trade and other receivables at the end of the period ended September 30, 2016 increased by \$271,976 or 14% to \$2,189,748 as compared to \$1,917,772 at the end of the previous financial year. In addition to regular trade receivables, the Group recognized a receivable of \$1,665,911 as at June 30, 2016 in respect of its 2016 R&D tax incentive claim from the Australian Commonwealth Government. An additional \$300,000 was accrued during the current period in respect of the pro rata portion of the Group's estimated claim for the 2017 financial year.

Inventories

The Group's inventories at the end of the period ended September 30, 2016 decreased by \$9,931 or 2%, to \$472,092 as compared to \$482,023 at the end of the previous financial year.

Other assets

The Group's other assets at the end of the period ended September 30, 2016 increased by \$80,775 or 62%, to \$211,822 as compared to \$131,047 at the end of the previous financial year. This increase was mainly attributable to a prepayment for a full-year subscription to the Group's CRM system.

Property, plant and equipment

The Group's net property, plant and equipment at the end of the period ended September 30, 2016 decreased by \$25,247 or 19% to \$107,210 as compared to \$132,457 at the end of the previous financial year. This is due to depreciation charges and also disposals of obsolete computer equipment for the value of \$11,679 during the three month period ended September 30, 2016.

Trade and other payables

The Group's trade and other payables at the end of the period ended September 30, 2016 decreased by \$568,210 or 58%, to \$418,400 as compared to \$986,610 at the end of the previous financial year. The decrease is mainly attributable to a reduction in trade payables by \$234,428, accrued expenses by \$162,664 and other payroll related by \$59,824, this includes wages taxes, payroll tax and superannuation. Other payables were also reduced by \$27,170 offset by \$7,801 in Goods & Services Tax (GST) payable to the Australian Taxation Office.

Share capital

No new capital was raised during the quarter ended September 2016.

Reserves

The Group's reserves at September 30, 2016 increased by \$694,841 or 19% to \$4,333,138 as compared to \$3,638,297 at the end of the previous financial year. This movement comprised an increase in the share-based payments reserve of \$703,351 arising from the issue of options during the period and a decrease in the foreign currency translation reserve resulting from the revaluation of the assets and liabilities of foreign subsidiaries of \$8,510.

Statement of cash flows

Operating activities

Net cash flows used in operating activities during the period ended September 30, 2016 decreased by \$271,225 or 9%, to \$2,651,083 as compared to \$2,922,308 during the corresponding period in 2015. This decrease is a reflection of one-off expenses incurred and due to a reorganization of the Group's activities. There were also cashflow savings from this reorganization made prior to the current quarter.

Investing activities

Net cash flows used in investing activities during the period ended September 30, 2016 decreased by \$36,983 or 96%, to \$1,502 as compared to \$38,485 in net cash flows from investing activities during the corresponding period in 2015. There were minimal purchases of computer equipment in the three month period ended September 30, 2016.

Financing activities

There were no cash inflows or outflows from financing activities during the three month period ended September 30, 2016 as well as in the corresponding period in 2015.

Summary of quarterly results

The following is a comparison of revenue and earnings for the previous thirteen quarters ended September 30, 2016.

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 30,2016	266,293	(2,453,298)	(0.01)
June 30,2016	264,176	(2,563,167)	(0.01)
March 31,2016	178,174	(3,177,600)	(0.03)
December 31,2015	147,017	(3,039,853)	(0.03)
September 30,2015	203,814	(2,676,601)	(0.03)
Totals: Year ended June 30, 2016	<u>793,181</u>	<u>(11,457,221)</u>	<u>(0.10)</u>
June 30,2015	159,748	(3,282,247)	(0.04)
March 31,2015	160,744	(2,113,438)	(0.03)
December 31,2014	359,389	(1,702,796)	(0.02)
September 30,2014	98,693	(2,364,728)	(0.03)
Totals: Year ended June 30, 2015	<u>778,574</u>	<u>(9,463,209)</u>	<u>(0.12)</u>
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	<u>349,895</u>	<u>(10,491,790)</u>	<u>(0.34)</u>

Liquidity

The Group has incurred total loss before tax of \$2,453,298 during the three month period ended September 30, 2016 and net cash flows used in operations during the same period of \$2,651,083. The Group's cash reserves as at September 30, 2016 were \$3,498,244 and its working capital (defined to be current assets less total liabilities) was \$5,726,523, compared to \$7,453,927 at the end of the previous financial year.

During the year ended June 30, 2017 the Group plans to materially grow revenue. The product range is being expanded to address additional market sectors of home based care and disability care. The Group is also looking to appoint additional distributors to address the long term care and rehabilitation markets in North America.

In light of the planned investment in new sales opportunities, the Directors plan, if required, to raise additional capital through the issuance of new equity during the next 12 months.

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

- > Successfully raising further capital from the issue of new shares;
- > Materially and rapidly address new market opportunities and to grow revenue; and
- > Continuing cost containment strategies.

Due to the uncertainty surrounding the above matters, there is material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and liabilities in the normal course of business. However, 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 Audit Report for the Financial Statements for year ended June 30, 2016 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.

Off-Balance Sheet arrangements

The Group had no off-balance sheet arrangements in place as at September 30, 2016.

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.

As sales of SIM™ progressively increase, the Group’s net cash outflows from operating activities should reduce.

However, the Group anticipates that it will continue to generate net outflows from operating activities for at least the next twelve 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 Group had the following contractual commitments:

Operating lease expenditure commitments	\$
- not later than one year	154,217
-later than one year but no later than five years	115,663
- later than five years	-
Total minimum operating lease payments	<u><u>269,880</u></u>

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

Location	Landlord	Use	Date of lease expiry	Minimum payments
Level 13, 54 Miller St North Sydney NSW 2060, Australia	54 Miller Street Pty Ltd	Office	June 30,2018	269,880

Transactions between related parties

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

Directors

Michael R. Spooner (Non-Executive Chairman)

Gary W. Pace (Non-Executive)

Warren R. Bingham (Non-Executive)

Named Executive Officers

Peta Jurd (Chief Commercial Officer / Company Secretary)

Peter J. Curran (Chief Technology Officer)

Christopher R. Southerland (Vice President, US Sales and Marketing)

Wessel Van Dijk (Vice President Sales & Marketing Europe)

Paul Won (Vice President, Manufacturing and Supply Chain)

Payments made to Directors and NEOs during the three month period ended September 30, 2016:

Name and title of Directors	Period	Short-term	Other	Post-	Long-Term	Share-based	Totals
		salary/ fees		employment	Long service		
		\$	\$	superannuation	leave	Options	\$
Michael R. Spooner ^(1.1) <i>Non-Executive Chairman</i>	2016	34,250		3,254			37,504
	2015	-	-	-	-	-	-
Gary W. Pace ^(1.2) <i>Non-Executive Director</i>	2016	25,000					25,000
	2015	-	-	-	-	-	-
Michael W. Brown ^(1.3) <i>Former Non-Exec. Chair</i>	2016						-
	2015	27,397	-	2,603	-	-	30,000
Philippa M. Lewis ^(1.4) <i>Former CEO</i>	2016						-
	2015	103,500	33,750	9,000	883	-	147,133
Ari Bergman ^(1.5) <i>Former Non-Exec. Director</i>	2016						-
	2015	7,393	4,167	940	-	-	12,500
Warren R. Bingham ^(1.6) <i>Non-Executive Director</i>	2016	12,500					12,500
	2015	-	12,500	-	-	-	12,500
Damien Haakman ^(1.7) <i>Former Non-Exec. Director</i>	2016						-
	2015	-	12,500	-	-	-	12,500
Craig J. Holland ^(1.8) <i>Former Non-Exec. Director</i>	2016						-
	2015	-	15,000	-	-	-	15,000
Sub-totals for Directors	2016	71,750	-	3,254	-	-	75,004
	2015	138,290	77,917	12,543	883	-	229,633

Transactions between related parties (continued)

Payments made to Directors and NEOs during the three month period ended September 30,2016 (continued)

Name and title of NEOs	Period	Short-term	Other	Post-	Long-Term	Share-based	Totals
		salary/ fees		employment	Long service		
		\$	\$	superannuation	leave	\$	\$
Peta R. Jurd ^(1.10) <i>Chief Commercial Officer & Company Secretary</i>	2016	71,400	64,000	12,863	-	-	148,263
	2015	18,365	-	1,745	-	-	20,110
Thomas G. Howitt ^(1.11) <i>Former CFO & Co. Secretary</i>	2016	-	-	-	-	-	-
	2015	60,854	-	4,696	-	-	65,550
Peter J. Curran ^(1.12) <i>Chief Technology Officer</i>	2016	68,058	35,000	9,790	-	-	112,848
	2015	62,356	-	5,924	630	-	68,910
Christopher Southerland ^(1.13) <i>VP. US Sales and Market</i>	2016	87,956	33,182	-	-	-	121,138
	2015	95,859	7,605	-	-	-	103,464
Wessel Van Dijk ^(1.14) <i>VP Europe Sales and Market</i>	2016	66,761	28,493	3,707	-	-	98,961
	2015	-	-	-	-	-	-
Charles B. Cornish ^(1.15) <i>Former Dir. Sales and Market ANZ</i>	2016	-	-	-	-	-	-
	2015	-	69,000	-	-	-	69,000
Edward W. Nixey ^(1.16) <i>Former General Counsel</i>	2016	-	-	-	-	-	-
	2015	51,288	-	4,972	-	-	56,260
Paul Wong ^(1.17) <i>VP Manufacturing & Supply Chain</i>	2016	36,667	63,573	6,699	-	-	106,939
	2015	50,000	-	4,750	-	-	54,750
Sub-totals for NEOs	2016	330,842	224,248	33,059	-	-	588,149
	2015	338,722	76,605	22,087	630	-	438,044
Total payments made to Directors and NEOs	2016	402,592	224,248	36,313	-	-	663,153
	2015	477,012	154,522	34,630	1,513	-	667,677

Note: In FY17 bonuses were paid in Q1 (\$235,000) whereas in FY16 bonuses were paid in Q2.

Transactions between related parties (continued)

The amounts included in the tables above in respect of the quarter ended September 30, 2016 and the prior year include amounts paid by the Group and its subsidiaries to the individuals named and/or parties related to them, as disclosed below.

1.1 Mr. Spooner was appointed as a Non-Executive Director of the Group and as the Non-Executive Chairman of the Board on April 27, 2016. Payments made to Mr. Spooner during the quarter ended September 30, 2016 totalled \$37,504.

1.2 Dr. Pace was appointed as a Non-Executive Director of the Group on April 27, 2016. Payments made to Dr Pace during the quarter ended September 30, 2016 totalled \$25,000.

1.3 In respect of the quarter ended September 30, 2015, payments totalling \$30,000 were paid by the Group to Integrated Equity Pty. Ltd., a company associated with Mr. Brown, in respect of Directors fees. Mr. Brown resigned as the Chairman and Director of the Group effective April 27, 2016.

1.4 Payments made to Mrs. Lewis during the quarter ended September 30, 2015 totalling \$33,750 (as disclosed above under the heading "Other") comprised a contractual monthly incentive payment. Mrs. Lewis resigned as the CEO and the Director of the Group effective April 27, 2016.

1.5 Payments made to Mr. Bergman during the quarter ended September 30, 2015, totalling \$4,167 (as disclosed above under the heading "Other") comprised fees paid to Blasey Services Pty Ltd, a company associated with Mr. Bergman. Mr. Bergman resigned as the Director of the Group effective February 29, 2016.

1.6. Payments made to Mr. Bingham during the quarter ended September 30, 2016 totalling \$12,500 comprised fees paid to MedTech International Pty. Ltd., a company associated with Mr. Bingham (2015: \$12,500 as disclosed under the heading "Other"), in respect of services provided to the Group by Mr. Bingham as a Director.

1.7 Payments made to Mr. Haakman during the quarter September 30, 2015 totalling \$12,500 (as disclosed above under the heading "Other") comprised fees paid to Dussman Pty. Ltd., a company associated with Mr. Haakman, in respect of services provided to the Group by Mr. Haakman as a Director. Mr. Haakman resigned as the Director of the Group effective February 29, 2016.

1.8 Payments made to Mr. Holland during the quarter ended September 30, 2015, totalling \$15,000 (as disclosed above under the heading "Other") comprised fees paid to Jackabbey Road Pty Ltd., a company associated with Mr. Holland. Mr. Holland resigned as a Director of the Group and as Chairman of the Audit and Risk Committee effective May 6, 2016.

Transactions between related parties (continued)

1.10 Payments made to Ms. Jurd during the quarter ended September 30, 2016 totalling \$64,000 (as disclosed above under the heading "Other") comprised an contractual incentive payment. Ms. Jurd was appointed as Chief Commercial Officer on September 8, 2015.

1.11 Mr. Howitt resigned as Chief Financial Officer and Company Secretary effective January 15, 2016.

1.12 Payments made to Mr. Curran during the quarter ended September 30, 2016 totalling \$35,000 (as disclosed above under the heading "Other") comprised an contractual incentive payment.

1.13 Payments made to Mr. Southerland during the quarter ended September 30, 2016 totalling \$33,182 (as disclosed above under the heading "Other") comprised of contractual performance bonus of \$26,525 and car allowance of \$6,657. Payments made to Mr. Southerland during the quarter ended September 30, 2015 totalling \$7,605 (as disclosed above under the heading "Other") comprised social security payments and reimbursement of medical insurance premiums. All payments to Mr. Southerland were made in American dollars and converted to Australian dollars.

1.14 Payments made to Mr. van Dijk during the quarter ended September 30, 2016 totalling \$28,493 (as disclosed above under the heading "Other") comprised of contractual performance bonus of \$22,288 and car allowance of \$6,205. All payments to Mr. van Dijk were made in euros and converted to Australian dollars.

1.15 Payments made to Mr. Cornish during the quarter ended September 30, 2015 totalling \$69,000 (as disclosed under the heading "Other") comprised fees paid to Healthy Holdings, a company associated with Mr. Cornish, in respect of sales and marketing services provided to the Company by Mr. Cornish. Mr. Cornish resigned as Director, Sales and Marketing ANZ on 1 October, 2015.

1.16 Mr. Nixey resigned as General Counsel effective 30 June, 2016.

1.17 Payments made to Mr. Won during the quarter ended September 30, 2016 totalling \$63,573 (as disclosed above under the heading "Other") comprised termination benefits and accrued leave entitlements. Mr. Won resigned effective August 16, 2016.

All options for departed employees and consultants expire 90 days after their cessation of employment.

Apart from the above, there were no other transactions between the Group and any related parties during the period ended September 30, 2016.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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.

Critical judgements 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.

CHANGES IN ACCOUNTING POLICIES

The following standards and amendments to standards and interpretations are effective for annual periods beginning after July 1, 2016 and have not been applied in preparing these consolidated financial statements:

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

> IFRS 9 Financial Instruments is intended to replace IAS 39 Financial Instruments: Recognition and Measurement and uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. For financial liabilities designated at fair value through profit or loss, a Group can recognize the portion of the change in fair value related to the change in the Group's own credit risk through other comprehensive income rather than profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39, and incorporates new hedge accounting requirements. The new standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

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

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Group 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 Group during the three month period ended September 30, 2016 are provided above under the heading Discussion of Operations. Prior to its acquisition of Simavita Holdings Limited, no external investor relations activities were carried out by the Group.

The Group maintains a web site at www.simavita.com which provides shareholders with 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, 2016 and September 30, 2015, as disclosed in the Statement of Comprehensive Loss, contain the following items:

	Sep 30, 2016	Sep 30, 2015
	\$	\$
General and administration (including occupancy)		
Employee benefits	(261,653)	(529,624)
Travel	(1,482)	(121,650)
Consultants fees	(36,328)	(63,041)
Audit and tax fees	(77,203)	(6,902)
Insurance	(17,761)	(60,555)
Legal expenses	(21,300)	(32,235)
Depreciation and amortization	(32,109)	(35,201)
Other	(151,896)	(209,105)
	<u>(599,732)</u>	<u>(1,058,313)</u>
Occupancy	(81,567)	(94,682)
Research and development		
Employee benefits	(341,659)	(482,730)
Patent and R&D support and development fees	(75,534)	(147,392)
	<u>(417,193)</u>	<u>(630,122)</u>
Sales, marketing and distribution		
Employee benefits	(915,719)	(892,914)
Travel	(74,268)	(128,401)
Consultants fees	(900)	(82,376)
Marketing and advertising	(50,239)	(140,240)
Other	(116,677)	(89,783)
	<u>(1,157,803)</u>	<u>(1,333,714)</u>

OUTSTANDING SHARE DATA

Summary of shares issued and outstanding

	Amount of shares	Amount
Balance at July 1, 2015	92,245,233	55,330,848
Issue of common shares for cash	-	-
Issue of common shares for cash under Share Purchase Plan	-	-
Equity transaction costs	-	-
Balance at September 30, 2015	<u>92,245,233</u>	<u>55,330,848</u>
Balance at July 1, 2016	251,196,900	64,083,824
Issue of common shares for cash	-	-
Issue of common shares for cash under Share Purchase Plan	-	-
Equity transaction costs	-	-
Balance at September 30, 2016	<u>251,196,900</u>	<u>64,083,824</u>

As of the date of this MD&A, there was a total of 251,196,900 common shares in the Group on issue, of which a total of 32,613,922 were held in the form of common shares and 218,582,978 were held in the form of CDIs.

Summary of warrants outstanding

As of the date of this MD&A, the following warrants had been granted in respect of the Group'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, the warrants that had been previously granted to Medline Industries, Inc. ("Medline") have been cancelled.

Summary of options outstanding

As of the date of this MD&A, the following options were outstanding:

Number	Exercise price	Grant date	Expiry date	Fair value option Black Scholes
718,000	\$0.70	August 19, 2014	August 31, 2018	\$0.267
70,000	\$0.68	April 9, 2015	March 31, 2019	\$0.145
100,000	\$0.51	April 9, 2015	March 31, 2019	\$0.190
200,000	\$0.63	April 9, 2015	March 31, 2019	\$0.156
200,000	\$0.76	April 9, 2015	March 31, 2019	\$0.128
250,000	\$0.50	September 18, 2015	September 18, 2018	\$0.109
193,000	\$0.70	July 7, 2015	June 30, 2019	\$0.183
800,000	\$0.15	January 28, 2016	January 28, 2017	\$0.020
1,333,333	\$0.15	March 2, 2016	March 1, 2017	\$0.008
12,559,844	\$0.05	July 14, 2016	June 23, 2023	\$0.056

Directors and Officers

As of the date of this MD&A, the names of the Directors and Officers of the Group are set out below. Dr. Pace was appointed as a Director of the Group and Mr. Spooner was appointed as a Director of the Group and as its Chairman of the Board on April 27, 2016. Ms. Jurd was appointed Secretary on January 15, 2016 and Mr. Bartrop was appointed Co-Secretary on July 13, 2016.

Michael R. Spooner	Non-Executive Chairman
Gary W. Pace	Non-Executive Director
Warren R. Bingham	Non-Executive Director
Peta C Jurd	Chief Commercial Officer and Company Secretary
Nathan Bartrop	Co- Company Secretary

The Group is dependent on a number of key Directors and Officers. Loss of any of those persons could have an adverse effect on the Group.

FORWARD-LOOKING STATEMENTS

This MD&A contains “forward-looking information” within the meaning of the Canadian securities laws. Forward-looking statements in this document include statements regarding possible future acquisitions, spending plans, possible financing plans, current strategies and ongoing adjustments to these strategies providing the potential for revenue opportunities such as potential new products leveraging off the Group’s underling platform technology; revenue growth in the next fiscal year; the use of proceeds from the recent financings; the Group’s strategy, future operations, prospects and plans of management; and estimates of the length of time the Group’s business will be funded by anticipated financial resources. In connection with the forward-looking information contained in this MD&A, the Group has made numerous assumptions, regarding, among other things, the timing and quantum of revenue generated through sales of the Group’s products; the outcome of the collaborations with third parties, the sufficiency of budgeted expenditures in carrying out planned activities; the availability and cost of labor and services; the use of pilot sites of the Group’s SIM™ solution leading to further negotiations with a number of potential users of the Group’s products; and expected growth of sales. Although the Group 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.

Additionally, there are known and unknown risk factors which could cause the Group’s actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information contained herein. Factors that could cause actual results to differ materially from those in forward-looking statements include general economic, market or business conditions; the partnerships and collaborations with third parties may not benefit the Group as currently anticipated, or at all; the Group may not be able to sustain or increase revenues achieved during the current reporting period; the Group may not adopt successful distribution strategies or marketing methods; the need to obtain additional financing and uncertainty as to the availability and terms of future financing; unpredictability of the commercial success of our products; competition in the global economic market; reliance on a number of key employees; limited operating history; the possibility of claims against the intellectual property rights of the Group; the possibility of infringements upon the intellectual property rights of the Group; the Group may not have sufficiently budgeted for expenditures necessary to carry out planned activities; future operating results are uncertain and likely to fluctuate; the Group may not have the ability to raise additional financing required to carry out its business objectives on commercially acceptable terms, or at all; and volatility of the market price of the Group’s shares. 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 Group’s management on the date the statements are made.

Looking-forward statement (continued)

A more complete discussion of the risks and uncertainties facing the Group is disclosed in the Group's continuous disclosure filings with Canadian securities regulatory authorities at www.sedar.com. All forward-looking information herein is qualified in its entirety by this cautionary statement, and the Group 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 Group has approved the disclosure contained in this MD&A. Additional information relating to the Group is available on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

BY ORDER OF THE BOARD

"Michael R. Spooner"

MICHAEL R SPOONER
Chairman

"Warren R. Bingham"

WARREN R BINGHAM
Director

SIMAVITA LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE LOSS
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2016

	Notes	Consolidated	
		Sep 30, 2016	Sep 30, 2015
		\$	\$
Revenue		266,293	203,814
Cost of sales		<u>(69,141)</u>	<u>(83,244)</u>
Gross profit		<u>197,152</u>	<u>120,570</u>
Other revenue	5	309,196	382,451
Expenses			
Finance costs		-	-
General and administration		(599,732)	(1,058,313)
Occupancy costs		(81,567)	(94,904)
Research and development		(417,193)	(630,122)
Sales, marketing and distribution		(1,157,803)	(1,333,714)
Share-based payments expense		<u>(703,351)</u>	<u>(62,569)</u>
Loss before income tax		<u>(2,453,298)</u>	<u>(2,676,601)</u>
Income tax	8	-	-
Loss for the period		<u>(2,453,298)</u>	<u>(2,676,601)</u>
Other comprehensive income			
Items that may be subsequently reclassified to profit/ (loss)			
Translation of foreign operation		(8,510)	92,768
Total comprehensive loss for the period		<u><u>(2,461,808)</u></u>	<u><u>(2,583,833)</u></u>
Basic and diluted loss per common share	7	(0.01)	(0.03)

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, 2016

		Consolidated	
	Notes	Sep 30, 2016	Jun 30, 2016
		\$	\$
Assets			
Current Assets			
Cash and cash equivalents	10	3,498,244	6,172,770
Trade and other receivables	11	2,189,748	1,917,772
Inventories	12	472,092	482,023
Other assets		211,822	131,047
Total Current Assets		<u>6,371,906</u>	<u>8,703,612</u>
Non-Current Assets			
Property, plant and equipment		107,210	132,457
Intangible assets		54,582	60,588
Total Non-Current assets		<u>161,792</u>	<u>193,045</u>
Total Assets		<u>6,533,698</u>	<u>8,896,657</u>
Liabilities and Shareholders' Equity			
Liabilities			
Current Liabilities			
Trade and other payables	13	418,400	986,610
Provisions		166,324	202,898
Total Current Liabilities		<u>584,724</u>	<u>1,189,508</u>
Non-Current Liabilities			
Provisions		60,459	60,177
Total Non-Current Liabilities		<u>60,459</u>	<u>60,177</u>
Total Liabilities		<u>645,183</u>	<u>1,249,685</u>
Shareholders' Equity			
Share capital	14	64,083,824	64,083,824
Reserves	15	4,333,138	3,638,297
Retained earnings	16	(62,528,447)	(60,075,149)
Total Shareholders' Equity		<u>5,888,515</u>	<u>7,646,972</u>
Total Liabilities and Shareholders' Equity		<u>6,533,698</u>	<u>8,896,657</u>

Approved and authorized on behalf of the Board on November 29, 2016

"Michael R. Spooner"
MICHAEL R SPOONER
Chairman

"Warren R. Bingham"
WARREN R BINGHAM
Director

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 MONTH PERIOD ENDED SEPTEMBER 30, 2016

	Share Capital	Reserves	Retained Losses	Totals
	\$	\$	\$	\$
Balance at July 1, 2015	55,330,848	3,478,067	(48,617,928)	10,190,987
Net Loss for the period	-	-	(2,676,601)	(2,676,601)
Share-based payments reserve	-	62,569	-	62,569
Other comprehensive income, net of tax	-	92,768	-	92,768
Total comprehensive loss for the period	-	155,337	(2,676,601)	(2,521,264)
Transactions with owners				
Issue of common shares for cash	-	-	-	-
Equity transaction costs	-	-	-	-
Total transactions with owners	-	-	-	-
Balance at September 30, 2015	55,330,848	3,633,404	(51,294,529)	7,669,723
Balance at July 1, 2016	64,083,824	3,638,297	(60,075,149)	7,646,972
Net Loss for the period	-	-	(2,453,298)	(2,453,298)
Other comprehensive income, net of tax	-	703,351	-	703,351
Movement in share-based payments reserve	-	(8,510)	-	(8,510)
Total comprehensive loss for the period	-	694,841	(2,453,298)	(1,758,457)
Transactions with owners				
Issue of common shares for cash	-	-	-	-
Equity transaction costs	-	-	-	-
Total transactions with owners	-	-	-	-
Balance at September 30, 2016	64,083,824	4,333,138	(62,528,447)	5,888,515

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

SIMAVITA LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2016

	Consolidated	
Notes	Sep 30, 2016	Sep 30, 2015
	\$	\$
Cash flows from /(used in) operating activities		
Loss for the year	(2,453,298)	(2,676,601)
Non-cash items		
Depreciation and amortization	32,904	35,201
Bad debts written-off	-	-
Share-based payments expenses	703,351	62,569
Net (Gain)/Loss on sale of plant and equipment	-	-
Unrealized foreign exchange movements	8,931	58,299
Accrued interest on convertible notes	-	-
Changes in assets and liabilities		
(Increase)/decrease in receivables	(271,976)	(316,575)
(Increase)/decrease in inventories	9,931	(130,144)
(Increase)/decrease in other assets	(80,775)	(18,277)
Increase/(decrease) in payables	(567,995)	36,715
Increase/(decrease) in provisions	(32,156)	26,505
Net cash flows from/(used in) operating activities	(2,651,083)	(2,922,308)
Cash flows from/(used in) investing activities		
Purchases of plant and equipment	(1,652)	(25,022)
Purchases of intangible assets	-	(13,463)
Proceeds from the sale of plant and equipment	150	-
Net cash flows from/(used in) investing activities	(1,502)	(38,485)
Cash flows from/(used in) financing activities		
Proceeds from the issue of shares by the Company	-	-
Proceeds from the issue of shares by Simavita Holdings Ltd	-	-
Equity transaction costs	-	-
Repayment of borrowings	-	-
Net cash flows from/(used in) financing activities	-	-
Net increase/(Decrease) in cash and cash equivalents held	(2,652,585)	(2,960,793)
Cash and cash equivalents at the beginning of year	6,172,770	9,027,722
Net foreign exchange differences on cash and cash equivalents	(21,941)	34,469
Cash and cash equivalents at the end of year	3,498,244	6,101,398

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 MONTH PERIOD ENDED SEPTEMBER 30, 2016

1 Nature and continuance of operations

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

These condensed consolidated interim financial statements of the Group as at and for the three month period ended September 30, 2016 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 financial statements for the year ended June 30, 2016 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, SIMTM, with an initial emphasis on the US and European marketplaces, through existing distribution arrangements, and also in Australia. Simavita’s operations are head-quartered in North Sydney, Australia.

2 Summary of significant accounting policies

a Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

The preparation of these consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires Management to make judgements, estimates and assumptions that affect the application of the Group’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Going concern

The Group has incurred total loss before tax of \$2,453,298 (2015: \$2,676,601) during the three month period ended September 30, 2016 and net cash flows used in operations during the same period of \$2,651,083 (2015: \$2,922,308). The Group’s cash reserves as at September 30, 2016 were \$3,498,244 (June 2016 \$6,172,770). The Directors expect the Group to receive a payment of \$1,665,911 under the Australian Commonwealth Government’s research and development tax incentive scheme in December 2016.

During the year ended June 30, 2017 the Group plans to materially grow revenue. The product range is being expanded to address additional market sectors of home based care and disability care. This initiative is in response to the global trend to allow the elderly and disabled to take ownership of their care which drives increased incentive for economical expenditure in continence management. The Group will also appoint additional distributors to address the long term care and rehabilitation markets in North America.

In light of the planned investment in new sales opportunities, the Directors plan, if required, to raise additional capital through the issuance of new equity during the next 12 months.

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

- > Successfully raising further capital from the issue of new shares;
- > Materially and rapidly address new market opportunities and to grow revenue; and
- > Continuing cost containment strategies.

Due to the uncertainty surrounding the above matters, there is material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and liabilities in the normal course of business. However, 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 June 2016 Audit 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.

b Basis of consolidation

These consolidated financial statements include the accounts of the Group 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 unrealized income and expenses arising from any intracompany transactions, are eliminated in preparing the consolidated financial statements. The functional and presentation currency of the Group and its subsidiaries is the Australian dollar.

c Changes in accounting policies

The following standards and amendments to standards and interpretations are effective for annual periods beginning after July 1, 2016 and have not been applied in preparing these consolidated financial statements:

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

> IFRS 9 Financial Instruments is intended to replace IAS 39 Financial Instruments: Recognition and Measurement and uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. For financial liabilities designated at fair value through profit or loss, a Group can recognize the portion of the change in fair value related to the change in the Group's own credit risk through other comprehensive income rather than profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39, and incorporates new hedge accounting requirements. The new standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

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

3 Critical accounting estimates and judgements

Estimates and judgements 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 judgements in applying the Group's accounting policies*Research and development costs*

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

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

	Consolidated	
	Sep 30, 2016	Sep 30, 2015
	\$	\$
5 Other revenue		
Interest revenue	9,046	42,732
Net gain/ (loss) on sale of plant and equipment	150	-
Miscellaneous revenue	-	2,219
Government grant	-	-
R&D tax incentive	300,000	337,500
Total other revenue	<u>309,196</u>	<u>382,451</u>

Note: The prior year quarter comparative numbers have been reclassified to include R&D tax incentive that was previously reported separately within income tax expense.

6 Expenses

Amortization of intangible assets	795	5,999
Depreciation of fixed assets	32,109	29,202
Total depreciation and amortization	<u>32,904</u>	<u>35,201</u>
Employee benefit expenses	(1,519,031)	1,905,268
R&D expenses (excluding employee benefits)	(75,534)	147,392

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

	Consolidated	
Notes	Sep 30, 2016	Sep 30, 2015
	\$	\$
7 Loss per share		
Loss for the year attributable to the owners of Simavita Limited	(2,453,298)	(2,676,601)
Weighted average number of shares used to calculate loss per share	251,196,900	92,245,233

Note: None of the 17,578,422 (2015: 14,587,119) options and warrants 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.

8 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 2016, there are unrecognized tax losses with a benefit of approximately \$12,838,051 (June 2015: \$10,459,546) 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 September 30, 2016, 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.

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 declared or paid in the foreseeable future. Rather, the Group intends to retain any earnings to finance its future growth and development.

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

	Consolidated		
	Notes	Sep 30, 2016	Jun 30, 2016
		\$	\$
10 Cash and cash equivalents			
Cash at bank and on-hand		3,498,244	6,172,770
Short-term deposits		-	-
Total cash and cash equivalents		<u>3,498,244</u>	<u>6,172,770</u>
11 Trade and other receivables			
Trade receivables		212,163	200,903
Less Provision for doubtful debts		(30,033)	(30,033)
GST receivable		41,707	80,991
Accrued interest receivable		-	-
R&D tax concession receivable		1,965,911	1,665,911
Total trade and other receivables		<u>2,189,748</u>	<u>1,917,772</u>
Note: All trade and other receivables for the Group include amounts in:			
- Australian dollars of AUD \$2,135,478 (June 2016: \$1,706,460)			
- United States dollars, equivalent to AUD \$17,530 (June 2016: \$7,536)			
- European euros, equivalent to AUD \$20,674 (June 2016: \$26,222)			
- Canadian dollars, equivalent to AUD \$16,066 (June 2016: NIL)			
12 Inventories			
Finished goods and raw materials		558,276	568,207
Less Provision for obsolescence		(86,184)	(86,184)
Total inventories		<u>472,092</u>	<u>482,023</u>

	Consolidated	
	Sep 30, 2016	Jun 30, 2016
	\$	\$
13 Trade and other payables		
Trade payables	145,473	309,346
GST payable	17,858	15,652
Accrued expenses	88,829	394,049
Payroll-related payables	131,390	212,063
Other payables	34,850	55,500
Total trade and other payables	418,400	986,610

Note: All trade and other payables for the Group include amounts in:

- Australian dollars of AUD \$382,317 (June 2016: \$729,567)
- United States dollars, equivalent to AUD \$17,048 (June 2016: \$103,665)
- Canadian dollars, equivalent to AUD \$12,083 (June 2016: \$92,361)
- European euros, equivalent to AUD \$7,167 (June 2016: \$61,017)

The break-down of the above foreign exchange amounts have been converted to Australian dollars.

14 Share capital

Summary of common shares issued and outstanding	Number of	Amount
	Common	
	shares	
Balance at July 1, 2015	92,245,233	55,330,848
Issue of common shares for cash	-	-
Issue of common shares for cash under Share Purchase Plan	-	-
Equity transaction costs	-	-
Balance at September 30, 2015	92,245,233	55,330,848
Balance at July 1, 2016	251,196,900	64,083,824
Issue of common shares for cash	-	-
Issue of common shares for cash under Share Purchase Plan	-	-
Equity transaction costs	-	-
Balance at September 30, 2016	251,196,900	64,083,824

Share capital (continued)

As of the date of these financial statements, there was a total of 251,196,900 common shares in the Group on issue, of which a total of 32,613,922 were held as common shares and 218,582,978 were held as CDIs.

Summary of warrants outstanding

As of the date of these financial statements, the following warrants had been granted in respect of the Group'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, the warrants that had been previously granted to Medline Industries, Inc. ("Medline") have been cancelled.

Summary of options outstanding

As at September 30, 2016, a total of 16,424,177 options over common shares in the Group were outstanding.

Share capital (continued)

The numbers of options outstanding as at September 30, 2016, including the respective dates of expiry and exercise prices, are tabled below. The options are not listed on the TSX-V or the ASX.

Number	Exercise price	Grant date	Expiry date	Fair value option Black Scholes
1,469,166	\$0.410	January 31, 2014	December 3, 2016	\$0.167
1,469,166	\$0.520	January 31, 2014	December 3, 2016	\$0.137
1,469,166	\$0.650	January 31, 2014	December 3, 2016	\$0.110
1,469,166	\$0.820	January 31, 2014	December 3, 2016	\$0.086
500,000	\$0.620	October 28, 2014	July 1, 2017	\$0.187
1,023,500	\$0.700	August 19, 2014	March 31, 2017	\$0.267
700,000	\$0.680	April 9, 2015	March 31, 2019	\$0.145
100,000	\$0.510	April 9, 2015	March 31, 2019	\$0.190
200,000	\$0.630	April 9, 2015	March 31, 2019	\$0.156
200,000	\$0.760	April 9, 2015	March 31, 2019	\$0.128
250,000	\$0.500	September 18, 2015	September 18, 2018	\$0.109
193,000	\$0.700	July 7, 2015	June 30, 2017	\$0.183
800,000	\$0.150	January 28, 2016	January 28, 2017	\$0.020
1,333,333	\$0.150	March 2, 2016	March 1, 2017	\$0.008
12,559,844	\$0.050	July 14, 2016	December 31, 2017	\$0.056

	Consolidated	
	Sep 30, 2016	Jun 30, 2016
	\$	\$
15 Reserves		
Share-based payments reserve	3,785,262	3,081,911
Share capital reserve	499,445	499,445
Foreign currency reserve	48,431	56,941
Total reserves	<u>4,333,138</u>	<u>3,638,297</u>
16 Retained Losses		
Balance at the beginning of the year	(60,075,149)	(48,617,928)
Add: net loss attributable to owners of Simavita Limited	<u>(2,453,298)</u>	<u>(11,457,221)</u>
Balance at the end of the year	<u>(62,528,447)</u>	<u>(60,075,149)</u>

17 Commitments and contingencies

	Consolidated	
	Sep 30, 2016	Sep 30, 2015
Operating lease expenditure commitments	\$	\$
- not later than one year	154,217	189,053
-later than one year but no later than five years	115,663	273,370
- later than five years	-	-
Total minimum operating lease payments	<u>269,880</u>	<u>462,423</u>

As at September 30,2016 the Group continued with its operating lease relating to the following premises:

Location	Landlord	Use	Date of lease expiry	Minimum payments
Level 13, 54 Miller St North Sydney NSW 2060, Australia	54 Miller Street Pty Ltd	Office	June 30,2018	269,880

18 Auditor's remuneration

Name of Auditor	Year	Audit services	Assurance services	Other services	Totals
		\$	\$	\$	\$
PricewaterhouseCoopers	2016	8,104	-	-	8,104
	2015	4,220	-	-	4,220

19 Segment information**Identification of reportable segments**

The group has identified one reportable business segment based on the similarity of the products manufactured and sold and/or the services provided, being the sale of products and services associated with the assessment and management of urinary incontinence, as this represents the source of the Group's major risks and has the greatest effect on the rates of return.

The Group has identified three reportable geographic segments, being Australia, North America and Europe, based on the jurisdiction where the sales and marketing associated with such products occurs.

The segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker.

	Consolidated	
	Sep 30, 2016	Sep 30, 2015
	\$	\$
Business Segment		
<i>Statement of Comprehensive Loss</i>		
Sales	266,293	203,814
Other revenue	309,196	382,451
Totals	<u>575,489</u>	<u>586,265</u>
Loss for the period	<u>(2,453,298)</u>	<u>(2,676,601)</u>
Amortization and depreciation	<u>(32,904)</u>	<u>(35,201)</u>
<i>Statement of Financial Position</i>		
Total assets	<u>6,533,698</u>	<u>8,896,657</u>
Total liabilities	<u>(645,183)</u>	<u>(1,249,685)</u>

Geographic information

- Australia: includes sales and marketing activities and the location of the Group's operations.
- North America: includes sales and marketing activities
- Europe: includes sales and marketing activities

Geographic Segment*Statement of Comprehensive Loss**Australia*

Sales	207,182	164,303
Other revenue	309,196	382,451
Totals	<u>516,378</u>	<u>546,754</u>
Loss for the period	<u>(1,866,791)</u>	<u>(2,000,514)</u>
Amortization and depreciation	<u>(32,904)</u>	<u>(35,088)</u>

Segment information (continued)

	Consolidated	
	Sep 30, 2016	Sep 30, 2015
	\$	\$
<i>Statement of Comprehensive Loss</i>		
<i>North America</i>		
Sales	27,338	4,749
Other revenue	-	-
Totals	<u>27,338</u>	<u>4,749</u>
Loss for the period	<u>(346,776)</u>	<u>(620,107)</u>
Amortization and depreciation	<u>-</u>	<u>(113)</u>
 <i>Europe</i>		
Sales	31,773	34,762
Other revenue	-	-
Totals	<u>31,773</u>	<u>34,762</u>
Loss for the period	<u>(239,731)</u>	<u>(55,980)</u>
Amortization and depreciation	<u>-</u>	<u>-</u>
 <i>Totals</i>		
Sales	266,293	203,814
Other revenue	309,196	382,451
Totals	<u>575,489</u>	<u>586,265</u>
Loss for the period	<u>(2,453,298)</u>	<u>(2,676,601)</u>
Amortization and depreciation	<u>(32,904)</u>	<u>(35,201)</u>

	Assets		Liabilities	
	Sep 30, 2016	Jun 30, 2016	Sep 30, 2016	Jun 30, 2016
	\$	\$	\$	\$
<i>Statement of Financial Position</i>				
Australia	6,495,249	8,874,634	605,113	1,248,285
North America	38,449	22,023	40,070	1,400
Europe	-	-	-	-
Totals	<u>6,533,698</u>	<u>8,896,657</u>	<u>645,183</u>	<u>1,249,685</u>

There were no intersegment sales. Included in the above figures are the following intersegment balances:

	Sep 30, 2016	Jun 30, 2016
	\$	\$
Loans payable (North America) and loans receivable (Australia)	3,973,451	3,501,633

26 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 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, which arise directly from its operations.

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.

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	
	Sep 30, 2016	Jun 30, 2016
	\$	\$
Financial Risk Management		
Financial Assets		
Cash and cash equivalents	3,498,244	6,172,770
Trade and other receivables	2,189,748	1,917,772
Prepayments	211,822	131,047
Total financial assets	5,899,814	8,221,589
Financial Liabilities		
Trade and other payables	418,400	986,610
Total financial liabilities	418,400	986,610

27 Subsequent events

On July 14, 2016, the Group granted a total of 12,559,884 unlisted stock options equally to two Directors pursuant to the resolutions passed at the Special General Meeting of shareholders held on June 23, 2016. Each option, which was granted at no cost, entitles the holder to acquire one common share in the Group at a price of \$0.05 per share. The options are subject to certain hurdles and will vest on 31 December 2017 and have an expiry date of June 23, 2023.

The Company delisted from the TSX-V effective at the close of business on August 3, 2016. This decision was taken in light of the fact that the vast majority of the Group's investors are Australian based and there was minimal transaction volume associated with share movements on the TSX-V. It also supports the Group's cost reduction strategy.

Apart from this transaction, there were no events that have occurred subsequent to balance date that have not been disclosed elsewhere in these financial statements.

SIMAVITA LIMITED

CORPORATE INFORMATION

Directors

Michael R. Spooner (Non-Executive Chairman)

Warren R. Bingham (Non-Executive)

Gary W. Pace (Non-Executive)

Company Secretary

Peta C. Jurd

Nathan Bartrop (Co-Company Secretary)

Registered Office

26th Floor, 700 West Georgia Street
Vancouver BC V7Y 1B3
Canada

Head Office

Level 13, 54 Miller Street
North Sydney NSW 2060
Australia
Telephone: +61 2 8405 6300
Facsimile: +61 2 8088 1301
Email: customerservice@simavita.com

Simavita Group website

www.simavita.com

Australian Registered Business Number

165 831 309

Banker (Canada)

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

Banker (Australia)

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

Banker (USA)

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

Auditor

PricewaterhouseCoopers
Darling Park Tower 2
201 Sussex Street
Sydney NSW 2000
Australia

Australian Securities Exchange

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

Common Share Register

Computershare Investor Services Inc.
Level 2, 510 Burrard Street
Vancouver BC V6C 3B9
Canada
Telephone: +1 604 661 9400
Facsimile: +1 604 661 9549
www.computershare.com

CDI Register

Computershare Investor Services Pty. Ltd.
Yarra Falls, 452 Johnston Street
Abbotsford VIC 3067
Australia
Telephone: +61 3 9415 5000
Facsimile: +61 3 9473 2500
www.computershare.com.au