



## Simavita reports half-year financial results

For Immediate Release:

February 17, 2017

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### Highlights:

- Sales for the half-year were \$443,214 an increase of 26% on the prior corresponding period.
- Total revenues for the half-year were \$1,050,710 a decrease of 4% on the prior corresponding period. Revenues are impacted by the expected reduction in the R&D tax incentive for the 2017 financial year due to reduced R&D expenditure incurred.
- Released to market a new product AssessPLUS™ in November 2016 to address the new and significant markets of home care for the aged and disabled.
- Net comprehensive loss after tax for the half-year ended 31 December 2016 was \$4.40 million a decrease of 22% on the prior corresponding period.
- Cash balance recorded at the end of the period was \$3.34 million.

**Sydney, Australia** – Simavita Limited (ASX: SVA;) (“Simavita” or the “Company”) is pleased to release its financial results for the half-year ended December 31, 2016, together with an accompanying ASX Appendix 4D.

Key points from the Appendix 4D include:

- Sales generated by the Company from the sale of its Smart Incontinence Management (SIM™) solution were \$443,214, an increase of \$ 92,383 or 26%, as compared to the corresponding half-year period in the previous year. Total revenues for the half-year were \$1,050,710, a decrease of 4% on the prior corresponding period. The net increase in sales was offset by lower bank interest and lower estimate of the R&D tax incentive for the 2017 financial year.
- A net comprehensive loss after tax for the half-year ended December 31, 2016 of \$4.4 million, representing a decrease of \$1.23 million, or 22%, over the loss for the previous half-year. The loss of the current half decreased despite recording a share-based payment expense of \$980,326 compared to \$62,569 in the prior corresponding period.
- Cost of goods sold decreased by 17% to \$120,186 compared with \$144,311 in the prior corresponding period.
- Total cash reserves of the Simavita Group as at December 31, 2016 were approximately \$3.34 million.
- As announced recently, the Company has delivered assessPLUS™, the company’s first new product aimed at new and larger markets associated with Community Care for the disabled and aged who are cared for, in the family home.

### Strategy execution

During the half year the Company made significant progress towards executing the strategy set out by the Board in May 2016 with the rapid delivery of a new product, AssessPLUS™, targeting the large and growing markets of community care and disability care.

The Company also achieved its objective of materially and sustainably reducing the cost base of the business. As part of the cost reduction strategy and as a consequence of low volume of trading the Company de-listed from the TSX-V in August 2016 and the Canadian share registry was merged into the Australian share registry in December 2016. Canadian shareholders were issued corresponding securities on the ASX.

For further information, please view our website ([www.simavita.com](http://www.simavita.com)) or contact:

Ms Peta Jurd  
Chief Commercial Officer

E: [pjurd@simavita.com](mailto:pjurd@simavita.com)  
T: +61 421 466 653  
W: Investor Centre: [Click here](#)

### **About Simavita**

Simavita (ASX: SVA) develops and markets advanced systems associated with smart, wearable and disposable sensors for the health care industry. Our first products focus on major unmet needs for the assessment and management of incontinence. The annual global economic burden is billions of dollars for incontinence diapers alone and is increasing rapidly.

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

With the support of our shareholders, customers and employees, Simavita is absolutely committed to the business at hand; creating a commercially successful and growing corporation. [www.simavita.com](http://www.simavita.com)

### *Forward-Looking Information*

*This document may contain "forward-looking information" within the meaning of Canadian securities laws ("forward-looking information"). This forward-looking information is given as of the date of this document.*

*Forward-looking information relates to future events or future performance and reflects Simavita management's expectations or beliefs regarding future events. Assumptions upon which such forward-looking information is based include that Simavita will be able to successfully execute on its business plans, including licensing agreements, signing new customers, growth plans, cost reductions and entry into new markets. 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.*

# SIMAVITA LIMITED

ARBN 165 831 309

## Appendix 4D

### For the half-year ended December 31, 2016

- 1 The report period covers the half-year ended December 31, 2016.  
The previous corresponding period covers the half-year ended December 31, 2015.
- 2 Results for announcement to the market
- 2.1 Total revenue from ordinary activities for the reporting period was \$1,050,710 a decrease of 4% compared to \$1,091,174 in the previous corresponding period. Net sales, being part of the total revenue, increased by 26% compared to the previous corresponding period. However, this was offset by lower interest income from banks and a lower estimate of R&D tax incentive due to reduced costs in R&D compared to the previous corresponding period.
- 2.2 Total comprehensive loss from ordinary activities after income tax attributable to members for the period was \$4,408,038 a decrease of 22% compared to \$5,638,520 in the previous corresponding period.
- 2.3 Total comprehensive loss attributable to members for the period was \$4,408,038 a decrease of 22% compared to \$5,638,520 in the previous corresponding period.
- 2.4 The Group does not propose to pay a dividend.
- 2.5 Entitlements to dividends: Not applicable.
- 3 The net tangible assets per ordinary share as at December 31, 2016 was 2 cents, a decrease of approximately 75% over the previous period (30 June 2016) of 8 cents.
- 4 During the half-year ended December 31, 2016, Simavita Limited neither gained nor lost control of any entities.
- 5 No dividends were paid by Simavita Limited during or after the reporting period, nor were any paid during the previous corresponding period.
- 6 The Group has no dividend reinvestment plans in operation.
- 7 As at December 31, 2016 Simavita Limited held no investments in any associates or joint ventures.
- 8 The group's financial statements for the reporting period have been prepared in accordance with International Financial Reporting Standards.
- 9 This report is based on the Group's consolidated financial statements for the half-year ended December 31, 2016 which have been reviewed by PricewaterhouseCoopers. It contains an emphasis of matter paragraph in regard to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

Signed on behalf of Simavita Limited



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**Peta C Jurd**

*Company secretary*

February 17, 2017



# **SIMAVITA LIMITED**

(ARBN 165 831 309)

## **CONSOLIDATED INTERIM FINANCIALS STATEMENTS**

**FOR THE HALF-YEAR ENDED**

**31 December 2016**

# **SIMAVITA LIMITED**

ARBN 165 831 309

## **Directors' Report**

The Directors submit their report on the consolidated entity consisting of Simavita Limited and the entities it controlled at the end of and during the half-year ended December 31, 2016.

### **Directors**

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

Michael R Spooner

Gary W Pace

Warren R Bingham

### **Company Secretary**

Peta C Jurd

Nathan Bartrop (Co-Company Secretary)

### **Group Overview**

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

Simavita Holdings Limited

Simavita (Aust) Pty Ltd

Fred Bergman Healthcare Pty Ltd

Simavita US Inc.

### **Principal activities**

The Simavita Group of companies (the "Group") develops and markets advanced systems associated with smart, wearable and disposable sensors for the health care industry.

Our first products focus on major unmet needs for the assessment and management of incontinence. The annual global economic burden is billions of dollars for incontinence diapers alone and is increasing rapidly. 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 centers, 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 there is a significant and growing demand for products that deliver real clinical and cost benefits to the health care industry.

## **Review of operations**

Our new product AssessPLUS™ launched in mid-November 2016 addresses the market demand for wearable technology with little training and avoids 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.

## **Financial results**

### **Statement of comprehensive loss**

The Group reported a total comprehensive loss for the six month period ended December 31, 2016 of \$4,408,038 which was \$1,230,482 or 22% less than the loss incurred during the previous corresponding period ended December 31, 2015 of \$5,638,520. The reduced loss in the current half-year is principally attributable to:

- > Net sales of \$443,214 an increase of \$92,383 or 26% compared to \$350,831 in the previous corresponding period.
- > Other revenue comprising an estimated R&D tax incentive of \$600,000 compared to \$675,000 in the previous corresponding period.
- > Cost of goods sold of \$120,186 a decrease of \$24,125 or 17% compared to \$144,311 in the previous corresponding period.
- > Total operating expenses of \$4,358,371 (excluding share-based expense) had a decrease of \$2,242,377 or 34% compared to \$6,600,748 in the previous corresponding period.
- > Total comprehensive loss after tax was \$4,408,038 a decrease of \$1,230,482 or 22% compared to \$5,638,520 in the previous corresponding period.

### **Cash and cash equivalents**

The Group's cash and cash equivalents at the end of the period ended December 31, 2016 decreased by \$2,825,048 or 46% to \$3,347,722 as compared to \$6,172,770 at the end of the previous financial year.

### **Changes to capital structure**

During the six month period ended December 31, 2016, the Group issued no new shares.

> During the six month period ended December 31, 2016, the Group granted a total of 12,809,844 unlisted stock options pursuant to the Group's stock option plan to all 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 with vesting date on 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.

> The Group also granted 6,000,000 unlisted options at a price of \$0.06 per share and 2,175,000 unlisted options at a price of \$0.12 per share to the Group's employees with a vesting date on December 31, 2017.

### **Liquidity**

The Group has incurred losses before tax of \$4,408,173 during the six month period ended December 31, 2016 and net cash flows used in operations during the same period of \$2,823,128. The Group's cash reserves as at December 31, 2016 were \$3,347,722 and its working capital (defined to be current assets less total liabilities) was \$4,089,200 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 and Europe.

At the Group's Annual General Meeting, held on November 28, 2016 the shareholders voted to approve a future capital raising. The Directors plan is to raise additional funds through the issuance of new equity during 2017 Q3.

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, at the date of this report, the Directors believe that the Group will be successful in the above matters and, accordingly, have prepared the financial report on a going concern basis.

The Group's auditor included an emphasis matter paragraph in the Review Report for the Financial Statements for the period ended December 31, 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.

**Significant changes in the state of affairs**

Simavita Limited applied to voluntarily delist from the TSX-V effective August 3, 2016. This was due to the following factors:

- A restructuring of the Group's operations to materially decrease costs,
- Minimal transaction volume associated with share movements on the TSX-V
- The vast majority of the Group's investors are Australian based. Accordingly, a single listing for the Group on the Australian stock market will better serve investors and investment in the Group.

**Significant events after balance sheet date**

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

**Rounding of amounts**

The Group is an entity to which the Australian Securities and Investments Commissions Class Order 98/100 applies and accordingly, amounts in the financial statements and Director's report have been rounded to the nearest dollar.

**Environmental regulations**

The Group is not aware of any breaches of any environmental regulation during the half-year ended December 31, 2016.

**Proceedings on behalf of the Group**

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

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



MICHAEL R SPOONER  
Chairman



WARREN R BINGHAM  
Director

Dated: February 17, 2017



**SIMAVITA LIMITED**  
**CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE LOSS FOR THE HALF-**  
**YEAR ENDED DECEMBER 31, 2016**

		<b>Consolidated</b>	
	Notes	<b>Dec 31, 2016</b>	<b>Dec 31, 2015</b>
		\$	\$
Revenue		443,214	350,831
Cost of sales		<u>(120,186)</u>	<u>(144,311)</u>
Gross profit		<u>323,028</u>	<u>206,520</u>
Other revenue	4	607,496	740,343
Expenses			
General and administration		(1,251,972)	(2,172,704)
Occupancy costs		(176,880)	(192,172)
Research and development		(844,843)	(1,347,829)
Sales, marketing and distribution		(2,084,676)	(2,888,043)
Share-based payments expense		<u>(980,326)</u>	<u>(62,569)</u>
Loss before income tax		<u>(4,408,173)</u>	<u>(5,716,454)</u>
Income tax	7	-	-
Loss for the period		<u>(4,408,173)</u>	<u>(5,716,454)</u>
Other comprehensive income			
Items that may be subsequently reclassified to profit/ (loss)			
Translation of foreign operation		135	77,934
Total comprehensive loss for the period		<u>(4,408,038)</u>	<u>(5,638,520)</u>
Basic and diluted loss per common share	6	(0.02)	(0.06)

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

**SIMAVITA LIMITED**  
**CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT**  
**DECEMBER 31, 2016**

		<b>Consolidated</b>	
	Notes	<b>Dec 31, 2016</b>	<b>Jun 30, 2016</b>
		\$	\$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	9	3,347,722	6,172,770
Trade and other receivables	10	774,060	1,917,772
Inventories	11	603,183	482,023
Prepayments		<u>159,625</u>	<u>131,047</u>
<b>Total Current Assets</b>		<u>4,884,590</u>	<u>8,703,612</u>
<b>Non-Current Assets</b>			
Property, plant and equipment		81,458	132,457
Intangible assets		<u>48,578</u>	<u>60,588</u>
<b>Total Non-Current assets</b>		<u>130,036</u>	<u>193,045</u>
<b>Total Assets</b>		<u>5,014,626</u>	<u>8,896,657</u>
<b>Liabilities and Shareholders' Equity</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	12	515,429	986,610
Provisions		<u>216,621</u>	<u>202,898</u>
<b>Total Current Liabilities</b>		<u>732,050</u>	<u>1,189,508</u>
<b>Non-Current Liabilities</b>			
Provisions		<u>63,340</u>	<u>60,177</u>
<b>Total Non-Current Liabilities</b>		<u>63,340</u>	<u>60,177</u>
<b>Total Liabilities</b>		<u>795,390</u>	<u>1,249,685</u>
<b>Shareholders' Equity</b>			
Share capital	13	64,083,800	64,083,824
Reserves	14	4,618,758	3,638,297
Retained earnings	15	<u>(64,483,322)</u>	<u>(60,075,149)</u>
<b>Total Shareholders' Equity</b>		<u>4,219,236</u>	<u>7,646,972</u>
<b>Total Liabilities and Shareholders' Equity</b>		<u>5,014,626</u>	<u>8,896,657</u>

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

## SIMAVITA LIMITED

### CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED DECEMBER 31, 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	-	-	(5,716,454)	(5,716,454)
Share-based payments reserve	-	62,569	-	62,569
Other comprehensive income, net of tax	-	77,934	-	77,934
Total comprehensive loss for the period	-	140,503	(5,716,454)	(5,575,951)
Transactions with owners				
Issue of common shares for cash	-	-	-	-
Equity transaction costs	-	-	-	-
Total transactions with owners	-	-	-	-
Balance at December 31, 2015	55,330,848	3,618,570	(54,334,382)	4,615,036
Balance at July 1, 2016	64,083,824	3,638,297	(60,075,149)	7,646,972
Net Loss for the period	-	-	(4,408,173)	(4,408,173)
Movement in share-based payments reserve	-	980,326	-	980,326
Other comprehensive income, net of tax	-	135	-	135
Total comprehensive loss for the period	-	980,461	(4,408,173)	(3,427,712)
Transactions with owners				
Issue of common shares for cash	-	-	-	-
Cancellation of fractional shares	(24)	-	-	(24)
Total transactions with owners	(24)	-	-	(24)
Balance at December 31, 2016	64,083,800	4,618,758	(64,483,322)	4,219,236

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

**SIMAVITA LIMITED**  
**CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE**  
**HALF-YEAR ENDED DECEMBER 31, 2016**

	Notes	Consolidated	
		Dec 31, 2016	Dec 31, 2015
		\$	\$
Cash flows from /(used in) operating activities			
Loss for the year		(4,408,173)	(5,716,454)
Non-cash items			
Depreciation and amortization		65,699	70,508
Bad debts written-off		483	8,000
Share-based payments expenses		980,326	62,569
Net (Gain)/Loss on sale of plant and equipment		-	530
Unrealized foreign exchange movements		(4,108)	75,386
Accrued interest on convertible notes		-	-
Changes in assets and liabilities			
(Increase)/decrease in receivables		1,143,712	(706,140)
(Increase)/decrease in inventories		(121,160)	(288,946)
(Increase)/decrease in other assets		(28,578)	19,999
Increase/(decrease) in payables		(468,215)	(151,425)
Increase/(decrease) in provisions		16,886	68,499
Net cash flows from/(used in ) operating activities		<u>(2,823,128)</u>	<u>(6,557,474)</u>
Cash flows from/(used in) investing activities		-	-
Purchases of plant and equipment		(2,406)	(39,667)
Purchases of intangible assets		-	(14,998)
Proceeds from the sale of plant and equipment		150	865
Net cash flows from/(used in ) investing activities		<u>(2,256)</u>	<u>(53,800)</u>
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		-	-
Cancellation of fractional shares		24	-
Repayment of borrowings		-	-
Net cash flows from/ (used in) financing activities		<u>24</u>	<u>-</u>
Net increase/ (Decrease) in cash and cash equivalents held		(2,825,360)	(6,611,274)
Cash and cash equivalents at the beginning of period		6,172,770	9,027,722
Net foreign exchange differences on cash and cash equivalents		312	2,548
Cash and cash equivalents at the end of period	10	<u>3,347,722</u>	<u>2,418,996</u>

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

**SIMAVITA LIMITED**  
**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE**  
**HALF-YEAR ENDED DECEMBER 31, 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 for the half-year ended December 31, 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.

Our first products focus on major unmet needs for the assessment and management of incontinence. The annual global economic burden is billions of dollars for incontinence diapers alone and is increasing rapidly. 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 centers, 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 there is a significant and growing demand for products that deliver real clinical and cost benefits to the health care industry.

**2 Summary of significant accounting policies**

**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 a total loss before tax of \$4,408,038 (2015: \$5,638,520) during the six month period ended December 31, 2016 and net cash flows used in operations during the same period of \$2,823,128 (2015: \$6,557,474). The Group’s cash reserves as at December 31, 2016 were \$3,347,722 (June 2016 \$6,172,770). The Group received a payment of \$1,659,600 under the Australian Commonwealth Government’s research and development tax incentive scheme in December 2016.

During the remaining of the financial year 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 a clear global trend to enable the elderly and disabled to stay at their family home longer and to take ownership of their care. The new product is designed to deliver more effective and cost efficient service to a rapidly growing community. The Group will also appoint additional distributors to address the long term care and rehabilitation markets in North America and Europe.

The Group has indicated its strong intention to raise additional capital in Q3 2017 to fund its initiatives to drive revenue with new product in additional market segments particularly associated community (aged and disabled) care and rehabilitation markets in North America and Europe.

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:

- > 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 December 2016 Review Report relating to the Group's ability to continue as a going concern.

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

## **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 judgments**

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

#### **3a Critical accounting estimates and assumptions**

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

##### *Share-based payments transactions*

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

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

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

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

	<b>Consolidated</b>	
	<b>Dec 31, 2016</b>	<b>Dec 31, 2015</b>
	\$	\$
<b>4 Other revenue</b>		
Interest revenue	13,657	63,654
Net gain/ (loss) on sale of plant and equipment	150	(530)
Miscellaneous revenue	-	2,219
R&D tax incentive	593,689	675,000
Total other revenue	<u>607,496</u>	<u>740,343</u>
<b>5 Expenses</b>		
Amortization of intangible assets	1,617	11,798
Depreciation of fixed assets	<u>64,082</u>	<u>58,710</u>
Total depreciation and amortization	<u>65,699</u>	<u>70,508</u>
Employee benefit expenses	2,928,614	4,060,359
R&D expenses (excluding employee benefits)	204,241	384,824

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



	Notes	Consolidated	
		Dec 31, 2016	Dec 31, 2015
		\$	\$
<b>6 Loss per share</b>			
Loss for the year attributable to the owners of Simavita Limited		(4,408,173)	(5,716,454)
Weighted average number of shares used to calculate loss per share		251,196,893	92,245,233

Note: None of the 24,962,177 (2015: 14,587,119) options over the Group's ordinary shares that were outstanding as at the reporting date are considered to be dilutive for the purposes of calculating diluted earnings per share.

## 7 Income tax

Subject to the Group continuing to meet the relevant statutory tests, tax losses are available for offset against future taxable income. As at June 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 December 31, 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.

## 8 Dividends and distributions

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

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

	<b>Consolidated</b>		
	Notes	Dec 31, 2016	Jun 30, 2016
		\$	\$
<b>9 Cash and cash equivalents</b>			
Cash at bank and on-hand		3,347,722	6,172,770
Total cash and cash equivalents		<u>3,347,722</u>	<u>6,172,770</u>

**10 Trade and other receivables**

Trade receivables		130,406	200,903
Less Provision for doubtful debts		-	(30,033)
GST receivable		43,654	80,991
R&D tax concession receivable		<u>600,000</u>	<u>1,665,911</u>
Total trade and other receivables		<u>774,060</u>	<u>1,917,772</u>

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

- Australian dollars of AUD \$730,855 (June 2016: \$1,706,460)
- United States dollars, equivalent to AUD \$53,101 (June 2016: \$7,536)
- European euros, equivalent to AUD credit for \$9,947 (June 2016: \$26,222)
- Canadian dollars, equivalent to AUD \$51 (June 2016: NIL)

**11 Inventories**

Finished goods and raw materials		648,637	568,207
Less Provision for obsolescence		<u>(45,454)</u>	<u>(86,184)</u>
Total inventories		<u>603,183</u>	<u>482,023</u>

	<b>Consolidated</b>	
	<b>Dec 31, 2016</b>	<b>Jun 30, 2016</b>
	\$	\$
<b>12 Trade and other payables</b>		
Trade payables	203,265	309,346
GST payable	9,483	15,652
Accrued expenses	132,605	394,049
Payroll-related payables	134,493	212,063
Other payables	<u>35,583</u>	<u>55,500</u>
<b>Total trade and other payables</b>	<b><u>515,429</u></b>	<b><u>986,610</u></b>

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

- Australian dollars of AUD \$479,131 (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.

### 13 Share capital

<b>Summary of common shares issued and outstanding</b>	<b>Number of</b>	
	<b>Common</b>	<b>Amount</b>
	<b>Shares</b>	
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	-	-
<b>Balance at December 31, 2015</b>	<b><u>92,245,233</u></b>	<b><u>55,330,848</u></b>
<b>Balance at July 1, 2016</b>	<b>251,196,900</b>	<b>64,083,824</b>
Issue of common shares for cash	-	-
Issue of common shares for cash under Share Purchase Plan	-	-
Equity transaction costs	<u>(40)</u>	<u>(24)</u>
<b>Balance at December 31, 2016</b>	<b><u>251,196,860</u></b>	<b><u>64,083,800</u></b>

As of the date of these financial statements, there was a total of 251,196,860 common shares in the Group on issue, of which all of them were held as CDIs.

## Share capital (continued)

**Summary of warrants outstanding**

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

**Summary of options outstanding**

As at December 31, 2016, a total of 24,962,177 options over common shares in the Group were outstanding.

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

<b>Number</b>	<b>Exercise price</b>	<b>Grant date</b>	<b>Expiry date</b>	<b>Fair value option Black Scholes</b>
701,000	\$0.70	August 19, 2014	August 31, 2018	\$0.267
250,000	\$0.50	September 18, 2015	September 18, 2018	\$0.109
100,000	\$0.51	April 9, 2015	March 31, 2019	\$0.190
200,000	\$0.63	April 9, 2015	March 31, 2019	\$0.156
300,000	\$0.68	April 9, 2015	March 31, 2019	\$0.145
200,000	\$0.76	April 9, 2015	March 31, 2019	\$0.128
93,000	\$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
6,000,000	\$0.06	October 13, 2016	October 13, 2023	\$0.034
2,175,000	\$0.12	October 13, 2016	October 13, 2023	\$0.027
250,000	\$0.05	December 14, 2016	December 13, 2023	\$0.057

	<b>Consolidated</b>	
	<b>Dec 31, 2016</b>	<b>Jun 30, 2016</b>
	<b>\$</b>	<b>\$</b>
<b>14 Reserves</b>		
Share-based payments reserve	4,062,237	3,081,911
Share capital reserve	499,445	499,445
Foreign currency reserve	57,076	56,941
Total reserves	<u>4,618,758</u>	<u>3,638,297</u>
<b>15 Retained Losses</b>		
Balance at the beginning of the year	(60,075,149)	(48,617,928)
Add: net loss attributable to owners of Simavita Limited	<u>(4,408,173)</u>	<u>(11,457,221)</u>
Balance at the end of the year	<u>(64,483,322)</u>	<u>(60,075,149)</u>

**16 Commitments and contingencies**

	<b>Consolidated</b>	
	<b>Dec 31, 2016</b>	<b>Jun 30, 2016</b>
<b>Operating lease expenditure commitments</b>	\$	\$
- not later than one year	154,217	154,217
-later than one year but no later than five years	77,109	154,217
- later than five years	-	-
<b>Total minimum operating lease payments</b>	<b>231,326</b>	<b>308,434</b>

As at December 31, 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	Allawah Nominee Pty Ltd	Office	June 30,2018	231,326

**17 Auditor's remuneration**

Name of Auditor	Year	Audit services	Assurance services	Other services	Totals
		\$	\$	\$	\$
PricewaterhouseCoopers	2016	103,104	-	-	103,104
	2015	90,220	-	-	90,220

## 18 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:

	<b>Consolidated</b>	
	<b>Dec 31, 2016</b>	<b>Jun 30, 2016</b>
	\$	\$
<b>Financial Risk Management</b>		
<b>Financial Assets</b>		
Cash and cash equivalents	3,347,722	6,172,770
Trade and other receivables	774,060	1,917,772
Prepayments	159,625	131,047
<b>Total financial assets</b>	<b>4,281,407</b>	<b>8,221,589</b>
<b>Financial Liabilities</b>		
Trade and other payables	515,429	986,610
<b>Total financial liabilities</b>	<b>515,429</b>	<b>986,610</b>

## Financial risk management (continued)

**Credit risk**

The Group's credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. If there is no independent rating, the Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings. The compliance with credit limits by customers is regularly monitored by Management. The maximum exposures to credit risk as at December 31, 2016 in relation to each class of recognized financial assets is the carrying amount of those assets, as indicated in the balance sheet.

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

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. As at December 31, 2016, the Group had raised no provision for doubtful debts. In certain circumstances, the Group may also obtain security in the form of guarantees, deeds of undertaking or letters of credit from customers which can be called upon if the counterparty is in default under the terms of the agreement.

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

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

<b>Trade Receivables</b>	<b>Consolidated</b>	
	<b>Dec 31, 2016</b>	<b>Jun 30, 2016</b>
	\$	\$
Current (less than 30 days)	72,038	145,470
31 days to 60 days	18,392	16,947
61 days to 90 days	36,657	15,630
Greater than 90 days	19,685	22,856
<b>Total trade receivables</b>	<b>146,772</b>	<b>200,903</b>

Note: Trade receivables do not include the R&D tax concession receivable of \$1,665,911 (2015: \$1,339,583)

## Financial risk management (continued)

<b>Trade and other payables</b>	<b>Consolidated</b>	
	<b>Dec 31, 2016</b>	<b>Jun 30, 2016</b>
	\$	\$
Current (less than 30 days)	502,780	973,172
31 days to 60 days	4,898	323
61 days to 90 days	-	1,258
Greater than 90 days	<u>7,751</u>	<u>11,857</u>
<b>Total trade and other payables</b>	<b><u>515,429</u></b>	<b><u>986,610</u></b>

**Market risk**

## Foreign currency risk

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

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

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

As at December 31, 2016 the Group held the following financial assets and liabilities that were denominated in the following currencies: AUD – Australian dollars; USD – United States dollars; CAD – Canadian dollars; EUR – European euros.



## Financial risk management (continued)

<b>Financial Assets</b>	<b>Year</b>	<b>AUD</b>	<b>USD</b>	<b>CAD</b>	<b>EUR</b>	<b>Totals (AUD)</b>
		\$	\$	\$	\$	\$
Cash and cash equivalents	2017	2,718,829	257,913	232,102	138,878	3,347,722
	2016	5,500,735	346,622	214,152	111,261	6,172,770
Trade and other receivables	2017	733,881	50,533	50	(10,404)	774,060
	2016	1,884,014	7,536	-	26,222	1,917,772
Performance bond and deposits	2017	-	-	-	-	-
	2016	-	-	-	-	-
<b>Total financial assets</b>	<b>2017</b>	<b>3,452,710</b>	<b>308,446</b>	<b>232,152</b>	<b>128,474</b>	<b>4,121,782</b>
	2016	7,384,749	354,158	214,152	137,483	8,090,542
<b>Financial Liabilities</b>						
Trade and other payables	2017	459,468	18,278	27,691	9,992	515,429
	2016	729,567	103,665	92,361	61,017	986,610
<b>Total financial liabilities</b>	<b>2017</b>	<b>459,468</b>	<b>18,278</b>	<b>27,691</b>	<b>9,992</b>	<b>515,429</b>
	2016	729,567	103,665	92,361	61,017	986,610

During the year ended December 31, 2016, the Australian dollar / US dollar exchange rate decreased by 2.6%, from 0.7426 at the beginning of the year to 0.7236 at the end of the year.

During the same period, the Australian dollar / Canadian dollar exchange rate increased by 1.3%, from 0.9632 at the beginning of the year to 0.9754 at the end of the year.

Also, during the same period, the Australian dollar / Euro exchange rate increased by 2.6% from 0.6699 at the beginning of the year to 0.6872 at the end of the year.

Based on the financial instruments held at December 31, 2016, had the Australian dollar weakened / strengthened by 10% against the US dollar, with all other variables held constant, the Group's consolidated loss for the year would have been \$25,800 lower/higher, due to changes in the values of cash and cash equivalents which are denominated in US dollars, as detailed in the above tables.

Based on the financial instruments held at December 31, 2016, had the Australian dollar weakened / strengthened by 10% against the Canadian dollar, with all other variables held constant, the Group's equity, relating solely to the movement in profit and loss for the year, would have been \$23,200 lower/ higher, due to changes in the values of cash and cash equivalents which are denominated in Canadian dollars, as detailed in the above tables.

Based on the financial instruments held at December 31, 2016, had the Australian dollar weakened / strengthened by 10% against the Euro, with all other variables held constant, the Group's loss for the year would not have changed materially.

## Financial risk management (continued)

**Interest rate risk**

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

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

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

At December 31, 2016, if interest rates had changed by +/- 50 basis points from the year-end rates, with all other variables held constant, the Group's equity, relating solely to the movement in profit and loss for the year, would not have changed materially. The Group's main interest rate risk during the period ended June 30, 2016 and December 31, 2016 arose in respect of fixed rate borrowings with interest rates that did not fluctuate.

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

<b>Consolidated</b>	<b>Year</b>	<b>Floating rate \$</b>	<b>Fixed rate \$</b>	<b>Carrying amount \$</b>	<b>Weighted ave. rate % %</b>	<b>Maturity period days</b>
<b>Financial Assets</b>						
Cash and cash equivalents	2017	3,347,722		3,347,722	0.70%	At call
	2016	6,172,770		6,172,770	1.05%	At call
Performance bond and deposits	2017	-	-	-	-	At call
	2016	-	-	-	-	At call
<b>Total financial assets</b>	<b>2017</b>	<b>3,347,722</b>	<b>-</b>	<b>3,347,722</b>		
	<b>2016</b>	<b>6,172,770</b>	<b>-</b>	<b>6,172,770</b>		
<b>Financial Liabilities</b>						
Interest-bearing liabilities	<b>2017</b>	-	-	-		
	<b>2016</b>	-	-	-		
<b>Total financial liabilities</b>	<b>2017</b>	<b>-</b>	<b>-</b>	<b>-</b>		
	<b>2016</b>	<b>-</b>	<b>-</b>	<b>-</b>		

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

## Financial risk management (continued)

**Liquidity risk**

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

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

Consolidated	Year	< 6 months	6 to 12 months	1 to 5 years	> 5 years	Total
		\$	\$	\$	\$	\$
<b>Financial liabilities</b>						
Trade and other payables	2017	515,429	-	-	-	515,429
	2016	986,610	-	-	-	986,610
Interest-bearing liabilities and deposits	2017	-	-	-	-	-
	2016	-	-	-	-	-
<b>Total financial assets</b>	<b>2017</b>	<b>515,429</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>515,429</b>
	<b>2016</b>	<b>986,610</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>986,610</b>

**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 fair values of the Group's financial assets and liabilities as at June 30, 2016 and December 31, 2016 (as set out above) approximate their carrying values due to the short term nature of these instruments.

**Borrowing facilities**

The Group had access to the following borrowing facilities as at December 31, 2016:

	Facility limit	Amount used	Amount available
	\$	\$	\$
<b>Nature of facility</b>			
Credit card facilities	95,000	-	95,000

Liquidity risk management (continued)

**19 Capital management**

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

**20 Subsequent events**

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

## Director's Declaration

The Directors of the Group declare that:

- 1 The financial statements and notes are:
  - (a) giving a true and fair view of the Group's financial position as at December 31, 2016 and of its performance for the half-year ended on that date; and
  - (b) complying with Australian Accounting Standards and other mandatory professional reporting requirements; and
- 2 In the Director's opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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



MICHAEL R SPOONER  
Chairman



WARREN R BINGHAM  
Director

Dated: February 17, 2017

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

# SIMAVITA LIMITED

## CORPORATE INFORMATION

### Directors

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

### Company Secretary

Peta C. Jurd  
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](http://www.simavita.com)

### Australian Registered Business Number

165 831 309

### Banker (Canada)

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

### Banker (Australia)

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

### Banker (USA)

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

### Auditor

PricewaterhouseCoopers  
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

### 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](http://www.computershare.com.au)



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

### ***Report on the Half-Year Financial Report***

We have reviewed the accompanying half-year financial report of Simavita Limited (the company), which comprises the consolidated interim statement of financial position as at 31 December 2016, the consolidated interim statement of comprehensive income, consolidated interim statement of changes in equity and consolidated interim statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Simavita Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled during that half-year.

### ***Directors' responsibility for the half-year financial report***

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

### ***Auditor's responsibility***

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the necessary legislation including giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with International Accounting Standard 34 *Interim Financial Reporting*. As the auditor of Simavita Limited, ISRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### ***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the entity as at 31 December 2016, and of its financial performance and its cashflows for the six-month period then ended in accordance with International Financial Reporting Standards applicable to the preparation of interim financial statements, including International Accounting Standard 34, *Interim Financial Reporting*.

### ***Emphasis of matter***

We draw attention to Note 2(a) in the financial report, which indicates that the company incurred a net loss of \$4,403,173 during the period ended 31 December 2016 and incurred operating cash outflows of \$2,823,128 for the same period. As a result the company is dependent on successfully completing a capital raising and other related operational strategies to realise its assets and discharge its liabilities.



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

*PricewaterhouseCoopers*  
PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Mahoj Santiago', written in a cursive style.

Mahoj Santiago  
Partner

Sydney  
17 February 2017