



AstiVita Limited ABN 46 139 461 733

31 August 2017

Company Announcements
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir / Madam

Re: Appendix 4E Final Report and 2017 Annual Report

The Directors of AstiVita Limited announce the financial results for the year ended 30 June 2017.

Find attached the Appendix 4E Final Report and 2017 Annual Report.

Yours faithfully

Geoff Acton
Company Secretary

Appendix 4E – Final Report

Name of Entity: **ASTIVITA LIMITED**
ABN: **46 139 461 733**
Financial Year Ended: **30 June 2017**
Previous Corresponding Period: **30 June 2016**

RESULTS FOR ANNOUNCEMENT TO THE MARKET

					\$'000
Revenue from ordinary activities	down	10.7%	to		6,195
Loss from ordinary activities after tax	reduced by	3.48%	to		1,034
Loss for the period attributable to members	reduced by	3.48%	to		1,034

DIVIDENDS

The Board considers that no final dividend will be paid.

Brief explanation of revenue, net profit and dividends to enable the above figures to be understood

A review of operations for the Group is set out in the Directors' Report of the Annual Report together with the Chairman's Report.

FINANCIAL STATEMENTS

Refer to the Annual Report for the following financial statements:

- Statement of Profit or Loss and Other Comprehensive Income
- Statement of Financial Position
- Statement of Cash Flows
- Statement of Changes in Equity

KEY FINANCIAL PERFORMANCE INDICATORS

	2017	2016
Net tangible asset backing		
Net tangible assets per ordinary security	4.95 cents	7.27 cents
Earnings per security		
Basic earnings per share (cents)	(2.65 cents)	(3.44 cents)
Diluted earnings per share (cents)	(2.65 cents)	(3.44 cents)
Weighted average number of shares	39,372,466	31,114,866
Profits before tax as % of revenue		
Consolidated loss from continuing operations before tax as a percentage of revenue	23.31%	21.91%
Profit after tax as % of equity		
Consolidated net loss after tax as a percentage of equity	14.44%	18.04%

Operating performance, segments and performance trends

Refer to the Annual Report for a review of operating performance and segment reporting note.

AUDIT & COMPLIANCE STATEMENT

This report is based on the financial statements included in the attached 2017 Annual Report which have been audited and has a qualified audit opinion issued on. The auditor's report includes emphasis of matter paragraphs in respect of going concern and accounting estimates.

This report, and the financial statements upon which it is based, use the same accounting policies.

AstiVita Limited

ABN 46 139 461 733

Annual Report

For the Year Ended 30 June 2017

AstiVita Limited

ABN 46 139 461 733

Contents

For the Year Ended 30 June 2017

	Page
Financial Statements	
Chairman's Review	1
Directors' Report	3
Auditor's Independence Declaration	12
Corporate Governance Statement	13
Financial Statements	
- Statement of Profit or Loss and Other Comprehensive Income	14
- Statement of Financial Position	15
- Statement of Changes in Equity	16
- Statement of Cash Flows	17
Notes to the Financial Statements	18
Directors' Declaration	47
Independent Audit Report	48
Shareholder Information	53

Chairman's Review

For the Year Ended 30 June 2017

AstiVita announced today an after tax loss of \$ 1.034 million. The Board and management are deeply disappointed with this result.

The board expended a significant amount of advertising in FY17 on Google to support the retail customer website. We became aware in February 2017 that Google expenditure was failing to deliver results and we shifted to other forms of advertising between February and May FY17 without a great deal of success. Recently Google have been fined \$3.5 billion in Europe for the algorithms which disadvantaged many smaller businesses who used Google for advertising to gain customer traffic to their websites. We are hopeful that the ACCC will investigate Google in Australia in a similar way to what has eventuated in Europe.

	2017	2016	2015	2014
	\$000's	\$000's	\$000's	\$000's
Trading loss before tax	(1,444)	(1,520)	(2,170)	(1,982)
Add back Bompani brand amortisation	-	-	241	242
Add back write down of stocks	(147)	(124)	1,079	502
Adjusted Trading Loss before Tax	(1,591)	(1,644)	(850)	(1,238)

As a result the headline trading loss before tax is disappointing although it reduced by 3.48% compared to 2016.

Despite significant advertising spend there was a reduction in sales of 10.69%, which was partially offset by the improvement in gross margins to 28.55%. Further reductions in operating expenses with rent down 13.12% and wages reducing a further 3.98% have also contributed to the reduction in the loss.

The reduction in advertising expenditure has only resulted in a drop in web sales of \$96,172 over the four months equivalent to a GM of \$26,928 compared to the peak of \$60,000 plus monthly advertising spend with Google. We are better off by some \$40,000 per month.

Strategic Initiatives starting FY18

The Board took a full review of its business strategies in May 2017 and are now implementing a number of new initiatives, some of which should positively impact the FY18 result.

- 1) We have seen growth in sales to TWD of 22.3% in FY17. We anticipate this to grow further in FY18 given TWD sales are up 33% and in addition we are planning to expand the range of products supplied to TWD.
- 2) Implement the new affiliate program with the rate of affiliates joining the program at 150 per month and growing. There are no significant upfront advertising costs with this program.
- 3) In addition to the affiliate program, we have launched the shareholders loyalty program. The code is **SHAREDISC**. All shareholders who use this code will receive a 7.5% discount on the purchases of all products on the AstiVita retail website.
- 4) We are seeing a positive impact to our revenue through the increased logistics and accounting work, required to support the ANO business as their sales grow in FY18. We anticipate additional revenue streams in marketing and warehouse distribution of end products for ANO in late 2018.
- 5) Launch the AstiVita New Zealand website on 1 September 2017 and commence sales in New Zealand. We anticipate an immediate positive impact as our brand is well known in New Zealand and was marketed for the past 10 years by the number one player in the New Zealand plumbing market.

Chairman's Review

For the Year Ended 30 June 2017

- 6) Our products will also be sold through the Amazon website. Many businesses are already on the Amazon platform. AstiVita sees strategic benefits in selling our products through Amazon particularly with Amazon's expansion into Australia and we will be part of the initial launch of the Australian website for our products. Importantly the costs associated with the Amazon website are per actual sale with no upfront advertising like Google.
- 7) We expect a positive impact to sales directly to the housing industry with the market release of the new enterprise software developed by Senterprisys Limited, expected to be launched before the end of 2017.
- 8) We will expand our range of products outside traditional areas with three new product lines just introduced and further products under consideration. Our existing customers are placing orders already.
- 9) We will reintroduce the business to business telemarketing program. This was stopped in November 2016, however it appears upon review, the business to business sales have decreased in the last half of FY17.



Mr Lev Mizikovsky
Non-Executive Chairman

Dated 31 August 2017

Directors' Report

For the Year Ended 30 June 2017

The directors present their report together with the financial statements on AstiVita Limited for the financial year ended 30 June 2017.

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Names	Position
L Mizikovsky	Non-Executive Chairman
R Dudurovic	Non-Executive Director
G Acton	Non-Executive Director
R Lynch (resigned 16/03/2017)	Non-Executive Director

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company secretary

The following person held the position of Company secretary at the end of the financial year:

- Mr Geoff Acton ([B.Com, ACA, GAICD])
- Miss Narelle Lynch (Cert Gov (PRAC))

Principal activities and significant changes in nature of activities

AstiVita mainly sells household products which include:-

- Bathroom Products;
- Photovoltaic ("PV") Panels;
- Energy Efficiency Hot Water Systems; and
- Italian / French Cooking Appliances

There were no significant changes in the nature of AstiVita Limited's principal activities during the financial year.

Review of operations

Business Restructure

Statistically a restructure of entire business operations takes approximately 4-5 years to complete and then see the benefits of the restructure once completed. AIR is in year 3 of this process and despite our best efforts to accelerate the restructure, we are only slightly ahead of this cycle. In the past 3 years, the business has completed numerous milestones as part of this complete restructure.

- 1) At the beginning of FY15, the business commenced the process of significantly reducing overheads, where now present FY17 wages are 57% below FY14 levels and overheads, other than depreciation, are 27.34% below FY14.
- 2) The finalisation of the ERP software system, which was fully integrated to the customer retail website during FY15.

Directors' Report

For the Year Ended 30 June 2017

- 3) The launch of the customer retail website in FY16 (July 2015).
- 4) The implementation of a strategy to reduce the significant old stock established in FY16 (September 2015).
- 5) The finalisation of our business to business website in January 2016 which allowed the majority of our customers to place orders on line and created further operational cost savings for AstiVita.
- 6) The commercial settlement of a dispute in New Zealand in August 2016 which allowed AstiVita to retrieve its name in New Zealand and commence sales from September 2017.
- 7) The implementation of a new customer website in conjunction with a leading real estate group in Australia October 2016. Although not successful, the learnings from the costly implementation has assisted in the streamline development of the AstiVita New Zealand website ready for sales in September 2017 and was the catalyst for the development of the affiliate program commencing in May 2017.
- 8) The development of the affiliate program in May 2017.

Stock Obsolescence

The Board has focused on the old stock within AstiVita since FY16. The situation largely arose through the relinquish of the Toto brand in FY15 and the decision to stop supply of the Italian appliance brand Bompani in FY16. The Board has finalised an arrangement with TWD to sell \$780,000 of aged inventory as part of its ongoing normal business activity with the Company. This has already commenced in June 2017 and since balance date, \$74,000 sales at full margin has already occurred. The Board is confident that these sales will continue to increase in FY18. This will positively impact the FY18 profitability and the financial position of AstiVita. The Board does not expect the significant value of aged inventory to remain at the end of FY18 because the write-downs were expensed in FY17. Further, the remaining aged inventory of \$682,000 has been significantly discounted from its original historical cost and the Company is seeing sales of this aged inventory at the new discounted sales prices.

Deferred Tax Asset

The Board has carefully considered the current value of its deferred tax asset in light of the progress with our business restructure including the nine initiatives referred to in the Chairman's Review, we anticipate positive impact on the business in FY18. The Board particularly anticipates additional profitability through the increase of sales to Tamawood given the recent release of its Annual Report and its growth forecast of 33% and commitment to increase range of products purchased from AstiVita in FY18. Further, the Board believes that deferred tax asset has significant value to our business for any potential acquisitions or mergers of AstiVita contemplated by external companies looking to leverage their business using our complete e-commerce platform, supply chain and our growing affiliate program.

Directors' Report

For the Year Ended 30 June 2017

Review of financial position

The net assets of AstiVita have increased from \$5.94 million as at 30 June 2016 to \$7.16 million at 30 June 2017. This increase is primarily due to the increase in deferred tax asset.

As at 30 June 2017 the Company had working capital of \$4.789 million.

Dividends paid or recommended

No dividends were declared or paid during the financial year and the Dividend Reinvestment Plan has been suspended.

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Events after the reporting date

Subsequent to reporting date, the Company has received from TWD an order as a commitment to purchase \$780,900 of aged inventory as part of their ongoing normal business activity with the Company.

Other than the above, no matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Future developments and results

The Board anticipates that further operating efficiencies combined with anticipated customer sales from the new customer retail website should see continued improvement of the Company's financial results. However, a number of issues still need to be addressed within the next six months, which prevents us from providing specific guidance for the 2017 financial year.

Environmental issues

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Options

No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Insurance of officers

During the year, AstiVita paid a premium to insure the Directors, Secretaries and Officers of the Group and its controlled entities. The liabilities insured exclude any criminal, fraudulent, dishonest or malicious act or omission or improper use of information or position to gain a personal advantage.

The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group.

Directors' Report

For the Year Ended 30 June 2017

Information on directors

Mr Lev Mizikovsky Non-executive Chairman FAICD

Lev Mizikovsky is Non-executive Chairman and major shareholder of AstiVita. AstiVita was part of the Tamawood Group until it was de-merged in December 2009. Lev is the founding Director of Tamawood which started in July 1989 and is still a Non-executive Director and major shareholder. Since 1997, Mr Mizikovsky has been a Fellow of the Australian Institute of Company Directors (AICD). He is a substantial shareholder in a number of other Queensland Companies including Collection House Limited (CLH), Lindsay Australia Limited (LAU) and Antaria Limited (ANO). Lev is a Non-executive Chairman of Advanced Nano Technologies Ltd (ANO) since 2 March 2017, Chairman of Senterprisys Ltd (formerly Resiweb Ltd.) and was formerly a Non-executive director of Collection House Limited (CLH).

Lev is a member of the Audit, Remuneration, Risk Management and Nomination Committees.

Mr Rade Dudurovic - Non-executive Director B Com (Hons), LLB (Hons), CPA

Rade has an extensive background in private equity with strong exposure to industrial and branded consumer manufacturing and distribution businesses particularly in the Asian region. He has qualifications in commerce and law and is a CPA as well as Senior Fellow of FINSIA.

Rade is the Non-executive Director of Advanced Nano Technologies Ltd (ANO) and a Non-executive Director of Tamawood Limited, both of which are listed on the ASX. He is also Non-executive Chairman of QMI Pty Ltd.

Rade is the current Chairman of the Company's Audit Committee and is also a member of the Nomination and Risk Management Committees.

Mr Geoff Acton - Non-executive Director B.Com, ACA, GAICD

Geoff brings to AstiVita a vast amount of capabilities in his 18 year history with the Tamawood Group as Chief Financial Officer and Company Secretary. Further, he has an in depth knowledge of the renewable energy sector as head of the successful Renewable Energy Certificate trading business established in 2004. He has assisted AstiVita in his role as Company Secretary since 2009. He is also a Managing Director of Advanced Nano Technologies Ltd. since June 2016.

Geoff is a member of all the Committees.

Directors' Report

For the Year Ended 30 June 2017

Meetings of directors

During the financial year, 12 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Audit Committee		Remuneration Committee		Risk Committee		Nomination Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
L Mizikovsky (Non-executive Chairman)	13	12	2	1	1	1	1	1	1	1
R Lynch (Non-executive Director) resigned 16/03/2017	10	12	2	2	1*	1	1*	1	1*	1
R Dudurovic (Non-executive Director)	13	12	2	2	1	1	1	1	1	1
G Acton (Non-executive Director)	13	13	2	2	1	1	1	1	1	1

* Attended by invitation

Non-audit services

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The total fees to the external auditors, Hanrick Curran Audit Pty Ltd, for non-audit services during the year ended 30 June 2017 was \$60 for the provision of refreshments for the AGM in November 2016 (2016: NIL).

Remuneration report (audited)

This remuneration report for the year ended 30 June 2017 outlines the remuneration arrangements of the key management personnel of the Group, including the Directors, in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

Remuneration policy

The performance of AstiVita Limited depends upon the quality of its key management personnel. To prosper, AstiVita Limited must attract, motivate and retain highly skilled Directors and other key management personnel.

To this end, AstiVita Limited embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high caliber key management personnel
- Link executive rewards to shareholder value

Directors' Report

For the Year Ended 30 June 2017

Remuneration report (audited) (continued)

Remuneration Structure

In accordance with best practice corporate governance, the structure of Non-executive Director and Executive remuneration is separate and distinct.

Non-executive Director Remuneration

Objective

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain Directors of the highest calibre, and at a remuneration level within market rates.

Structure

No element of Non-executive Director remuneration is directly linked to profit performance. Remuneration is approved at the Annual General Meeting and is currently capped at \$250,000 for the aggregate remuneration of Non-executive Directors. Details of remuneration which is linked to performance is detailed in the service agreement note for key management personnel.

Executives and Other Key Management Personnel

Objective

The Group aims to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group so as to:

- Align the interests of Executives with those of shareholders
- Link rewards with the strategic goals of the Group; and
- Ensure total remuneration is competitive by market standards.

Structure

Remuneration consists of the following key elements:

- Fixed executive remuneration;
- Other remuneration such as superannuation and leave entitlements;
- Commission and bonuses payable.

The following table shows the gross revenue, profits and dividends for the last five years for the Company, as well as the share prices at the end of the respective financial years.

	2013	2014	2015	2016	2017
	\$000's	\$000's	\$000's	\$000's	\$000's
Revenue	12,850	13,222	8,668	6,938	6,196
Net Profit/(loss)	(2,920)	(1,498)	(1,592)	(1,070)	(1,034)
Share price at year end (not rounded)	\$0.14	\$0.135	\$0.105	\$0.08	\$0.029

Directors' Report

For the Year Ended 30 June 2017

Remuneration report (audited) (continued)

Remuneration details for the year ended 30 June 2017

The following table of benefits and payment details, in respect to the financial year, the components of remuneration for each member of the key management personnel of AstiVita Limited.

Table of benefits and payments

	Cash salary fees & leave	Short term benefits			Post employment	Long term benefits(LSL)	Termination Benefits	TOTAL(\$)
		Bonus	Non monetary	Other	Superannuation			
Year Ended 30 June 2017	\$	\$	\$	\$	\$	\$	\$	
Directors								
- R Dudurovic (Non-executive Director)	25,000	-	-	-	-	-	-	25,000
- G Acton (Non-executive Director)	24,000	-	-	-	-	-	-	24,000
- R Lynch (Non-executive Director) resigned 16/03/2017	22,917	-	-	-	-	-	-	22,917
Sub-total Directors	71,917	-	-	-	-	-	-	71,917
Other KMP								
- S Ison (General Manager)*	108,154	-	38,649	-	10,275	1,689	-	158,767
Sub-total Other KMP	108,154	-	38,649	-	10,275	1,689	-	158,767
TOTAL	180,071	-	38,649	-	10,275	1,689	-	230,684

*Equity settled share based payment of \$38,649, being for the issue of shares.

	Cash salary fees & leave	Short term benefits			post employment	Long term benefits(LSL)	Termination Benefits	TOTAL(\$)
		Bonus	Non monetary	Other	Superannuation			
Year Ended 30 June 2016	\$	\$	\$	\$	\$	\$	\$	
Directors								
- R Dudurovic (Non-executive Director)	25,000	-	-	-	-	-	-	25,000
- R Lynch (Non-executive Director)	25,000	-	-	-	-	-	-	25,000
- G Acton (Non-executive Director)	24,000	-	-	-	-	-	-	24,000
Sub-total Directors	74,000	-	-	-	-	-	-	74,000
Other KMP								
- S Ison (General Manager)	107,282	-	-	-	10,192	5,815	-	123,289
Sub-total Other KMP	107,282	-	-	-	10,192	5,815	-	123,289
TOTAL	181,282	-	-	-	10,192	5,815	-	197,289

Cash performance-related bonuses

None of the key management personnel remuneration paid is performance based (2016: Nil).

Directors' Report

For the Year Ended 30 June 2017

Remuneration report (audited) (continued)

Key management personnel shareholdings

The number of ordinary shares in AstiVita Limited held by each key management person of AstiVita Limited during the financial year is as follows:

	Balance at beginning of year	Granted as remuneration /exercise of options during the year	Other changes during the year	Balance at end of year
30 June 2017				
Directors				
L Mizikovsky	19,235,168	-	19,937,823	39,172,991
G Acton	228,200	-	352,426	580,626
R Dudurovic	620,500	-	620,500	1,241,000
R Lynch (resigned 16/03/2017)	278,040	-	278,040	556,080
Other KMP				
S Ison	557,816	772,990	-	1,330,806
	20,919,724	772,990	21,188,789	42,881,503
	Balance at beginning of year	Granted as remuneration /exercise of options during the year	Other changes during the year	Balance at end of year
30 June 2016				
Directors				
L Mizikovsky	17,936,870	-	1,298,298	19,235,168
R Lynch	278,040	-	-	278,040
G Acton	228,200	-	-	228,200
R Dudurovic	620,500	-	-	620,500
Other KMP				
S Ison	557,816	-	-	557,816
	19,621,426	-	1,298,298	20,919,724

Equity Instruments Granted as Share Based Payment

Details of ordinary shares in the Company, issued as a result of the implementation of the Employee Share Scheme are set below:

Share-based payments	\$	Number of shares	Grant date	% vested in period	% forfeited in period	Vesting date
Directors						
S Ison	77,299	772,990	19/04/2017	-	-	19/04/2019

The shares issued under the plan include a non-recourse loan agreement which must be settled before the shares vest and a two year service condition which requires that the recipient must be an employee of the Company at the time the shares vest. The shares are also subject to an escrow arrangement for the duration of the vesting period. The shares were issued at \$0.10 per share, being the value at which shares were issued in the recent rights issue.

Directors' Report

For the Year Ended 30 June 2017

Remuneration report (audited) (continued)

Service Agreements

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including remuneration, relevant to the office of director.

The remuneration and other terms of employment for the General Manager and senior executives are set out in formal service agreements as summarised below.

All service agreements are for an unlimited duration unless specified within the service agreement.

In cases of resignation, no separation payment is made to the executive, except for amounts due and payable up to the date of ceasing employment, including accrued leave entitlements.

End of Remuneration Report

ASIC Corporations Instrument 2016/191 rounding of amounts

The Company is an entity to which ASIC Corporations Instrument 2016/191 applies and, accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 30 June 2017 has been received and can be found on page 12 of the financial report.

This Director's Report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.



L Mizikovsky
Non-executive Chairman

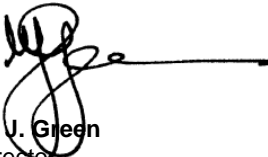
Dated 31 August 2017

Auditor's Independence Declaration to the Directors of AstiVita Limited

In accordance with the requirement of section 307C of the Corporations Act 2001, as lead auditor for the audit of AstiVita Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Hanrick Curran Audit Pty Ltd
Authorised Audit Company: 338599



M. J. Green
Director

Brisbane, 31 August 2017

Corporate Governance Statement

For the Year Ended 30 June 2017

The objective of the Board of AstiVita Limited ("AstiVita") is to create and deliver long term shareholder value through the importation and distribution of household products, appliances and renewable energy products.

AstiVita Limited has adopted the recommendations of the ASX Corporate Principles Edition 3. AstiVita has completed and lodged an Appendix 4G in conjunction with the lodgement of its Annual Report. AstiVita has clearly explained in its governance strategy where principles have been adopted and if not why not.

The Company's charters, committees and corporate governance policies are available on our website www.astivita.com.au.

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2017

	Note	2017 \$'000s	2016 \$'000s
Revenue	2	6,196	6,938
Other income	2	211	57
Raw materials and consumables used		(4,471)	(5,259)
Employee benefits expense		(834)	(777)
Employee share scheme expense		(151)	-
Depreciation and amortisation expense	11,12	(183)	(193)
Rental expense		(331)	(381)
Warranty cost		(413)	(427)
Advertising & marketing expense		(509)	(268)
Legal expenses		28	(166)
Doubtful debts written back/(off)		12	(37)
Directors fees		(78)	(68)
Freight out charges		(208)	(240)
Corporate costs		(123)	(105)
I T Services		(77)	(78)
Product licenses & permit costs		(44)	(39)
Insurance charges		(96)	(119)
Inventory written back/(down)		147	124
Other expenses		(365)	(332)
Finance costs		(155)	(150)
Loss before income tax		(1,444)	(1,520)
Income tax benefit	5	410	450
Loss for the year		(1,034)	(1,070)
Other comprehensive income			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(1,034)	(1,070)
Earnings per share			
Basic earnings per share (cents)	17	(2.65)	(3.44)
Diluted earnings per share (cents)	17	(2.65)	(3.44)

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with accompanying notes.

Statement of Financial Position

As At 30 June 2017

	Note	2017 \$'000s	2016 \$'000s
ASSETS			
Current Assets			
Cash and cash equivalents	7	200	603
Trade and other receivables	8	1,311	1,346
Inventories	9	3,428	3,345
Other assets	10	429	283
Total Current Assets		5,368	5,577
Non-Current Assets			
Property, plant and equipment	11	118	206
Intangible assets	12	693	336
Deferred tax assets	15	3,808	3,338
Total Non-Current Assets		4,619	3,880
TOTAL ASSETS		9,987	9,457
LIABILITIES			
Current Liabilities			
Trade and other payables	13	309	198
Provisions	14	270	275
Total Current Liabilities		579	473
Non-Current Liabilities			
Borrowings		2,065	2,923
Provisions	14	36	35
Deferred tax liabilities	15	149	90
Total Non-Current Liabilities		2,250	3,048
TOTAL LIABILITIES		2,829	3,521
NET ASSETS		7,158	5,936
EQUITY			
Issued capital	16	9,540	7,284
Retained earnings		(2,382)	(1,348)
TOTAL EQUITY		7,158	5,936

The Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the Year Ended 30 June 2017

2017

	Issued Capital \$'000s	Retained Earnings \$'000s	Total \$'000s
Balance at 1 July 2016	7,284	(1,348)	5,936
Comprehensive income for the year			
Loss for the year	-	(1,034)	(1,034)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	(1,034)	(1,034)
Transactions with owners in their capacity as owners			
Employee share scheme - Share based payment transactions	151	-	151
Right's issue of shares	2,105	-	2,105
Total transactions with owners in their capacity as owners	2,256	-	2,256
Balance at 30 June 2017	9,540	(2,382)	7,158

2016

	Issued Capital \$'000s	Retained Earnings \$'000s	Total \$'000s
Balance at 1 July 2015	7,284	(278)	7,006
Comprehensive income for the year			
Loss for the year	-	(1,070)	(1,070)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	(1,070)	(1,070)
Balance at 30 June 2016	7,284	(1,348)	5,936

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the Year Ended 30 June 2017

		2017	2016
	Note	\$'000s	\$'000s
Cash flows from operating activities			
Receipts from customers (including GST)		6,512	7,708
Payments to suppliers and employees (including GST)		(7,561)	(8,217)
Interest received		3	9
Interest paid		-	(151)
Foreign exchange gain		1	-
Net cash provided by/(used in) operating activities	21	(1,045)	(651)
Cash flows from investing activities			
Proceeds from sale of plant and equipment		14	20
Payment for intangible asset		(449)	(12)
Purchase of property, plant and equipment		(15)	(55)
Net cash used by investing activities		(450)	(47)
Cash flows from financing activities			
Proceeds from issue of shares		152	-
Loans from related parties		940	900
Net cash provided by/(used in) financing activities		1,092	900
Net increase/(decrease) in cash and cash equivalents held		(403)	202
Cash and cash equivalents at beginning of year		603	401
Cash and cash equivalents at end of financial year	7	200	603

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the Year Ended 30 June 2017

This financial report covers the financial statements and notes of AstiVita Limited as an individual entity. AstiVita Limited is a for-profit Company incorporated and domiciled in Australia and whose shares are publicly traded on the Australian Securities Exchange Limited. The financial statements were authorised by the Board of Directors on 31 August 2017.

1 Summary of Significant Accounting Policies

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

These financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The significant accounting policies used in the preparation and presentation of these financial statements are provided below and are consistent with prior reporting periods unless otherwise stated.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Rounding of amounts

The Company is an entity to which ASIC Corporations Instrument 2016/191 applies and accordingly amounts in the financial statement and Directors' Report have been rounded to the nearest thousand dollars unless and otherwise stated.

(a) Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises of current income tax expense plus deferred tax expense (being the movement in deferred tax assets and liabilities and unused tax losses during the year).

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the financial statements.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current tax assets and liabilities are offset where there is a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements

For the Year Ended 30 June 2017

1 Summary of Significant Accounting Policies (continued)

(a) Income Tax (continued)

Deferred tax assets and liabilities are offset where there is a legal right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

(b) Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

Where a change in comparatives has also affected the opening retained earnings previously presented in a comparative period, an opening statement of financial position at the earliest date of the comparative period has been presented.

(c) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the weighted average costs basis and are net of any rebates and discounts received. The costs of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the Group from the taxing authorities), transport, and other costs directly attributable to the acquisition of inventory.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the costs necessary to make the sale. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

(d) Property, Plant and Equipment

All classes of property, plant and equipment are measured using the cost model. Under the cost model, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of costs of dismantling and restoring the asset, where applicable.

The depreciable amount of all property, plant and equipment is depreciated on a diminishing value method from the date that management determine that the asset is available for use.

Assets held under a finance lease and leasehold improvements are depreciated over the shorter of the term of the lease and the assets useful life.

Notes to the Financial Statements

For the Year Ended 30 June 2017

1 Summary of Significant Accounting Policies (continued)

(d) Property, Plant and Equipment (continued)

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Plant and Equipment	3 - 4 years
Motor Vehicles	5 - 8 years
Office Furniture and Equipment	3 years

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

When an asset is disposed, the gain or loss is calculated by comparing proceeds received with its carrying amount and is taken to profit or loss.

(e) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial Assets

Financial assets are assigned to different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Company's trade and most other receivables fall into this category of financial instruments.

Discounting is omitted where the effect of discounting is considered immaterial.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

Notes to the Financial Statements

For the Year Ended 30 June 2017

1 Summary of Significant Accounting Policies (continued)

(e) Financial instruments (continued)

For trade receivables, impairment provisions are recorded in a separate allowance account with the loss being recognised in profit or loss. When confirmation has been received that the amount is not collectable, the gross carrying value of the asset is written off against the associated impairment provision.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

In some circumstances, the Company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Group does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Financial liabilities

Financial liabilities are recognised when the Company becomes a party to the contractual agreements of the instrument. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in the income statement line items "finance costs" or "finance income".

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

The Company's financial liabilities include trade and other payables, which are measured at amortised cost using the effective interest rate method.

Impairment of financial assets

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

(f) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

Notes to the Financial Statements

For the Year Ended 30 June 2017

1 Summary of Significant Accounting Policies (continued)

(f) Impairment of non-financial assets (continued)

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

(g) Intangible Assets

Software

Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of eight years. It is assessed annually for impairment.

Bompani Brand and Licence Approvals

The Bompani brand and licence approvals has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of two years. It has been fully amortised as at 30 June 2015.

AstiVita NZ Brand Name

The AstiVita NZ Brand Name was purchased as part of the settlement with Plumbing World in April 2016. As part of this agreement, we will be able to establish the AstiVita website in New Zealand in September 2017 and sell all AstiVita branded products.

(h) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

(i) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than twelve months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows. Changes in the

Notes to the Financial Statements

For the Year Ended 30 June 2017

1 Summary of Significant Accounting Policies (continued)

(i) Employee benefits (continued)

measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the statement of financial position if the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

(j) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the statement of profit or loss and other comprehensive income.

(k) Earnings per share

The company presents basic plus diluted earnings per share information for its ordinary shares.

Basic earnings per share is calculated by dividing the profit by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share adjusts the basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(l) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

(m) Equity-settled compensation

The Company operates equity-settled share-based payment employee share schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense immediately, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price.

An Employee Share Plan ('Plan') has been established to enable officers, staff and contractors to participate in the capital growth of the Company. The Group follows this by allowing all Eligible Employees of the Group to be issued shares in the Company. During the year, Eligible employees were issued 150,799 shares in the current financial year.

Offer to participate - The Board may, from time to time, at its absolute discretion, issue written offers to eligible employees, inviting them to accept shares in the Company ('Offer'). The Board must make Offers on a non-discriminatory basis to at least 75% of Australian-resident permanent employees who have completed at least 3

Notes to the Financial Statements

For the Year Ended 30 June 2017

1 Summary of Significant Accounting Policies (continued)

(m) Equity-settled compensation (continued)

- (m) Equity-settled compensation (continued)
years of service (whether continuous or non-continuous) with the Company.

Restriction on disposal - A participant may not dispose of, deal in, or grant a security interest over, any interest in a share issued under the Plan until the earlier of

- the end of the period of three years commencing on the date of the issue of that share
- the date on which the participant is no longer employed by the company; and
- the end of any other period determined by the Board in accordance with relevant law.

Shares to rank pari passu - Shares issued under the Plan will rank equally in all respects with ordinary shares in the company for the time being on issue except for any rights attached to the shares by reference to a record date prior to the date of issue.

The Plan is in compliance with the Corporations Act and Listing Rules of ASX as amended or waived from time to time.

(n) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(o) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

All revenue is stated net of the amount of goods and services tax (GST).

Sale of goods

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

Interest revenue

Interest is recognised using the effective interest method.

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

Notes to the Financial Statements

For the Year Ended 30 June 2017

1 Summary of Significant Accounting Policies (continued)

(p) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(q) Foreign currency transactions and balances

Functional and presentation currency

The functional currency of AstiVita Limited is measured using the currency of the primary economic environment in which the entity operates. The financial statements are presented in Australian dollars which is the entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or where they are deferred directly in equity reserves as "qualifying hedges".

(r) Critical accounting estimates and judgments

(i) General

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Notes to the Financial Statements

For the Year Ended 30 June 2017

1 Summary of Significant Accounting Policies (continued)

(r) Critical accounting estimates and judgments (continued)

(i) General (continued)

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

(ii) Impairment of inventory

A provision of \$250,000 (2016: \$1.007 million) has been recognised by the Company for excess and slow moving inventory, which has been deemed impaired as at 30 June 2017. The assessment of this provision required a degree of estimation and judgement. The level of the provision was determined after taking into account the sales history of various product lines, the age of product groups and any other factors that may affect inventory obsolescence. The provision was based on product lines, which were unlikely to be sold in the foreseeable future.

(iii) Impairment of receivables

An allowance for doubtful debts of \$48,000 (2016: \$62,000) has been recognised by the Company as at 30 June 2017. The assessment of this allowance required a degree of estimation and judgement. The level of the allowance was determined after taking into account historical collection rates, specific knowledge of individual debtors' financial positions and past bad debt experiences and contractual performance against allowed credit terms.

(iv) Classification of borrowings

The Company has presented \$2.065 million (2016: \$2.923 million) in borrowings as non-current liabilities (Refer Note 22(c)). The borrowings are documented in a loan agreement, the interpretation of which is fundamental to the classification of borrowings as either current or non-current in accordance with AASB 101 *Presentation of Financial Statements*. The Directors have exercised judgement in the interpretation of the terms and conditions of the loan agreement in determining the classification of debt as current or non-current.

(v) Warranty provision

A provision of \$243,000 (2016: \$243,000) at 30 June 2017 has been recognised by the Company for estimated warranty claims in respect of products and services which are still under warranty at the end of the reporting period. Management estimates the provision for future warranty claims based on historical warranty claim information over the past 12 months, as well as recent trends that might suggest that the past cost information may differ from future claims. Anticipated future warranty costs were based on a mathematical model of historical costs which was then extrapolated for the anticipated number of claims over the next 12 months.

The warranty provision for the replacement of defective solar panels is based on the cost of providing new panels only. Labour costs are negligible due to an agreement with suppliers to provide labour free of charge.

Notes to the Financial Statements

For the Year Ended 30 June 2017

1 Summary of Significant Accounting Policies (continued)

(r) Critical accounting estimates and judgments (continued)

(vi) Deferred tax assets

Determining income tax provisions involves judgment on the tax treatment of certain transactions. Deferred tax is recognised on tax losses not yet used and on temporary differences where it is probable that there will be taxable profit against which these can be offset. The Directors have made judgments as to the probability of future taxable profits being generated against which tax losses will be available for offset.

(s) Going concern

The directors have prepared the financial report on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. This is deemed to be appropriate notwithstanding that the Company has incurred losses of \$1,034 million (2016: \$1.070 million). As at 30 June 2017, the Company has net assets of \$7.16 million (2016: \$5.94 million).

The Company's ability to continue as a going concern is dependent on its ability to reverse the currently occurring operating losses by restructuring operations, increasing sales, realising the value inherent in inventory on-hand, recovering trade debtors and, if necessary, obtaining replacement debt or equity funding. Rainrose Pty Ltd, a related party has advanced \$2.065 million (\$2.923 million). Rainrose Pty Ltd has confirmed it will continue to support the Company and advance further funds in 2018 if required.

At the date of this report and having considered the above factors, the Directors are confident of restructuring operations and sales and generating sufficient cashflows from operations so that the Company will be able to continue as a going concern. There is still significant uncertainty whether the Company will continue its normal business activities and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

These financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

(t) Adoption of new and revised accounting standards

The Company has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standard Board (AASB), that are relevant to their operations and effective for the current period.

During the current year, the following standards became mandatory and have been adopted retrospectively by the Company:

- AASB 2015-1 *Annual Improvements (2012 - 2014 cycle)*
- AASB 2015-2 *Amendments to Australian Accounting Standards - Disclosure Initiative.*

The accounting policies have been updated to reflect changes in the recognition and measurement of assets, liabilities, income and expenses. However, the adoption of these standards had no material impact on the reported financial position or performance as discussed below.

AASB 2015-1 Annual Improvements (2012 - 2014 cycle). Clarifications are made on AASB 5 - reclassification

Notes to the Financial Statements

For the Year Ended 30 June 2017

1 Summary of Significant Accounting Policies (continued)

(t) Adoption of new and revised accounting standards (continued)

from held for sale to held for distribution to owners or vice versa is considered as continuation of the plan of disposal; AASB 7 clarifies on disclosure requirements for transferred financial assets and offsetting arrangements; AASB 119 confirms that high quality corporate bonds or national government bonds used to determine discount rates must be in the same currency as the benefits paid to employee; AASB 134 clarifies information about cross references in the interim financial report. They have no material impact on the entity.

AASB 2015-2 Disclosure Initiative - Amendment to AASB 101. There are no changes to accounting policies covered by this standard, however this amendment provide clarification regarding the disclosure requirements in AASB 101. They have no material impact on the entity.

(u) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Company where the standard is relevant:

Standard Name	Effective date for entity	Requirements	Impact
AASB 9 Financial Instruments and amending standards AASB 2010-7 /AASB 2012-6 /AASB 2014-7 /AASB 2014-8	30 June 2019	Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value.	The entity has not yet determined the magnitude of any changes which may be needed.
AASB 15 Revenue from Contracts with Customers	30 June 2019	This standard provides guidance on the recognition of revenue from customers.	The entity has not yet determined the magnitude of any changes which may be needed.
AASB 16 Leases	30 June 2020	Significant revisions to accounting for operational leases on balance sheet by Lessees of property and high value equipment. However, exemptions for short-term leases and leases of low value assets will reduce the impact.	The entity has not yet determined the magnitude of any changes which may be needed.

Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Revenue and Other Income

Revenue from continuing operations

	2017 \$'000s	2016 \$'000s
Sales revenue		
- Bathroom products	2,195	2,492
- Solarpower products and REC's income	2,662	3,269
- Kitchen appliances	1,336	1,168
Other revenue		
- Interest	3	9
Total Revenue	6,196	6,938
Other Income		
- Recoveries	-	3
- Other income	209	54
- Net gain on disposal of property, plant and equipment	1	-
- Gain on exchange differences	1	-
Total other income	211	57
Total Revenue and Other Income	6,407	6,995

3 Expenses

The result for the year includes the following specific expenses:

	2017 \$'000s	2016 \$'000s
Loss on disposal of assets	-	1
Bad and doubtful debts	2	37
Defined contribution superannuation expense	62	67
Minimum lease payments	331	381
Depreciation	91	101
Amortisation	92	92
Reversal of stock impairment	(757)	(393)

Notes to the Financial Statements

For the Year Ended 30 June 2017

4 Remuneration of Auditors

	2017 \$	2016 \$
Hanrick Curran Audit Pty Ltd (including related entities), for:		
- auditing or reviewing the financial statements	38,000	38,000
Remuneration of other auditors of subsidiaries for:		
- other services	60	-
Total	38,060	38,000

5 Income Tax Benefit

(a) Components of tax expense

The major components of income tax expense comprise:

	2017 \$'000s	2016 \$'000s
Deferred tax expense		
Relating to origination and reversal of temporary differences	(410)	(450)
Total income tax benefit	(410)	(450)

(b) Reconciliation of income tax to accounting profit:

	2017 \$'000s	2016 \$'000s
Loss before income tax	(1,444)	(1,520)
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2016: 30%)	(433)	(456)
The following items have affected income tax expense for the period:		
Tax effect of:		
- Permanent differences	23	6
	(410)	(450)

Notes to the Financial Statements

For the Year Ended 30 June 2017

6 Dividends

Franking account

	2017 \$'000s	2016 \$'000s
Balance of franking account at year end	<u>1,497</u>	<u>1,497</u>

The above available balance is based on the dividend franking account at year-end adjusted for:

- (a) Franking credits that will arise from the payment of the current tax liabilities;
- (b) Franking debits that will arise from the payment of dividends recognised as a liability at the year end;
- (c) Franking credits that will arise from the receipt of dividends recognised as receivables at the end of the year.

The ability to use the franking credits is dependent upon the Company's future ability to declare dividends.

7 Cash and cash equivalents

	2017 \$'000s	2016 \$'000s
Cash at bank	<u>200</u>	<u>603</u>
	<u>200</u>	<u>603</u>

Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

	2017 \$'000s	2016 \$'000s
Cash and cash equivalents	<u>200</u>	<u>603</u>
Balance as per statement of cash flows	<u>200</u>	<u>603</u>

Notes to the Financial Statements

For the Year Ended 30 June 2017

8 Trade and other receivables

	2017 \$'000s	2016 \$'000s
CURRENT		
Trade receivables	1,359	1,408
Provision for impairment	8(a) (48)	(62)
Total current trade and other receivables	1,311	1,346

(a) Impairment of receivables

Reconciliation of changes in the provision for impairment of receivables is as follows:

	2017 \$'000s	2016 \$'000s
Balance at beginning of the year	62	84
Additional impairment loss recognised	15	3
Reversal of impairment	(29)	(25)
Balance at end of the year	48	62

(b) Aged analysis

The ageing analysis of receivables is as follows:

	2017 \$'000s	2016 \$'000s
<u>30 Days Accounts</u>		
0-30 days	75	2
31-60 days	1	3
61-90 days (past due not impaired)	3	-
91+ days (past due not impaired)	2	2
<u>90 Days Accounts</u>		
0-90 days	939	1,260
91-120 days	222	29
121-150 days	46	-
151+ days (considered not impaired)	23	50
151+ days (considered impaired)	48	62
	1,359	1,408

Current trade receivables are non-interest bearing and are generally on 30 or 90 day terms. An impaired amount is provided for any customers who are facing financial difficulties and may not be able to pay the outstanding account. Management reviews the financial status of new account applicants prior to granting credit trading terms. Management assess credit applicants by reference to their payment history with other suppliers and will only grant credit trading terms to those applicants with a sound payment background. The Company does not take security as part of any payment arrangements with customers. Based on the past payment history of the Company's customers, the Directors believe that the amounts past due date but not impaired are those customers with sound credit history and are therefore not impaired.

Notes to the Financial Statements

For the Year Ended 30 June 2017

9 Inventories

	2017 \$'000s	2016 \$'000s
CURRENT		
At net realisable value:		
Finished goods	3,639	4,229
Less: Provision for obsolescence	(250)	(1,007)
Goods in transit	39	123
	<u>3,428</u>	<u>3,345</u>

(a) Inventory expense

Inventories recognised as expense during the year ended 30 June 2017 and included in 'raw materials and consumables used' and 'changes in inventories of finished goods' amounted to \$4,471,000 (2016: \$5,259,000).

Reversal of stock impairment recognised during the year ended 30 June 2017 amounted to \$(757,000) (2016: \$(393,000)).

During the year, the Company commenced negotiations with TWD for the supply of additional items. Subsequent to the end of the reporting period (note 25), the Company received an order as a commitment to purchase \$780,900 of inventory as part of its ongoing normal business activity with the Company.

(b) Amounts not expected to be realised within the next 12 months

The entire amount of inventories is presented as current, since the Company expects to realise the assets in its normal operating cycle. However, based on past experience and after adjusting for events occurring after reporting date (note 25), the Company does not expect approximately \$681,974 (2016: \$2,125,417) of inventories to be realised within the next 12 months. The directors and management are of the view that the stock will be realised in the future and realised for a value greater than cost in the normal course of the business.

10 Other non-financial assets

	2017 \$'000s	2016 \$'000s
CURRENT		
Prepayments	429	283
	<u>429</u>	<u>283</u>

As part of the trading requirements of overseas suppliers, the Company pays deposits in advance to suppliers for future supply of inventories.

Notes to the Financial Statements

For the Year Ended 30 June 2017

11 Property, plant and equipment

	2017 \$'000s	2016 \$'000s
Plant and equipment		
At cost	575	575
Accumulated depreciation	(531)	(460)
Total plant and equipment	44	115
Motor vehicles		
At cost	77	89
Accumulated depreciation	(16)	(12)
Total motor vehicles	61	77
Office equipment		
At cost	107	99
Accumulated depreciation	(94)	(85)
Total office equipment	13	14
Total property, plant and equipment	118	206

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Plant and Equipment \$'000s	Motor Vehicles \$'000s	Office Equipment \$'000s	Total \$'000s
Year ended 30 June 2017				
Balance at the beginning of year	115	77	14	206
Additions	-	7	8	15
Disposals - written down value	-	(12)	-	(12)
Depreciation expense	(71)	(11)	(9)	(91)
Balance at the end of the year	44	61	13	118
Year ended 30 June 2016				
Balance at the beginning of year	187	62	24	273
Additions	18	37	-	55
Disposals - written down value	(7)	(14)	-	(21)
Depreciation expense	(83)	(8)	(10)	(101)
Balance at the end of the year	115	77	14	206

Notes to the Financial Statements

For the Year Ended 30 June 2017

12 Intangible Assets

	2017 \$'000s	2016 \$'000s
Bompani brand & license approvals		
Cost	483	483
Accumulated amortisation and impairment	(483)	(483)
Net carrying value	-	-
Computer software		
Cost	726	726
Accumulated amortisation and impairment	(482)	(390)
Net carrying value	244	336
AstiVita NZ Brand Name		
Cost	449	-
Accumulated amortisation and impairment	-	-
Net carrying value	449	-
Total Intangibles	693	336

(a) Movements in carrying amounts of intangible assets

	AstiVita NZ Brand Name \$'000s	Computer software \$'000s	Total \$'000s
Year ended 30 June 2017			
Balance at the beginning of the year	-	336	336
Additions	449	-	449
Amortisation	-	(92)	(92)
Closing value at 30 June 2017	449	244	693
Year ended 30 June 2016			
Balance at the beginning of the year	-	416	416
Additions	-	12	12
Amortisation	-	(92)	(92)
Closing value at 30 June 2016	-	336	336

Notes to the Financial Statements

For the Year Ended 30 June 2017

13 Trade and other payables

	2017 \$'000s	2016 \$'000s
CURRENT		
Unsecured liabilities		
Trade and other payables	309	198
	<u>309</u>	<u>198</u>

14 Provisions

	2017 \$'000s	2016 \$'000s
CURRENT		
Warranties	243	243
Employee benefits	27	32
	<u>270</u>	<u>275</u>
NON-CURRENT		
Employee benefits	36	35
	<u>36</u>	<u>35</u>
	Warranties	Total
	\$'000s	\$'000s
Current		
Opening balance at 1 July 2016	243	243
Balance at 30 June 2017	<u>243</u>	<u>243</u>

Provision for Warranties

A provision of \$243,000 at 30 June 2017 (2016: \$243,000) has been recognised for estimated warranty claims in respect of products and services which are still under warranty at the end of the reporting period. The provision was assessed by reference to the actual warranty costs incurred over the prior 12 months, this amount was then adjusted to reflect the anticipated future group warranty costs.

Refer to Note1(j) for the relevant accounting policy and Note1(r) for a discussion of the estimations and assumptions applied in the measurement of this provision.

Provisions for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave. The measurement and recognition criteria relating to employee benefits have been discussed at Note 1(i).

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

Notes to the Financial Statements

For the Year Ended 30 June 2017

15 Tax

(a) Recognised deferred tax assets

	2017 \$'000s	2016 \$'000s
Deferred tax assets	15(d) <u>3,808</u>	<u>3,338</u>

(b) Recognised deferred tax liabilities

	2017 \$'000s	2016 \$'000s
Deferred tax liabilities	15(c) <u>149</u>	<u>90</u>

(c) Deferred Tax Liabilities

	Opening Balance \$'000s	Charged to Income \$'000s	Closing Balance \$'000s
Deferred tax assets			
Property, plant and equipment			
- Property, plant and equipment	93	(3)	90
Balance at 30 June 2016	<u>93</u>	<u>(3)</u>	<u>90</u>
Property, plant and equipment			
- Property, plant and equipment	90	(23)	67
- Intangibles	-	82	82
Balance at 30 June 2017	<u>90</u>	<u>59</u>	<u>149</u>

(d) Deferred Tax Assets

	Opening Balance \$'000s	Charged to Income \$'000s	Closing Balance \$'000s
Deferred tax assets			
Provisions	518	(125)	393
Employee benefits	34	(14)	20
Accrued expenses	3	(3)	-
Unused tax losses	2,332	570	2,902
Other	4	19	23
Balance at 30 June 2016	<u>2,891</u>	<u>447</u>	<u>3,338</u>
Provisions	393	(231)	162
Employee benefits	20	(1)	19
Accrued expenses	-	1	1
Unused tax losses	2,902	724	3,626
Other	23	(23)	-
Balance at 30 June 2017	<u>3,338</u>	<u>470</u>	<u>3,808</u>

Notes to the Financial Statements

For the Year Ended 30 June 2017

16 Issued Capital

	2017 \$'000s	2016 \$'000s
53,667,803 (2016: 31,114,866) Ordinary shares fully paid	9,540	7,284
	<u>9,540</u>	<u>7,284</u>

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

(a) Movements in ordinary shares

	2017 No.	2016 No.	2017 \$000's	2016 \$000's
At the beginning of the reporting period	31,114,866	31,114,866	7,284	7,284
Shares issued during the year				
- Rights issue	21,048,742	-	2,105	-
- Employee share scheme	1,507,990	-	151	-
- Shares cancelled	(3,795)	-	-	-
At the end of the reporting period	53,667,803	31,114,866	9,540	7,284

(b) Capital Management

Management controls the capital of the Company in order to maintain a conservative working capital position, provide the shareholders with appropriate returns and ensure that the Company can fund its operations and meet its obligations as and when they fall due.

The capital structure of the Company comprises of issued share capital and retained earnings as disclosed in the statement of financial position.

Management controls the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks. These responses include adjustments to working capital, decisions whether or not to make distributions to shareholders and capital raising if required. The Board may consider accessing debt facilities if the need arises.

There are no externally imposed capital requirements.

There have been no changes in the strategy adopted by management to control the capital of the Company since the prior year.

(c) Options

At 30 June 2017 there were no share options on issue (2016: Nil)

Notes to the Financial Statements

For the Year Ended 30 June 2017

17 Earnings per Share

(a) Earnings used to calculate overall earnings per share

	2017 \$'000s	2016 \$'000s
Profit for the year used to calculate the basic and diluted EPS	(1,034)	(1,070)

(b) Weighted average number of shares used

	2017 No.	2016 No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic & diluted EPS	39,070,868	31,114,866

18 Controlled Entities

	Country of Incorporation	Percentage owned (%) 2017	Percentage owned (%) 2016
Parent Entity:			
AstiVita Limited	Australia	-	-
Subsidiaries			
AstiVita Bathrooms and Kitchens Pty Ltd	Australia	100	100
Solarpower Pty Ltd	Australia	100	100
Indent Manufacturing Pty Ltd	Australia	100	100
Thermasol Pty Ltd	Australia	100	100

19 Capital and Leasing Commitments

Operating leases

	2017 \$'000s	2016 \$'000s
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	332	327
- later than one year but not later than five years	-	166
	332	493

The Company had no other significant capital expenditure or lease commitments at the reporting date (2016: None).

20 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2017 (30 June 2016: None).

Notes to the Financial Statements

For the Year Ended 30 June 2017

21 Cash Flow Information

Reconciliation of loss for the year to net cash provided by operating activities:

	2017 \$'000s	2016 \$'000s
Loss for the year	(1,034)	(1,070)
Adjustments for non-cash items in profit:		
- amortisation	92	92
- depreciation	91	101
- impairment of receivables	38	37
- finance costs	155	-
- Employee share scheme expense	151	-
- reversal of impairment	(757)	(393)
- net (profit)/loss on disposal of property, plant and equipment	(1)	1
Changes in operating assets and liabilities:		
- (increase)/decrease in trade and other receivables	(3)	543
- (increase)/decrease in inventories	675	598
- (increase)/decrease in deferred tax	(470)	(448)
- (increase)/decrease in other assets	(146)	4
- increase/(decrease) in trade and other payables	108	(67)
- increase/(decrease) in deferred taxes payable	59	(2)
- increase/(decrease) in provisions	(3)	(47)
Cashflow from operations	<u>(1,045)</u>	<u>(651)</u>

Non-cash financing and investing activities

During the year, the Company undertook a rights issue. Some amounts in respect of the rights issue were settled on the basis of a debt-for-equity swap.

22 Related Parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(a) The Company's main related parties are as follows:

(i) Key management personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

For details of remuneration disclosures relating to key management personnel, refer to Note 23: Interests of Key Management Personnel (KMP) and the remuneration report in the Directors' Report.

Other transactions with KMP and their related entities are shown below.

Tamawood Limited and its controlled entities ("Tamawood") and Advanced Nano Technologies Ltd (ANO) are deemed to be a related party to AstiVita Limited by virtue of Mr L Mizikovsky, the Non-executive Chairman of AstiVita Limited, having a controlling interest in Tamawood Limited and ANO. Transactions with ANO and Tamawood are disclosed below.

Notes to the Financial Statements

For the Year Ended 30 June 2017

22 Related Parties (continued)

(b) Transactions with related parties

(i) Sale of goods and services

	2017 \$	2016 \$
Tamawood		
- Sales to Tamawood Limited	1,363,566	1,077,096
- Sale of vehicle	13,636	-
	<hr/>	
Advanced Nano Technologies Ltd		
- Provision of accounting & logistics services	70,058	-
	<hr/>	
Mr L Mizikovsky		
- Sales to an entity controlled by Mr L Mizikovsky	26,327	40,877
- Recovery of refurbishment to leased property	13,010	-
	<hr/>	

(ii) Purchase of goods and services

	2017 \$	2016 \$
Tamawood		
- Advertising, IT and accounting services	24,927	18,536
	<hr/>	
Mr L Mizikovsky		
- Rent and outgoing payments for premises leased from an entity controlled by Mr L Mizikovsky	330,832	381,017
	<hr/>	
Mr Geoff Acton		
- Administration and payroll processing services provided by an entity controlled by Mr Acton	16,790	13,525
- Provision of consultancy services	10,626	-
	<hr/>	
Resiweb Limited		
- IT Maintenance services	-	30,000
	<hr/>	
Luke Ison		
- Payment for services provided	-	3,666
	<hr/>	

(iii) Outstanding balances

	2017 \$	2016 \$
Mr L Mizikovsky		
- Amounts receivable for sales	822	3,346
	<hr/>	
Tamawood		
- Amounts receivable from Tamawood for sales	24,052	3,236
- Amounts payable to Tamawood for purchases	1,200	-
	<hr/>	
Advanced Nano Technologies Ltd		
- Amounts payable to ANO	15,991	-
	<hr/>	

Notes to the Financial Statements

For the Year Ended 30 June 2017

22 Related Parties (continued)

(b) Transactions with related parties (continued)

Amounts receivable from and amounts payable to related parties for the sale and purchase of goods and services are unsecured and interest free and are included in the balances of trade and other receivables and trade and other payables respectively. Balances are settled within trading terms or as per agreement with the Board. No provisions for doubtful debts have been recognised on these outstanding balances, nor have any bad debt expenses been incurred.

(c) Loans from related parties

At the Annual General Meeting in November 2013, shareholders unanimously approved an unsecured loan facility of up to \$2,000,000 with further advances available at the discretion of Rainrose Pty Ltd, an entity controlled by the Non-executive Chairman. As at 30 June 2017 the loan amounted to \$2,065,415. The loan with Rainrose Pty Ltd (an entity of Mr Lev Mizikovsky) has been provided to AstiVita and under the loan agreement is due for repayment in July 2022.

	Opening balance	Closing balance	Interest not charged	Interest paid/payable	Impairment
	\$	\$	\$	\$	\$
Loans from Rainrose Pty Ltd					
2017	2,923,435	2,065,415	-	154,854	-
2016	2,023,200	2,923,435	-	150,237	-

23 Key Management Personnel Disclosures

(a) Key management personnel remuneration

	2017	2016
	\$	\$
Short-term employee benefits	180,071	181,282
Long-term benefits	1,689	5,815
Post-employment benefits	10,275	10,192
Share-based payments - Employee share scheme	38,649	-
	230,684	197,289

Detailed remuneration disclosures are provided in the remuneration report on pages 7 to 11.

Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 22 : Related Party Transactions.

24 Financial Risk Management

The Company is exposed to a variety of financial risks through its use of financial instruments. This note discloses the Company's objectives, policies and processes for managing and measuring these risks.

The Company does not speculate in financial assets.

Notes to the Financial Statements

For the Year Ended 30 June 2017

24 Financial Risk Management (continued)

The Company is primarily exposed to the following financial risks:

- Market risk - currency risk and cash flow interest rate risk
- Credit risk
- Liquidity risk

Specific information regarding the mitigation of each financial risk to which Company is exposed is provided below.

Objectives, policies and processes

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and whilst remaining ultimately responsible for them, it has delegated the authority to management for developing and operating processes that ensure the effective implementation of the objectives and policies of the Company's finance function. The Company's risk management policies and objectives are therefore designed to minimise the potential impact of these risks on the results of the Company where such impact may be material.

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payables.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

For the Company, credit risk primarily arises from outstanding receivables due from its customers and deposits with banks.

The utilisation of credit limits by customers is regularly monitored by management. Trade receivables consist of a large number of customers. The Company has two large debtors which represent 56% (2016: 3 debtors at 47%) of the AstiVita trade debtors which at 30 June 2017 had a total amount outstanding of \$760,531 (2016: \$676,838). The Directors believe all outstanding amounts will be received. The Company has identified slow paying customers and is satisfied that the \$48,000 (2016: \$62,000) allowance for doubtful debts is adequate in the event the customers may not be able to meet their repayment commitment to the Company.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of sound credit quality, including those that are past due.

Credit risk related to balances with banks and other financial institutions is managed by a policy requiring that banking is undertaken with Authorised Deposit taking Institutions registered as such with the Australian Prudential Regulation Authority.

Notes to the Financial Statements

For the Year Ended 30 June 2017

24 Financial Risk Management (continued)

(b) Liquidity risk

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's objective is to ensure as much as possible that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions. The Company achieves this by holding sufficient cash in liquid form, and monitors the timing of commitments.

	2017 \$'000s	2016 \$'000s
Current assets	5,368	5,577
Current liabilities	(579)	(473)
Working capital	4,789	5,104

Liquidity risk is further mitigated due to the loan facility provided by Mr Lev Mizikovsky, the Non-executive Chairman and substantial shareholder of the Company, as disclosed in Note 1(s).

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates. The timing of expected outflows is not expected to be materially different from contracted cashflows. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the consolidated statement of financial position due to the effect of discounting.

	Not later than 6 months		1 to 5 years		Total	
	2017 \$'000s	2016 \$'000s	2017 \$'000s	2016 \$'000s	2017 \$'000s	2016 \$'000s
Borrowings	-	-	2,065	2,923	2,065	2,923
Trade payables	309	198	-	-	309	198
Total	309	198	2,065	2,923	2,374	3,121

* Contractual cashflows approximate the carrying amounts as presented in the consolidated statement of financial position.

(c) Market risk

(i) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will effect future cash flows or the fair value of fixed rate financial instruments.

The Company adopts a policy of minimising exposure to interest rate risk. A +/-1% change in interest rates would change the net interest expense by +/- \$20,654 p.a. (2016: +/- \$23,200) on cash held and borrowings at year end.

Notes to the Financial Statements

For the Year Ended 30 June 2017

24 Financial Risk Management (continued)

(c) Market risk (continued)

(ii) Foreign currency risk

Exposures to currency exchange rates arise from the Company's overseas sales and purchases, which are primarily denominated in US dollars and Euro.

The Company's policy is that all foreign currency transactions are settled on a spot rate basis. There are no hedge facilities or other forward contract facilities in place.

In order to monitor the continuing effectiveness of the policy, the Board receives reports on its product pricing strategy together with data relating to any major fluctuations in foreign currencies. The Company's policy to mitigate foreign currency risk is to adjust selling prices for its products to reflect movements in foreign currencies.

Foreign currency denominated financial assets and liabilities, translated into Australian Dollars at the closing rate, are as follows:

	2017 \$'000s	2016 \$'000s
Financial assets		
USD monies on deposit	311	185
Euro monies on deposit	92	98
Financial liabilities		
Net exposure	403	283
Spot rate at year end		
US Dollar	0.7692	0.7485
Euro	0.6730	0.6811

Notes to the Financial Statements

For the Year Ended 30 June 2017

24 Financial Risk Management (continued)

Foreign currency sensitivity analysis

The following table illustrates the sensitivity of the net result for the year and equity in regards to the Company's financial assets and financial liabilities and the US Dollar – Australian Dollar exchange rate and the Euro – Australian Dollar exchange rate. There have been no changes in the assumptions calculating this sensitivity from prior years. The sensitivity analysis is based on the foreign currency financial instruments held at the reporting date.

It assumes a +/- 5% change of the Australian Dollar / US Dollar exchange rate for the year ended 30 June 2017 (30 June 2016: 5%). A +/- 5% change is considered for the Australian Dollar / Euro exchange rate (30 June 2016: 5%). Both of these percentages have been determined based on the historical market volatility in exchange rates.

2017	USD	Euro	Total AUD
Net result for the year			
Australian dollar weakened 5%	12	3	15
Australian dollar strengthened 5%	(12)	(3)	(15)
Equity			
Australian dollar weakened 5%	12	3	15
Australian dollar strengthened 5%	(12)	(3)	(15)
2016			
Net result for the year			
Australian dollar weakened 5%	7	3	10
Australian dollar strengthened 5%	(7)	(3)	(10)
Equity			
Australian dollar weakened 5%	7	3	10
Australian dollar strengthened 5%	(7)	(3)	(10)

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Company's exposure to foreign currency risk.

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The Company's financial assets and financial liabilities consist only of short-term trade receivables and payables. Due to the short-term nature of trade receivables and payables, the carrying amounts as presented in the consolidated statement of financial position are assumed to approximate their fair values.

25 Events Occurring After the Reporting Date

Subsequent to reporting date, the Company has received from TWD an order as a commitment to purchase \$780,900 of aged inventory as part of their ongoing normal business activity with the Company.

Other than the above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Directors' Declaration

The directors of the Company declare that:

1. the financial statements and notes for the year ended 30 June 2017 are in accordance with the *Corporations Act 2001*, the *Corporations Regulations 2001*, other mandatory professional reporting requirements and:
 - a. comply with Accounting Standards, which, as stated in accounting policy note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position and performance of the Company;
2. the General Manager has given the declarations required by Section 295A that:
 - a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view.
3. in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
4. The remuneration disclosures in the Remuneration Report in the Director's Report comply with Section 300A of the *Corporations Act 2001*.

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



L Mizikovsky

Non-executive Chairman

Dated 31 August 2017



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ASTIVITA LIMITED**

Qualified Opinion

We have audited the accompanying financial report of AstiVita Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Qualified Opinion

At 30 June 2017, the financial report of the Group included inventory provisions of \$250,000 in respect of aged inventory with a value of \$682,000. In respect of the net realisable value for this inventory, being \$432,000, there remains uncertainty regarding the future cash flows to be derived from this inventory and accordingly we are unable to form a view as to the valuation of the allowances for impairment as at 30 June 2017. Had we been able to form a view as to the future cash flows associated with these assets, matters might have come to our attention indicating that adjustments might be necessary to the 30 June 2017 financial report.

At 30 June 2017, the financial report of the Group included a further \$780,900 of aged inventory which is subject to an order from a related party, as a commitment to purchase as part of its on-going normal business activity with the Group (note 9 and 25). In respect of the net realisable values for this inventory, there remains uncertainty regarding the timing of future cash flows to be derived from this inventory and accordingly we are unable to form a view as to the valuation of the allowances for impairment at 30 June 2017. Had we been able to form a view as to the future cash flows associated with these assets, matters might have come to our attention indicating that adjustments might be necessary to the 30 June 2017 financial report.

At 30 June 2017, the financial report of the Group included Deferred Tax Assets with a value of \$3,732,000 (note 15). There remains uncertainty regarding the future availability and use of these deferred tax assets, and accordingly we are unable to form a view as to the valuation of these assets. Had we been able to form a view as to the future availability and use of these assets, matters might have come to our attention indicating that adjustments might be necessary to the 30 June 2017 financial report.

We conducted our audit in accordance with Australian Accounting Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirement of the *Corporations Act 2001* and the ethical requirements of Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ASTIVITA LIMITED**

Emphasis of Matter – Going Concern

We draw attention to Note 1(s) of the financial report and the various matters described therein. The Company has also received a letter of financial support from Rainrose Pty Ltd, a company associated with the majority shareholder, to enable the Company to pay its debts as and when they fall due and to continue to provide financial support to the Company to enable the continuation of operations for a period of at least twelve months, if required. Despite this support, there remains uncertainty that the Company will continue its normal business activities and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements. The financial statements do not include adjustments to recorded asset or liability amounts that might be necessary should the company not continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter – Accounting Estimates

We draw attention to Note 1(r) to the financial report which describes the critical accounting estimates and judgements about valuation of inventory, deferred income tax assets, and other balances, made by the directors in the preparation of the financial report. The uncertainty associated with these estimates and judgements means that there is a significant chance of a material adjustment to the reported value of the related items in the next financial year and therefore the related items may be realised at amounts that differ from the estimates recorded at 30 June 2017 and may not be realised in the normal course of business and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the "Emphasis of Matter – Going Concern" section and the "Emphasis of Matter – Accounting Estimates" section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue recognition	
Refer to Note 2	
Key Audit Matter	How the Matter was addressed in our audit
The recognition of revenue in accordance with AASB 118 <i>Revenue</i> (to be replaced in future periods by AASB 15 <i>Revenue from Contracts with Customers</i>) is considered a material risk in Australian Auditing Standards. As a result of the guidance included in Australian Auditing Standards, we consider that the recognition of revenue is a Key Audit Matter, to be addressed in the course of our audit.	Our procedures in respect of revenue recognition included analysis of the month-to-month recorded revenue, data analysis on transactions recorded in the Company's accounting systems, analysis of financial information and ratios relevant to the recognition of revenue, inquiry of management regarding posted transactions and, on a sample basis, substantive testing of transactions to sales transactions, supporting documents, contracts and banking records.



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ASTIVITA LIMITED**

Accounting estimates and judgements

Refer to Note 1(r), 1(s), 2, 3, 5, 8, 9, 14, and 15.

Key Audit Matter	How the Matter was addressed in our audit
<p>We note the disclosures by directors in note 1(r) regarding the critical accounting estimates and judgements used during the preparation of the financial statements.</p> <p>We consider that the use of significant estimates and judgements in the context of the preparation of the financial statements results in an increased risk of material misstatement of the financial statements as a whole. As a result, we consider that the use of estimates and judgements is a Key Audit Matter to be addressed in the course of our audit.</p>	<p>Our procedures in respect of estimates and judgements were performed in accordance with the requirements of Australian Auditing Standard ASA 540 <i>Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures</i>. These procedures included:</p> <ul style="list-style-type: none">▪ Assessing the accounting policies and their application with the critical estimates and judgements.▪ Assessing how management determines the completeness, relevance and accuracy of the data (including assumptions and inputs) used to develop the critical estimates and judgements. This includes assessing the nature of the assumptions, inputs and data, including which of the assumptions, estimates and data are likely to be significant to the critical estimates and judgements.▪ Assessing whether and, if so, how, management has considered alternative inputs, assumptions or outcomes. This includes assessing whether management determines that the information used is internally consistent or whether such analysis indicates the existence of a number of outcome scenarios.

Other Information in the Annual Report

The directors are responsible for the "Other Information in the Annual Report". This "Other Information" comprises the information included in the Company's annual report for the year ended 30 June 2017, but which is not included in the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ASTIVITA LIMITED**

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by the directors.
- Conclude on the appropriateness of director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ASTIVITA LIMITED**

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the remuneration report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 11 of the directors' report for the year ended 30 June 2017.

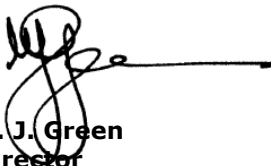
In our opinion, the Remuneration Report of AstiVita Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

HANRICK CURRAN AUDIT

**Hanrick Curran Audit Pty Ltd
Authorised Audit Company: 338599**



**M. J. Green
Director**

Brisbane, 31 August 2017

Shareholder Information

30 June 2017

ASX Additional Information

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 5 August 2016.

Substantial shareholders

The number of substantial shareholders and their associates are set out below:

Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

Voting rights of shareholders are governed by the Company's Rules. In summary, a shareholder is entitled to exercise one vote for each share on any question arising from a meeting of the Group.

Members wishing to appoint proxies may do so in accordance with the Corporations Act 2001 and Rules of the Group.

Distribution of equity security holders

Holding	No. of Shares	No. of Holders
1 - 1,000	33,642	98
1,001 - 5,000	552,067	188
5,001 - 10,000	534,649	69
10,001 - 50,000	1,842,426	81
50,001 - 100,000	1,331,585	18
100,000 and over	49,373,434	37
	53,667,803	491

There were 393 holders of less than a marketable parcel of ordinary shares.

Twenty largest shareholders

	Number held	% of issued shares
POLTICK PTY LTD	31,057,145	57.87
NOWCASTLE PTY LTD	6,560,676	12.22
SUPERFUN SUPER FUND A/C	1,268,844	2.36
MR RADE & MRS JACQUELINE DUDUROVIC	920,000	1.71
MR SCOTT RONALD ISON	772,990	1.44
STODDART BUILDING PRODUCTS PTY LTD	661,179	1.23
MR SCOTT RONALD ISON	542,206	1.01
RIPELAND PTY LTD	522,180	0.97
MR STUART KEITH ANDERSON	500,000	0.93

AstiVita Limited

ABN 46 139 461 733

Shareholder Information

30 June 2017

	Number held	% of issued shares
K R KHATRI (DENTAL) PTY LTD	500,000	0.93
COLLECTION HOUSE PTY LTD S/F A/C	500,000	0.93
THE L AND R SUPER FUND PTY LTD	462,758	0.86
GEOFF ACTON	456,400	0.85
BEOWULF PTY LTD	357,318	0.67
MIZI SUPERANNUATION PTY LTD	349,331	0.65
MR RADE DUDUROVIC	321,000	0.60
MR ROBERT LYNCH	300,000	0.56
MR RAYMOND LAW	272,172	0.51
MR MICHAEL ERNEST GRANATA	270,110	0.50
LYNCH FAMILY S/F A/C	256,080	0.48
	<hr/>	
	46,850,389	87.28

Securities exchange

The Company is listed on the Australian Securities Exchange.

Share registry

The register of holders of ordinary shares of the Company is kept at the office of Computershare Investor Services Pty, 117 Victoria Street, West End, QLD 4101.