



SIMAVITA LIMITED

A.R.B.N. 165 831 309

ASX Appendix 4F
Change of balance date (12 month period)
for the year ended
30 APRIL 2014

ASX APPENDIX 4F

The following information for Simavita Limited (“Simavita” and the “Company”) is provided under Listing Rule 4.4A of the Listing Rules of the Australian Securities Exchange (“ASX”). The financial information provided in this Appendix 4F covers the consolidated Group, comprising Simavita Limited (the parent entity) and all entities that the Company controlled from time to time during the year and at the reporting date (30 April 2014). The Company has since changed its reporting date to 30 June of each financial year. The date of this Appendix 4F is **30 June 2014**.

1. The reporting period covers the financial year ended 30 April 2014 (“Reporting Period”).
The previous corresponding period is the financial year ended 30 April 2013 (“Previous Period”).
2. Results for announcement to the Market:

		Reporting Period	Movement from Previous Period	
2.1	Consolidated revenue from ordinary activities	\$325,819	Decreased by \$175,662	Decreased by 35.0%
2.2	Consolidated loss from ordinary activities after tax attributable to Members of the Company	\$(10,871,068)	Increased by \$3,358,284	Increased by 44.7%
2.3	Consolidated loss attributable to Members of the Company	\$(10,871,068)	Increased by \$3,358,284	Increased by 44.7%
2.4	No dividends were paid during the Reporting Period nor are any proposed.			
2.5	There is no record date for determining dividend entitlements.			
2.6	All matters pertaining to the figures above are described elsewhere in this Appendix 4F and the unaudited consolidated financial statements for the Group attached to this Appendix 4F.			

3. The unaudited consolidated financial statements for the Group covering the Reporting Period and the Previous Period are attached to this Appendix 4F.
4. No dividends were paid during the Reporting Period or the Previous Period, nor are any proposed as at the date of this Appendix 4F.
5. The Company does not have a Dividend Reinvestment Plan as at the date of this Appendix 4F.
6. The attached unaudited consolidated financial statements for the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”).
7. The attached unaudited consolidated financial statements for the Group will not be audited or reviewed. The next set of consolidated financial statements for the Group that will be audited will cover the 14-month period ending 30 June 2014, being the Company’s revised balance date following the acquisition of Simavita Holdings Limited.
8. Not applicable.
9. Not applicable.

SIMAVITA LIMITED

(formerly GTECH INTERNATIONAL RESOURCES LIMITED)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

FOR THE YEAR ENDED

30 APRIL 2014

SIMAVITA LIMITED
(formerly GTECH INTERNATIONAL RESOURCES LIMITED)
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEAR ENDED 30 APRIL 2014
(Unaudited)

	Year ended	
	30 April 2014	30 April 2013
	\$	\$
Revenue	325,819	501,481
Cost of sales	(47,979)	(212,418)
Gross profit	277,840	289,063
Expenses		
Employee benefits	(1,293,360)	(1,420,678)
Finance costs	(522,516)	(1,112,809)
General and administration	(3,183,310)	(2,665,934)
Occupancy costs	(341,354)	(319,397)
Transaction expenses	(1,985,330)	-
Research and development	(1,973,105)	(1,572,163)
Sales, marketing and distribution	(1,585,516)	(1,895,866)
Share-based payments expense	(1,302,333)	-
Total expenses	(12,186,824)	(8,986,847)
Loss before income tax	(11,908,984)	(8,697,784)
Income tax benefit	1,037,916	1,185,000
Loss for the period	(10,871,068)	(7,512,784)
Other comprehensive income		
Items that may be subsequently reclassified to profit/(loss)		
Translation of foreign operation	(23,036)	-
Total comprehensive loss for the period	(10,894,104)	(7,512,784)
Basic and diluted loss per common share	(0.19)	(0.94)

The accompanying notes are an integral part of these condensed consolidated financial statements

SIMAVITA LIMITED

(formerly GTECH INTERNATIONAL RESOURCES LIMITED)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT 30 APRIL 2014

(Unaudited)

	Notes	30 April 2014 \$	30 April 2013 \$
Assets			
Current Assets			
Cash and cash equivalents	7	5,200,332	774,120
Trade and other receivables	8	206,256	53,891
Inventories	9	396,568	329,812
Other assets	10	117,105	38,811
Total Current Assets		5,920,261	1,196,634
Non-Current Assets			
Property, plant and equipment	11	120,743	142,023
Intangible assets	12	70,457	80,963
Total Non-Current Assets		191,200	222,986
Total Assets		6,111,461	1,419,620
Liabilities and Shareholders' Equity			
Liabilities			
Current Liabilities			
Trade and other payables	13	697,265	636,340
Interest-bearing liabilities	14	-	5,445,996
Provisions	15	172,785	141,580
Total Current Liabilities		870,050	6,223,916
Non-Current Liabilities			
Interest-bearing liabilities	14	-	3,298,757
Total Non-Current Liabilities		-	3,298,757
Total Liabilities		870,050	9,522,673
Shareholders' Equity			
Share capital	16	41,538,522	18,602,287
Reserves	17	2,753,323	1,474,026
Retained losses		(39,050,434)	(28,179,366)
Total Shareholders' Equity		5,241,411	(8,103,053)
Total Liabilities and Shareholders' Equity		6,111,461	1,419,620

The accompanying notes are an integral part of these condensed consolidated financial statements

SIMAVITA LIMITED

(formerly GTECH INTERNATIONAL RESOURCES LIMITED)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2014 (Unaudited)

	Share capital	Reserves	Retained losses	Totals
	\$	\$	\$	\$
Balance at 1 May 2012	18,602,287	1,474,026	(20,666,582)	(590,269)
Net loss for the period	-	-	(7,512,784)	(7,512,784)
Balance at 30 April 2013	18,602,287	1,474,026	(28,179,366)	(8,103,053)
Issue of ordinary shares to owners of Simavita Holdings Limited	9,885,511	-	-	9,885,511
Issue of common shares for cash	14,305,928	-	-	14,305,928
Fair value of shares issued on acquisition	706,316	-	-	706,316
Equity transaction costs	(1,961,520)	-	-	(1,961,520)
Share-based payments reserve	-	1,302,333	-	1,302,333
Foreign currency translation reserve	-	(23,036)	-	(23,036)
Net loss for the period	-	-	(10,871,068)	(10,871,068)
Balance at 30 April 2014	41,538,522	2,753,323	(39,050,434)	5,241,411

The accompanying notes are an integral part of these condensed consolidated financial statements

SIMAVITA LIMITED

(formerly GTECH INTERNATIONAL RESOURCES LIMITED)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2014

(Unaudited)

	Year ended	
	30 April 2014	30 April 2013
	\$	\$
Cash flows from / (used in) operating activities		
Loss for the period	(10,871,068)	(7,512,784)
<i>Non-cash items</i>		
Depreciation and amortisation	126,576	167,178
Accrued interest	7,653	828,277
Fair value of shares issued on acquisition	706,316	-
Share-based payments expense	1,302,333	-
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in receivables	(152,365)	123,828
(Increase)/decrease in inventories	(66,756)	32,619
(Increase)/decrease in other assets	(78,294)	15,029
Increase/(decrease) in payables	60,925	(42,504)
Increase/(decrease) in provisions	31,205	14,776
Net cash flows from / (used in) operating activities	(8,933,475)	(6,373,581)
Cash flows from / (used in) investing activities		
Purchases of plant and equipment	(76,447)	4,753
Purchases of intangible assets	(18,343)	(10,939)
Cash received on reverse takeover	181,786	-
Interest paid	-	(125,678)
Net cash flows from / (used in) investing activities	86,996	(131,864)
Cash flows from / (used in) financing activities		
Proceeds from the issue of shares by parent	14,305,928	-
Proceeds from the issue of shares by Simavita Holdings	2,000,000	-
Equity transaction costs	(1,854,946)	-
Movement in borrowings	(1,167,017)	1,317,091
Proceeds from the issue of convertible notes	-	4,000,000
Net cash flows from / (used in) financing activities	13,283,965	5,317,091
Net increase/(decrease) in cash and cash equivalents held	4,437,486	(1,188,354)
Cash and cash equivalents at the beginning of period	774,120	1,962,474
Net foreign exchange differences on cash and cash equivalents	(11,274)	-
Cash and cash equivalents at the end of period	5,200,332	774,120

The accompanying notes are an integral part of these condensed consolidated financial statements

SIMAVITA LIMITED

(formerly GTECH INTERNATIONAL RESOURCES LIMITED)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2014

(Unaudited)

1. Nature and continuance of operations

Simavita Limited (formerly Gtech International Resources Limited, the “Company”) was incorporated under the laws of the Yukon Territory on 28 May 1968 and continued under the laws of the Province of British Columbia, Canada on 20 November 2013.

These condensed consolidated financial statements of the Company as at and for the year ended 30 April 2014 comprise Simavita Limited and its subsidiaries (together referred to as the “Group” and individually as “Group entities”). Simavita Limited is the ultimate parent entity of the Group.

On 3 December 2013, Company completed the acquisition of Simavita Holdings Limited (“Simavita Holdings”) (refer Note 21). The Group’s continuing operations will focus on the sale and distribution of a 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 Holdings is located in Sydney, Australia.

2. Qualifying transaction and reverse takeover

On 3 December 2013, the Company completed a qualifying transaction (“QT”) 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. Under the terms of the transaction, the Company issued a total of 22,151,434 common shares as consideration for the acquisition of 100% of the issued and outstanding shares of Simavita Holdings. Immediately prior to the issue of the above new shares, as part of the QT, the Company consolidated its share capital on the basis of three old shares for each new share. On 3 December 2013, being the date on which the QT was completed, the fair value of the net liabilities (cash and accounts payable) of the Company was \$86,081.

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. For financial reporting purposes, these types of transactions are considered to be capital transactions of the acquirer and are the equivalent to the issuance of shares by Simavita Holdings for the net monetary assets of the Company, accompanied by a recapitalisation. The transaction is assessed to be an asset acquisition and not a business combination under IFRS 3 *Business combinations*, as the Company has been deemed not to have been operating a business at that time for accounting purposes. The accounting result is similar to a reverse acquisition but it does not result in the recognition of goodwill. Such transactions fall within the scope of IFRS 2 *Share-based payments*, which requires the shares issued by Simavita Holdings (the consideration) to be recognised at fair value.

The following accounting principles have been employed:

- (a) the assets and liabilities of Simavita Holdings were recognised and measured at their pre-acquisition carrying amounts;
- (b) the identifiable assets and liabilities of the Company are recognised at fair value at the acquisition date;
- (c) the retained losses and other equity balances are the retained losses and other equity balances of Simavita Holdings immediately prior to the share exchange transaction;

SIMAVITA LIMITED

(formerly GTECH INTERNATIONAL RESOURCES LIMITED)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2014

(Unaudited)

2. Qualifying transaction and reverse takeover (cont.)

- (d) the amount recognised as issued equity instruments in the consolidated financial statements is determined by adding the fair value of the Company (which is based on the number of equity interests deemed to have been issued by Simavita Holdings) to Simavita Holdings' issued equity immediately before the acquisition. However, the equity structure (that is, the number and type of equity instruments issued) shown in the consolidated financial statements reflects the Company's equity structure, including the equity instruments issued by the Company to effect the combination. The equity structure of Simavita Holdings (accounting acquirer) is restated using the exchange ratio established in the acquisition agreement to reflect the number of shares issued by the Company (the accounting acquiree) in the reverse acquisition;
- (e) the difference in the fair value of the shares deemed to have been issued by the Simavita Holdings and the fair value of the Company's identifiable net assets/(liabilities) represents a service received by Simavita Holdings. This has been recognised as an expense in the statement of comprehensive income; and
- (f) the comparative information presented in these condensed consolidated financial statements is that of Simavita Holdings.

3. Summary of significant accounting policies

(a) Basis of preparation

These condensed consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent 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").

These condensed consolidated financial statements, which have been prepared under the historical cost convention, do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 30 June 2013.

The preparation of these condensed 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 Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

(b) Basis of consolidation

These condensed consolidated financial statements include the accounts of the Company and entities controlled by the Company (its subsidiaries), being Simavita Holdings Limited, Simavita (Aust.) Pty. Ltd., Simavita US, Inc. and Fred Bergman Healthcare Pty. Ltd. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. These condensed consolidated financial statements are prepared using the principles of reverse takeover accounting as described in Note 2. Intracompany balances and transactions, including any unrealised income and expenses arising from any intracompany transactions, are eliminated in preparing the condensed consolidated interim financial statements. The functional and presentation currency of the Company and its subsidiaries is the Australian dollar.

SIMAVITA LIMITED

(formerly GTECH INTERNATIONAL RESOURCES LIMITED)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2014

(Unaudited)

3. Summary of significant accounting policies (cont.)

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the Chief Executive Officer.

(d) Changes in accounting policies

During the year ended 30 April 2014, the Company changed some of its accounting policies as the result of new or revised accounting standards which became effective for the annual reporting period commencing on 1 July 2013. The affected policies are IFRS 10 *Consolidated Financial Statements* and IFRS 11 *Joint Arrangements*. The Company has assessed there to be no material impact arising from these changes.

Other new standards that are applicable for the first time for the year ended 30 April 2014 are IFRS 13 *Fair Value Measurement* and IFRS (2009-2011 *Project Cycle*). These standards have introduced new disclosures for the report but did not affect the Group's accounting policies or any of the amounts recognised in the financial statements.

(e) Impact of standards issued but not yet applied by the entity

➤ *IFRS 9 Financial Instruments* (effective no earlier than 1 January 2017)

IFRS 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2017 but is available for early adoption. When adopted, the standard will affect in particular the Group's accounting for its available-for-sale financial assets, since IFRS 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

The standard is not expected to have an impact on the Group's accounting for financial instruments. All available-for-sale financial assets have been designated as not held for trading, such that fair value gains and losses are recognised in other comprehensive income. The derecognition rules have been transferred from *IFRS 139 Financial Instruments: Recognition and Measurement* and have not been changed. The Group has not yet decided when to adopt IFRS 9.

➤ *Annual Improvements to IFRSs 2010-2012 and 2011-2013 cycle* (effective 1 July 2014)

In December 2013, the IASB approved a number of amendments to International Financial Reporting Standards as a result of the annual improvements project. The Group does not expect that any adjustments will be necessary as the result of applying the revised rules.

(f) Earnings per share ("EPS")

Basic EPS is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than common shares, by the weighted average number of common shares outstanding during the financial year. Diluted EPS adjusts the figures used in the determination of basic EPS to take into account the after income tax effect of interest and other financing costs associated with dilutive potential common shares and the weighted average number of common shares that would have been outstanding assuming the conversion of all dilutive potential common shares.

SIMAVITA LIMITED

(formerly GTECH INTERNATIONAL RESOURCES LIMITED)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2014

(Unaudited)

3. Summary of significant accounting policies (cont.)

(g) Foreign currency translation

The functional and presentation currency of Simavita Limited and its Australian subsidiaries is the Australian dollar (AUD). Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities which are denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate ruling at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates ruling at the date when the fair value was determined.

As at the reporting date, where appropriate, the assets and liabilities of these subsidiaries are translated into the presentation currency of Simavita Limited at the rate of exchange ruling at the balance sheet date and the statement of comprehensive income is translated at the weighted average exchange rates for the period. The exchange differences arising on the retranslation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the statement of comprehensive income.

(h) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- Installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period; and
- Servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold, taking into account historical trends in the number of services actually provided on past goods sold.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2014

(Unaudited)

3. Summary of significant accounting policies (cont.)

(h) Revenue (cont.)

Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(i) Share-based payments

The Company provides benefits to employees and others in the form of share-based payment transactions, whereby officers and employees render services and receive rights over shares ("equity-settled transactions"). The cost of these transactions is measured by reference to the fair value at the date they are granted. The fair value of options granted is determined using a Black-Scholes option pricing model.

In valuing equity-settled transactions, no account is taken of any non-market performance conditions. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the relevant vesting conditions are fulfilled, ending on the date that the relevant employees become fully entitled to the award ("vesting date").

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired; and (ii) the number of awards that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best information available at balance date.

No expense is recognised for any awards that do not ultimately vest. Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification. Where appropriate, the dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The Company's policy is to treat the share options of terminated employees as forfeitures.

(j) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or taxable loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for in respect of temporary differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

SIMAVITA LIMITED

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2014

(Unaudited)

3. Summary of significant accounting policies (cont.)

(j) Income tax (cont.)

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised.

However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Tax consolidation

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 30 April 2014, the Group had not yet generated a profit from the commercialisation of its intellectual property. Accordingly, no deferred tax assets from carried forward tax losses and temporary differences have yet been recognised.

(k) Government grants

Government grants are assistance by the government in the form of transfers of resources to the Group in return for past or future compliance with certain conditions relating to the operating activities of the Group. Government grants include government assistance where there are no conditions specifically relating to the operating activities of the Group other than the requirement to operate in certain regions or industry sectors.

(l) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above. Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and six months, depending on the Company’s immediate cash requirements, and earn interest at the respective short-term deposit rates.

SIMAVITA LIMITED

(formerly GTECH INTERNATIONAL RESOURCES LIMITED)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2014

(Unaudited)

3. Summary of significant accounting policies (cont.)

(m) Trade and other receivables

Trade receivables, which are non-interest bearing and generally have terms of between 30 to 90 days, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that a receivable is impaired. Such evidence includes an assessment of the debtor's ability and willingness to pay the amount due. The amount of the allowance/impairment loss is measured as the difference between the carrying amount of the trade receivables and the estimated future cash flows expected to be received from the relevant debtors.

(n) Inventories

Inventories principally comprise finished goods and raw materials and are valued at the lower of cost and net realisable value. Inventory costs are recognised as the purchase price of items from suppliers plus freight inwards and any applicable landing charges. Costs are assigned on the basis of weighted average cost.

(o) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on either a straight-line or diminishing value basis over the estimated useful life of the respective asset as follows:

- Office equipment – 2.5 years
- Equipment under lease – 3 years
- Testing equipment – 3.33 years
- Motor vehicles – 3.33 years
- Furniture and fittings – 5 years

Costs relating to day-to-day servicing of any item of property, plant and equipment are recognised in profit or loss as incurred. The cost of replacing larger parts of some items of property, plant and equipment are capitalised when incurred and depreciated over the period until their next scheduled replacement, with the replacement parts being subsequently written off.

(p) Intangible assets

Patents

Patents held by the Group, which are used in the manufacture of its incontinence system and electronic device components, are carried at cost and amortised on a straight-line basis over their useful lives, being from 5 to 10 years. External costs incurred in filing and protecting patent applications, for which no future benefit is reasonably assured, are expensed as incurred.

SIMAVITA LIMITED

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2014

(Unaudited)

3. Summary of significant accounting policies (cont.)

(p) Intangible assets (cont.)

Research and development costs

Costs relating to research and development activities are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised 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.

(q) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value-in-use cannot be estimated to be close to its fair value. In such cases, the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at its revalued amount, in which case the impairment loss is treated as a revaluation decrease.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If so, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless it reverses a decrement previously charged to equity, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(r) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade payables and other payables generally have terms of between 30 and 60 days.

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(Unaudited)

3. Summary of significant accounting policies (cont.)

(s) Leases

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the financed item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease and hire purchase payments are apportioned between finance charges and a reduction of the associated liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss. Capitalised leased assets and assets under hire purchase are depreciated over the shorter of the estimated useful life of the asset or the term of the agreement. Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

(t) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave. Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Expenses for non-accumulating sick leave are recognised when the leave is taken during the year and are measured at rates paid or payable.

In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used. Employee benefits expenses and revenues arising in respect of wages and salaries, non-monetary benefits, annual leave, long service leave and other leave benefits and other types of employee benefits are recognised against profits on a net basis in their respective categories.

(u) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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3. Summary of significant accounting policies (cont.)

(v) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Transaction costs arising on the issue of common shares are recognised directly in equity as a deduction, net of tax, of the proceeds received.

(w) Reclassifications

Certain reclassifications have been made in the financial statements to ensure that prior period comparatives conform to current year presentations.

(x) Mineral properties and deferred costs

The Company has written-off all of its mineral property interests and retains a residual royalty entitlement in respect of its Aurex exploration property.

4. Critical accounting estimates and judgments

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 Company and that are believed to be reasonable under the circumstances.

(a) 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.

Impairment of intangible assets

The Group determines whether intangible assets are impaired on at least an annual basis, in accordance with the accounting policies stated in Note 3(q). This process requires an estimation to be made of the recoverable amount of the cash-generating units to which the respective assets are allocated.

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.

Useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as lease terms (for leased equipment) and patent terms (for patents). In addition, the condition of the assets is assessed at least annually and considered against the remaining useful life and adjustments to useful lives are made when considered necessary.

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4. Critical accounting estimates and judgments (cont.)

(b) 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 recognised 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. In addition to the costs incurred by the Company's research and development group are also included. The costs of research and development are expensed in full in the period in which they are incurred. The Group will only capitalise its development expenses when specific milestones are met and when the Group is able to demonstrate that future economic benefits are probable.

5. 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 16 August 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 16 January 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.

6. 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.

	30 April 2014	30 April 2013
	\$	\$

7. Cash and cash equivalents

Cash at bank and on hand	1,150,145	774,120
Short-term deposits	4,050,187	-
Total cash and cash equivalents	<u>5,200,332</u>	<u>774,120</u>

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(Unaudited)

	30 April 2014	30 April 2013
	\$	\$
8. Trade and other receivables		
Trade receivables	71,292	24,668
GST receivable	134,964	29,223
Total trade and other receivables	<u>206,256</u>	<u>53,891</u>
9. Inventories		
Finished goods and raw materials	396,568	329,812
Total inventories	<u>396,568</u>	<u>329,812</u>
10. Other assets		
Prepayments	80,882	38,811
Deposits	36,223	-
Total other assets	<u>117,105</u>	<u>38,811</u>
11. Property, plant and equipment		
Office equipment, at cost	159,137	147,214
Less: accumulated depreciation	(140,654)	(118,249)
Net office equipment	<u>18,483</u>	<u>28,965</u>
Furniture and fittings, at cost	133,745	130,745
Less: accumulated depreciation	(103,998)	(80,324)
Net furniture and fittings	<u>29,747</u>	<u>50,421</u>
Testing equipment, at cost	36,668	16,888
Less: accumulated depreciation	(19,538)	(11,504)
Net testing equipment	<u>17,130</u>	<u>5,384</u>
Motor vehicles, at cost	42,599	42,599
Less: accumulated depreciation	(42,599)	(33,093)
Net motor vehicles	<u>-</u>	<u>9,506</u>
Rental assets, at cost	131,175	89,430
Less: accumulated depreciation	(75,792)	(41,683)
Net rental assets	<u>55,383</u>	<u>47,747</u>
Total property, plant and equipment	<u>120,743</u>	<u>142,023</u>

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	30 April 2014	30 April 2013
	\$	\$
12. Intangible assets		
Patents, at cost	159,459	141,416
Less: accumulated amortization	(89,002)	(60,453)
Total intangible assets	<u>70,457</u>	<u>80,963</u>
13. Trade and other payables		
Trade payables	245,380	245,138
GST payable	12,179	1,703
Other payables and accruals	439,706	389,499
Total trade and other payables	<u>697,265</u>	<u>636,340</u>
14. Interest-bearing liabilities		
Balance at the beginning of the period	8,744,753	2,700,000
Net repayments of loans in cash	(1,167,017)	6,044,753
Conversion of loans into equity	(7,577,736)	-
Balance at the end of the period	<u>-</u>	<u>8,744,753</u>
<i>Reconciled as follows:</i>		
Current interest-bearing liabilities	-	5,445,996
Non-current interest-bearing liabilities	-	3,298,757
Total interest-bearing liabilities	<u>-</u>	<u>8,744,753</u>
15. Provisions		
Annual leave	<u>172,785</u>	<u>141,580</u>
Total provisions	<u>172,785</u>	<u>141,580</u>

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16. Share capital

Authorized

Unlimited number of common shares without nominal or par value.

Summary of shares issued and outstanding

	Number of shares	Amount \$
Balance at 1 May 2013	5,168,167	18,602,287
Share consolidation (1 for 3)	(3,445,445)	-
Issue of common shares to owners of Simavita Holdings	22,151,434	9,885,511
Issue of common shares for cash	34,892,497	14,305,928
Fair value of shares issued on acquisition of Gtech	-	706,316
Net equity transaction costs	-	(1,961,520)
Balance at 30 April 2014	58,766,653	41,538,522

Summary of warrants outstanding

As at the date of this Report, the following warrants had been granted as part of the Company's capital raisings:

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

As at the date of this Report, the following warrants had been granted to Medline Industries, Inc. ("Medline") as part of the Company's distribution arrangements with that company (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	31 January 2014	6 December 2018	\$0.206
Tranche Two	1,444,412	(refer note 1)	1 January 2015	1 January 2018	N/A
Tranche Three	1,444,412	(refer note 2)	1 January 2016	1 January 2018	N/A

Notes:

- 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 Toronto Stock Exchange 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 Toronto Stock Exchange and each other stock exchange upon which the Company's common shares are traded for the 30 days prior to the date of exercise.

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16. Share capital (cont.)

Summary of warrants outstanding (cont.)

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 (each as defined in the Distribution Agreement by and between Medline and the Group dated 10 October 2013, as amended by a Deed of Affirmation and Variation dated 11 November 2013).

All warrants vested immediately on the date of grant.

Summary of options outstanding

As at the date of this Report, the following options were outstanding:

Number	Exercise price	Grant date	Expiry date	Fair value / option
1,469,166	\$0.41	31 January 2014	3 December 2016	\$0.167
2,469,166	\$0.52	31 January 2014	3 December 2016	\$0.137
1,469,166	\$0.65	31 January 2014	3 December 2016	\$0.110
1,469,166	\$0.82	31 January 2014	3 December 2016	\$0.086

All options vested immediately on the date of grant.

	30 April 2014	30 April 2013
	\$	\$
17. Reserves		
Share-based payments reserve	2,276,913	974,581
Other reserve	499,445	499,445
Foreign currency reserve	(23,035)	-
Total reserves	<u>2,753,323</u>	<u>1,474,026</u>

18. Related party transactions

Up until 3 December 2013, the Company was a subsidiary of Genetic Technologies Limited (“GTG”), a public company listed on both the ASX (code: GTG) and NASDAQ (ticker: GENE). During the period under review, there were minor expenses incurred by GTG on the Company’s behalf that were subsequently reimbursed.

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18. Related party transactions (cont.)

During the year ended 30 April 2014, the following amounts were paid by the Company to the related parties stated below or to parties related to them:

1. **Peter C. Cook**, Chairman and Director. Mr. Cook received Director's fees of \$23,472.
2. **Philippa M. Lewis**, Director and CEO. Ms. Lewis received salary of \$204,166, allowances of \$52,500 and superannuation contributions of \$22,123. In addition, fees and bonuses of \$356,336 were paid to Dumur Asia Pacific Pty. Ltd., a company associated with Ms. Lewis, together with commission payments of \$208,500 in respect of the Company's capital raising. Personal life insurance premiums in respect of Ms. Lewis totalling \$25,640 were also paid by the Company.
3. **Ari B. Bergman**, Director. Mr. Bergman received Director's fees of \$35,000. In addition, loans made to the Company by Estley Pty. Ltd., a company associated with Mr. Bergman, together with interest, were repaid by the Company. The total amount paid to Estley Pty. Ltd. was \$205,234.
4. **Damien M. Haakman**, Director. Mr. Haakman received Director's fees of \$70,420. In addition, loans made to the Company by Dussman Pty. Ltd., a company associated with Mr. Haakman, together with interest, were repaid by the Company. The total amount paid to Dussman Pty. Ltd. was \$1,033,803. Finally, Dussman Pty. Ltd. also received commission payments of \$180,000 in respect of the Company's capital raising.
5. **Maxwell C. Lloyd-Jones**, Former Chairman and Director. Mr. Lloyd-Jones received Director's fees of \$54,666. In addition, loans made to the Company by Wolsey Pty. Ltd., a company associated with Mr. Lloyd-Jones, together with interest, were repaid by the Company. The total amount paid was \$74,103.
6. **Phillip Johnstone**, Former Director. Mr. Johnstone received Director's fees of \$44,636 and consulting fees of \$95,500. In addition, loans made to the Company by Carluke Pastoral Co. Pty. Ltd., a company associated with Mr. Johnstone, together with interest, were repaid by the Company. The total amount paid was \$59,499.

The loans that were repaid during the year ended 30 April 2014 had been advanced to the Company to provide it with sufficient working capital to fund its continuing operations until such time as the transaction with the former Gtech International Resources Limited and its major fundraising could be completed.

19. Commitments and contingencies

As at 30 April 2014, the Group had no commitments or contingencies. However, subsequent to balance date, two operating leases relating to the following premises were executed by the Group:

Location	Landlord	Use	Date of expiry of lease	Minimum payments (\$)
Level 13, 54 Miller Street North Sydney, N.S.W. 2060 Australia	54 Miller Property Pty. Ltd.	Office	30 June 2018	865,470
Level 40, 140 William Street Melbourne, Victoria 3000 Australia	ServCorp Pty. Ltd.	Office	11 May 2015	39,790
			Total	<u>905,260</u>

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20. Segment information

The Group has one reportable business segment being the sale of products and services associated with the assessment and management of urinary incontinence. As at balance date, the Group's only geographic segment was Australia.

21. Acquisition of Simavita Holdings Limited

On 29 July 2013, the Company announced that it had executed a Scheme Merger Agreement (the "Agreement") with Simavita Holdings Limited ("Simavita Holdings"). Pursuant to the Agreement, a meeting of the Company's shareholders (the "Meeting") was held on 20 November 2013 to approve the issue of new shares by the Company to the Simavita Holdings shareholders to acquire 100% of the issued capital of Simavita Holdings (the "Merger"). The Merger was implemented by way of a scheme of arrangement under the Australian Corporations Act.

At the Meeting held on 20 November 2013, various resolutions were passed by the shareholders pursuant to which:

1. The Company completed a consolidation of its share capital on the basis on one post-consolidation share for every three pre-consolidation shares such that the number of shares on issue was reduced from 5,168,167 to 1,722,722.
2. The Company changed its business as a result of it issuing a total of 57,053,931 post-consolidation shares to the shareholders of Simavita, following which Simavita became a wholly-owned subsidiary of the Company. The transaction was accounted for as an asset acquisition.
3. The Company changed its name from Gtech International Resources Limited to Simavita Limited.
4. The Company continued into British Columbia under the *British Columbia Corporations Act* and adopted constating documents that comply with the BCBCA.
5. The Company adopted certain changes to its Stock Option Plan and subsequently issued certain options and warrants (refer Note 16).
6. Dr. Malcolm R. Brandon and Alison J. Mew were not re-elected as Directors of the Company.
7. Maxwell C. Lloyd-Jones, Philippa M. Lewis, Ari B. Bergman, Peter C. Cook and Damien M. Haakman were all appointed as Directors of the Company, with Mr. Lloyd-Jones being appointed as Chairman and Ms. Lewis being appointed as CEO. Subsequently, Mr. Lloyd-Jones resigned and Mr. Cook was appointed as Chairman.
8. The Company resumed trading on the TSX Venture Exchange under the symbol "SV".

As disclosed in Note 16, a total of \$14,305,928 was raised by the Group during the period from the issue of common shares as part of the acquisition of Simavita Holdings. These funds were used to repay existing debts of the Company, expand the Group's operations in the US market, meet the costs of the transaction and provide on-going working capital.

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22. Fair value measurements

Classification of financial instruments

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 Company's financial assets as at 30 April 2014, measured at their respective carrying amounts, are set out in the table below:

	\$
Cash and cash equivalents	5,200,332
Trade and other receivables	206,256
Other assets	<u>117,105</u>
Total financial assets	<u>5,523,693</u>

The fair values of the Company's financial assets and liabilities approximate their carrying values due to the short term nature of these instruments. The fair value of accounts payable as at 30 April 2014 was \$696,421.

23. Subsequent events

As disclosed in Note 19 above, subsequent to balance date, the Company executed operating leases in respect of office premises in Sydney and Melbourne.

On 23 June 2014, the Company announced that it had closed an initial tranche (the "First Tranche") of a private placement (the "Private Placement") to sophisticated and institutional investors. Pursuant to the First Tranche, Simavita raised a total of \$3,099,003 (before the payment of associated costs) by issuing 6,886,673 common shares ("Shares") and Chess Depository Interests ("CDIs") in the Company at an issue price of \$0.45 per Share and CDI. Each CDI issued in Australia represents one Share of Simavita and ranks equally with existing CDIs.

The Private Placement also consists of a subsequent tranche (the "Second Tranche") (subject to shareholder approval) that, when combined with the First Tranche, is expected to raise total gross proceeds of \$6,025,000 at the same issue price of \$0.45 per Share and CDI. In addition, Simavita will be conducting a capital raise only 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 26 June 2014 and will remain open until 25 July 2014. The Company will reserve the right to scale back proportionally any oversubscriptions of CDIs in the SPP and to close the SPP offer early. Full details of the SPP including offer and acceptance forms were released to the Market on 26 June 2014.

The proceeds from the Private Placement and the SPP will be used to: (i) accelerate the roll-out of Simavita's current technologies in the US and European markets; (ii) accelerate SIMTM Generation 5 (cloud compatible) product and SIMTM Community Care (home-based) product; (iii) appoint distributors to roll-out SIMTM Generation 4 in Europe; (iv) acquire and develop complimentary intellectual property; and (v) for general working capital purposes.

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23. Subsequent events (cont.)

All CDIs issued pursuant to the Private Placement are fully tradeable and listed on the Australian Securities Exchange (the "ASX"). Quotation of the CDIs issued pursuant to the First Tranche is expected to occur on the ASX on 2 July 2014. The Shares issued pursuant to the Private Placement that are listed on the TSX Venture Exchange are subject to a statutory four month hold plus one day commencing from the date of issuance.

Special Meeting of Shareholders

As previously disclosed in its 19 June 2014 announcement, in connection with the Second Tranche, the Company will hold a special meeting of shareholders (the "Meeting") on 23 July 2014 at 10:00 am (Australian Eastern Standard time). In accordance with the listing rules of the ASX, the Company's ability to issue greater than 15% of the current issued and outstanding share capital in a rolling 12 month period requires prior approval from its shareholders. Therefore, the purpose of the Meeting is to consider, and if deemed appropriate, to pass resolutions:

- (i) approving and ratifying, for the purposes of ASX Listing Rule 7.4, the issue of the First Tranche; and
- (ii) approving and authorizing, for the purposes of ASX Listing Rule 10.11 and all other purposes, the participation of certain directors of the Company (or entities associated with them), and an insider, Dussman Pty. Ltd. (an entity associated with Director Mr. Damien Haakman), the issuing to them pursuant to the Second Tranche an aggregate of 6,502,216 common shares in the capital of the Company at an issue price of \$0.45 per share.

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