

2017 Simavita Annual Report



Simavita



Simavita

Simavita Limited is absolutely focused upon rapidly building a profitable and valuable business through delivering new and industry disruptive technology to the USD12bn annual market for adult and infant diapers whilst maintaining tight cost control.

Contents

2

About Simavita

4

Message from the Chairman

5

AlertPLUS™ the key to Simavita's future

6

Chairman's Letter

8

Board of Directors and Senior Management

10

Directors' Report

16

Corporate Governance Statement

17

Consolidated Statement of Comprehensive Loss

18

Consolidated Statement of Financial Position

19

Consolidated Statement of Changes in Equity

20

Consolidated Statement of Cash Flows

21

Notes to the Consolidated Financial Statements

46

Directors' Declaration

47

Independent Auditor's Report

53

Shareholder Information

56

Corporate Information

The Corporate Governance Statement outlining Simavita Limited's corporate governance framework and practices in the form of a report against the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, 3rd Edition, is available on the Simavita Limited website at <http://www.simavita.com/irm/content/corporate-governance.aspx?RID=389> in accordance with ASX listing rule 4.10.3. The Directors approved the 2017 Corporate Governance Statement on September 19, 2017.

About Simavita

Our vision
is clear and
achievable...
to rapidly
build a highly
valuable
and profitable
business.



Introduction

Simavita Limited (ASX: SVA) develops and markets advanced systems associated with smart, wearable and disposable technologies for the aged and disabled care market and also for the global diaper manufacturing industry. This industry currently generates approximately USD21bn in annual revenues.

In the past 12 months the Company undertook an extensive review of its resources, its Intellectual Property and skills. The result of this review was a new vision and strategy for the Company. The vision is clear and achievable ... to rapidly build a highly valuable and profitable business. The Company's strategy is entitled PIVOT and provides a roadmap to deliver new product to enormously expanded international markets, whilst generating real and sustainable cost reductions within the business ... an opportunity to do substantially more with much less.

Fundamental to the Company's PIVOT strategy has been to listen to our customers and to deliver new product and service strategies. We identified a number of significant opportunities for the Company to deliver:

- AlertPLUS™ - A hyper low cost sensor system suitable for both the adult and infant markets. The Company has now delivered AlertPLUS™ and is focused on sales to international manufacturers.

- AssessPLUS™ - A low cost, easy to use and graphical product for the assessment of incontinence. In November 2016 Simavita announced the release of its first completely new product AssessPLUS™ and are now seeing the advantages associated with lower product maintenance costs and significant opportunity amongst a rapidly growing market for community or home use, particularly for both the aged as well as the disabled.

Combined with the delivery of these new products, Simavita simultaneously undertook a major review of its cost structure resulting in significant and recurring savings. Major cost reductions occurred not only as a result of reducing the size of the Company but also through the delivery of new product which demands less in terms of sales support, training and ongoing management.

Most importantly, the Company can now deliver a portfolio of sensors and systems that will meet a clear demand for cost effective, better, timely information to address all segments of the international adult incontinence and infant diaper industry. The opportunity represents a clear unmet market need to provide low cost product to a rapidly growing US\$9bn market for adult incontinence pads and a US\$12bn diaper market for infants.

With a combined market of US\$21bn, the industry can be broadly divided into 2 discrete segments:

1. Low Cost, Everyday Diapers and Pads for infants, aged, disabled and others, who require extremely low cost and effective products, and;
2. Continence Products, for those individuals suffering from manageable incontinence. These individuals require assistance in identifying the most appropriate continence products and in determining a proven product change routine. The management of incontinence can reduce carer time and product costs by up to 25%, whilst ensuring the right continence products are used to provide peace of mind, prevent falls and improve skin integrity. Professionals and trained carers prescribe continence products following a proper assessment of needs using Simavita's assessment sensors and tools.

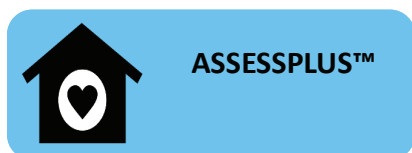
Products

Central to the Company's strategy is the rapid delivery of a series of upgraded and new products to market. With the implementation of the PIVOT strategy, Simavita will provide sensors for all segments of the large and growing diaper market.

Our products include:



Extremely low cost sensor platform technology for everyday use in all adult and infant diapers. AlertPLUS™ connects to your smart device, phone or tablet via an App. The platform is ready for partnering with major international diaper manufacturers.



Low cost and easy to use assessment platform. A focus on ensuring that the aged and disabled, who live in the community, will be provided with the right diaper at the right time. A 48 to 72-hour assessment program will drive reduced costs by up to 25% as well as improved health outcomes, including reduced accidents associated with falls and improved skin integrity. Released November 2016 for sale and being implemented internationally.



SIM™ Clinical is Simavita's industrial assessment product for institutional users including hospitals, rehabilitation and aged care institutions who have demanding requirements for integration and reporting.

Simavita continence assessment and management delivers real results

Whether you use SIM™ Clinical or AssessPLUS™, the Simavita smart, wearable and disposable technologies deliver meaningful results. Our experience is widely based and points directly toward substantial and sustained benefit including:

- Improved quality of life for those who suffer incontinence. Simavita solutions ensure incontinence is managed properly helping people to regain confidence and enjoy their lives, enjoy social activity without fear of embarrassment
- Falls, together with the fear of falling, amongst seniors and people with disabilities often lead to life threatening injuries. These risks may be either eliminated or dramatically reduced by aligning toileting interventions with need
- Skin care is improved by minimizing the potential for wetness accumulation near the skin
- Urinary tract infections that so often accompany incontinence may be dramatically reduced or eliminated by properly aligning hygiene management with need
- Dramatically improved hydration through fluid monitoring and as a consequence, improved mental and physical acuity
- Eliminates time consuming and invasive manual assessment
- For those people particularly with incontinence related to a physical impairment, such as a stroke, who are undergoing rehabilitation, the Simavita product can often lead to retraining and restoring continence either in part or in total.
- A true and accurate record with which to have meaningful dialogue with those who live with the issue of incontinence, and to satisfy statutory and regulatory requirements
- Importantly, our experience is that the Simavita incontinence assessment and management products lead directly to substantial cost savings both in terms of pad and diaper costs as well as carer time required to manage those people who may be incontinent

About Simavita

continued

Evolving disposable sensors technology

The Company's immediate strategy is to continue to evolve its smart, wearable and disposable sensors. We have an impressive array of intellectual property patents covering 12 families of patents with 46 granted and 35 filed and in review across all important international markets. Simavita devotes substantial resource in research and development and to expanding our global opportunities.

Simavita - a small company with global reach and a focus on commerciality

Simavita's head office is located in Sydney, Australia. In addition to support functions, the Company maintains a team of product development and maintenance specialists in Australia.

Simavita also continues to maintain a direct marketing and support presence in Australia, North America and Europe. Through our partner network, we have extended and strengthened our reach across:

- The United States
- Canada
- All Scandinavian Countries
- The Netherlands
- The United Kingdom
- New Zealand

Furthermore, Simavita supports its products through product registration and maintenance to the highest international levels. Our products support multiple languages.

Milestones

During FY 2017, Simavita achieved the following significant milestones:

- Completed the Company's Vision and Strategy together with the delivery of many of the Company's key goals
- Granted patents associated with AlertPLUS™ and delivered the technology
- Designed and delivered AssessPLUS™
- Ongoing significant restructure of the business and reduction of the cost base.
- Delisted from the Toronto Ventures Exchange effective from August 3, 2016 further reducing overhead costs.
- Generated revenue across three continents – Australia, North America and Europe with expansion into The Nordic countries.
- Appointed OneMed as distributor for The Netherlands and the Nordic countries.
- Appointed Medical Mart, part of Medline Canada, to expand sales, marketing and distribution network in Canada.
- Converted Medline US to a non-exclusive distributor.
- Appointed as an Approved Provider under the Australian National Disability Insurance Scheme.
- Received \$1.65m under the Federal Government's R&D Tax Incentive Scheme.
- Expanded patent families and patents granted in target markets.
- Secured additional capital to support continued product innovation and global expansion.

AlertPLUS™ the key to Simavita's future

AlertPLUS™
– Simavita's
disruptive
technology
platform for
a USD 21bn
global market.



Internationally, aged and disability care is growing rapidly and is under massive pressure to cut or preserve costs. There is no winning strategy or change to diaper technology that will enable international diaper manufacturers to profitably win new business or even retain their existing customers without significant reductions to their profit margins. Our experience and market research has guided Simavita in the development of AlertPLUS™. A product we firmly believe is a highly disruptive technology platform, for an industry that is extremely competitive but has largely remained unchanged for many years.

Manufacturers of adult and infant products, require an inexpensive, easy to use, electronic alert product to differentiate their product offerings from others who rely solely upon a variant of a commonly available absorbent material or substantial price discounting to win and retain business. AlertPLUS™ delivers a powerful tool which differentiates product offerings, it easily and clearly offers significant advantage to the purchaser/carer and binds customers to products.

AlertPLUS™ is a hyper low cost sensor which forms part of a manufactured diaper. Secured data including urine loss is captured by the sensor and sent to a smart device (phone, tablet or computer) with an App downloaded from the internet. There are few costs associated with manufacture, no impact upon manufacturing and importantly, costs to the end user are marginal. Apps downloaded are simple to use and require no advanced training.

In the adult diaper market for the aged and disabled, our research clearly tells us that AlertPLUS™ delivers significant advantage to carers in the Community (home market) as well as to institutional carers. These advantages include:

- Significant reductions in time required to check on patients
- Cost reductions directly associated with changing diapers too early
- Elimination of leakage and the labour as well as cost associated with leaky diapers
- Reduced falls and skin infections which result in a corresponding reduction in medical emergencies
- Improved quality standards for carers and institutions

Furthermore, AlertPLUS™ similarly delivers significant advantage to young parents accustomed to using smart devices to check on their child. Parents no longer need to guess or wait until their child becomes upset no matter the time of day or night. Risks associated with diaper rash and infections are limited.

Key features include:

- Everyday monitoring solution, complementing our AssessPLUS™ assessment solution
- Ultra-low cost sensor
- Fully integrated into absorbent products
- No tooling costs or assembly-line modifications for manufacturers
- Low cost data acquisition tools
- Smart device (phone, tablet) friendly
- Granted patents

Chairman's Letter

Over the past 12 months, as promised, the Company has been rebuilt and is clearly focused on delivering a valuable and profitable business.

Michael Spooner – Chairman



AlertPLUS™ is key to the future of Simavita. It is the culmination of our significant investment, commitment and knowledge in smart wearable and disposable sensors.

Dear Shareholder,

In May 2016, you, our shareholders, supported a program to rebuild Simavita. Since then and with your continued support, your company has accomplished a number of timely and extremely important goals. These goals are fundamental to the restructuring of Simavita and our activities to deliver the Company's primary mission:

Rapidly build a profitable and valuable business

Simavita outlined to the stock market earlier in 2017 our strategy, PIVOT, which, as the name might suggest, is our change in focus... our change in direction, whilst we continue to leverage our core strengths. PIVOT is a road map to achieving our Mission. The essentials to PIVOT are set out below:

PIVOT is Simavita's roadmap

Restructured operations and reduced spending:

Key to our PIVOT roadmap has been a review of operations where there is a clear decision to do much more with significantly less. We have managed to accomplish this by organizationally restructuring whilst reducing overall costs. In 2017 alone, we reduced spending by over 40% year on year. We continue to maintain a close eye on all costs whilst ensuring there is no diminution in customer service and most importantly, ensuring that we deliver on our corporate mission.

Defining who we are:

Over the years, Simavita has invested heavily in developing knowledge and intellectual property in the electronic management of incontinence, specifically for the aged. We've taken that knowledge and intellectual property and are now applying it across exponentially larger areas of immediate opportunity particularly within the diaper industry, by clearly understanding that we are:

A world leader in smart, wearable and disposable sensors

Determining market need:

Understanding what we might be able to do in the field of smart, wearable and disposable sensors has enabled us to think laterally in determining the many things that ultimately we may deliver as a Company. We changed the way we think when it comes to our product and services. We have gone to the market and asked a lot of questions:

- who are our customers?
- what do they want?
- what are they prepared to pay for?
- how can we do business better?

Rapidly delivering new and exciting product:

As a result of our evaluations of market requirements Simavita has now delivered new and exciting product:

AssessPLUS™

In November 2016, Simavita released its first completely new product. A product that would address many of the needs of our existing users whilst opening substantial opportunities in community care for the aged and disabled. AssessPLUS™ is a highly graphical incontinence assessment product. It is designed to quickly deliver recommendations that may reduce diaper costs but essentially would deliver better outcomes for users. These outcomes include better hydration, fewer or no falls and injuries, overall better social outcomes for people who no longer need to worry about deeply personal problems associated with incontinence.

For the first time, AssessPLUS™ enables Simavita to sell through distributors into the community, it eliminates training and many of the very lengthy and in-depth sales tasks that are required for our earlier product SIM™. AssessPLUS™ has been adopted by the vast majority of our existing customers with the exception of large and institutional users including large hospitals and rehabilitation centers who continue to use SIM™ for its larger scale features.

AlertPLUS™

I'm truly excited that we earlier this year revealed AlertPLUS™. This product is the result of our shareholder's investment in Simavita, our commitment and our knowledge.

AlertPLUS™ is a truly disruptive technology designed for mass markets including aged, disabled and importantly for the first time, infant markets. It is the future of the Company in a market that we understand to be approximately USD21b annually and growing rapidly.

It is an easy to use, flexible, ultra low cost, high value add product. On a price and performance basis, we have not seen anything in like it in the market.

AlertPLUS™ are sensors integrated within a diaper which may be manufactured for marginal cost, without modification or impact upon existing manufacturing systems. It enables manufacturers to differentiate their product offerings in an extremely large and competitive market.

Importantly, Simavita has gathered substantial information through product presentations and surveys with large infant care providers, long term aged and disabled care facilities, distributors, hospitals and rehabilitation institutions. These presentations and surveys have been conducted internationally and focus on existing users of diapers manufactured by the largest international companies in the diaper industry. To date and without exception, chief purchasing decision makers have strongly indicated that:

1. They would purchase a diaper incorporating AlertPLUS™ in preference to any other diaper
2. They saw major time and cost savings as well as marketing benefits associated with AlertPLUS™
3. AlertPLUS™ will deliver quality service and control improvements
4. There were no concerns regarding the immediate adoption of this technology including background infrastructure and training.

We have accomplished many of the tasks we set out to achieve, however remain dependent upon our shareholders for your support for which I and your Board of Directors are grateful. We look forward to the months ahead as we implement the final stages of our PIVOT strategy.



Michael Spooner

Chairman of the Board of Directors
Simavita Limited

Board of Directors and Senior Management

Directors



Mr Michael Spooner

Mr Michael Spooner Non-Executive Chairman

Mr Spooner was appointed as Chairman of Simavita in April 2016. Mr Spooner also serves on the Board of Directors of Mesoblast. Since 2004 he has filled various roles including as Executive Chairman from the date of the ASX public listing in 2004 until 2007. He is currently the Chairman of the Audit and Risk Committee as well as a member of the Remuneration Committee.

Over the past several years Mr Spooner has served on the Board of Directors in various capacities at several Australian and international biotechnology companies, including BiVacor Pty Ltd (2009-2013), Advanced Surgical Design & Manufacture Limited (2010-2011), Peplin, Inc. (2004-2009), Hawaii Biotech, Inc. (2010-2012), Hunter Immunology Limited (2007-2008), and as Managing Director of Ventracor Limited (2001-2003).

Prior to returning to Australia in 2001, he spent much of his career internationally where he served in various roles including as a partner to PA Consulting Group, a United Kingdom-based management consultancy and a Principal Partner and Director of Consulting Services with PricewaterhouseCoopers (Coopers & Lybrand) in Hong Kong.

In addition, Mr Spooner has owned and operated several international companies providing services and has consulted to a number of American and Asian public companies.

Dr Gary W Pace Non-Executive Director

Dr Pace was appointed as Non-Executive Director of the Company in April 2016. Dr Pace has more than 40 years of experience in the development and commercialisation of advanced life sciences and related technologies, spanning biotechnology, pharmaceuticals, medical devices, and food industries. He is a serial entrepreneur and has held senior positions in small and large-scale life sciences ventures and companies in Australia, the USA and Europe. Dr Pace has contributed to the development of the biotechnology industry through honorary university appointments and industry and government committees.

Dr. Pace is currently a Director of four public companies ResMed (NYSE, RMD); Pacira Pharmaceuticals Inc (NASDAQ: PCRX); Transition Therapeutics Inc. (NASDAQ: TTHI) and Antisense Therapeutics (ASX: ANP) as well as several private companies.

Dr. Pace holds a B.Sc. (Hons I) from the University of New South Wales and a Ph.D. from the Massachusetts Institute of Technology. Also he has held visiting academic positions at the Massachusetts Institute of Technology and the University of Queensland. Dr. Pace is an elected Fellow of the Australian Academy of Technological Sciences and Engineering.

Mr Warren R. Bingham Non-Executive Director

Mr Bingham was appointed as a Non-Executive Director of the Company on May 21, 2015.

For more than 20 years, Mr Bingham has worked extensively in the field of medical devices and technologies, with expertise in domestic and international markets, health economics, regulatory and clinical affairs and business development. In 2001, he established the Australian subsidiary of Given Imaging Ltd., a company who pioneered the Pillcam® technology. In 2004, he successfully established Pillcam capsule endoscopy on the Medicare Benefits Scheme.

During his time at Given Imaging, Mr Bingham served on the global management team which drove the company's progression from a small, privately held, research-stage company with no revenue to a multinational, publicly traded company with revenues exceeding USD\$200 million. In February 2014, Covidien plc acquired Given Imaging Ltd. for approximately USD\$1 billion.

Mr Bingham provides consulting and advisory services to the Life Sciences and Medtech sectors and serves as Member of the Board of the ANZ Gastrointestinal International Training Association, Vice President Asia Pacific to clinical Genomics, chair for the AusMedtech National Advisory Group and AusMedtech Health economics expert Panel, strategic advisor to the Board of the Gastroenterological Nurse College of Australia, Ambassador and strategic advisor to NFP organisation Noble Endeavours, and Alumni Ambassador for the Vinnies CEO Sleepout. Mr Bingham is also a Director of Endogene Limited and HyGleaCare Inc. Mr Bingham has qualifications in Business Administration and post graduate qualifications in Management and is also a graduate member of the Australian Institute of Company Directors.



Dr Gary W Pace



Mr Warren R. Bingham

Executive Team



Peter J. Curran

Peter J. Curran Chief Technology Officer

Peter is the Chief Technology Officer of Simavita and has been with the company since May 2009. He has over 30 years' experience in engineering, operations, and commercial management and has been active in consumer, industrial and defence markets across power, telecommunications, computer technology, gaming, audio, and medical device products and services. Peter spent his early working career as an electronics design engineer of industrial power equipment for Lincoln Electric before moving into senior and principal engineering roles in defence with GEC Marconi systems and Stanilite and then into executive management positions in manufacturing, operations and commercial management within the electronics industry. Peter holds qualifications in electrical engineering, business administration and has accreditations in business process improvement.



Peta Jurd

Peta Jurd Chief Commercial Officer/Company Secretary

Peta was appointed Chief Commercial Officer in September 2015. She has extensive experience in health and technology companies. Prior to joining Simavita, Peta was the Head of Hills Health Solutions at Hills Limited, providing technology to hospitals and aged care facilities in Australia and New Zealand. She has also held senior management positions at Telstra, Veolia Environmental Services and Mayne Nickless Health Care. Peta has a strong commercial background and extensive experience running commercial and operational business units and governance areas such as compliance, risk management, human resources, safety and legal services. Peta is also an independent Non-Executive Director of the National Breast Cancer Foundation.

Peta holds qualifications in Commerce, Law and Corporate Management.

She is a Certified Practising Accountant and a Fellow of the Australian Institute of Company Directors.



Wessel Van Dijk

Wessel Van Dijk Vice President, EU Sales & Marketing

Wessel was appointed executive VP of Sales and Marketing in Europe in December 2015. He has worked for over 25 years in sales and marketing leadership positions in multinational medical device companies including: Olympus Medical and 17 years in an executive leadership position with Johnson & Johnson, next to an international management role with the start up Gynecare INC. Wessel holds a bachelor degree in business administration at the Nyenrode University in The Netherlands. Wessel commenced his career as a registered nurse, leading a coronary care and intensive care unit. He managed a specialised rehabilitation centre with focus on spinal cord injuries.

Directors' Report

for the year ended June 30, 2017

The Directors submit their report on the consolidated entity consisting of Simavita Limited and the entities it controlled at the end of June 30, 2017.



Directors

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

Michael R Spooner
Gary W Pace
Warren R Bingham

Company Secretary

Peta C Jurd
Sarah Prince (Co-Company Secretary)

Ms. Sarah Prince was appointed Company Secretary on May 26, 2017 replacing Nathan Bartrop who resigned effective the same day. Ms. Prince is a solicitor and a member of the Governance Institute of Australia. She has been employed by Company Matters Pty Ltd as a Company Secretary and solicitor since 2006.

Group Overview

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

Simavita Holdings Limited
Simavita (Aust) Pty Ltd
Fred Bergman Healthcare Pty Ltd
Simavita US Inc.

Principal place of business

Principal place of business for the Group is Level 13, 54 Miller Street, North Sydney NSW 2060 Australia.

The country of incorporation of the ultimate parent and controlling entity of the Group is in Canada.

Principal activities

The Simavita Group of companies (the "Group") is a world leader in the development of smart, wearable and disposable sensors for the global diaper industry. The Group is focused upon major and rapidly growing markets for adult and infant diapers which currently amount to over USD\$21bn annually.

The Group's product range now encompasses a comprehensive spectrum of electronic sensors and systems from incontinence assessment through to everyday use including:

- SIM™ our traditional electronic incontinence assessment tool for large institutional users.
- AssessPLUS™ which was released to market in November 2016. AssessPLUS™ is a low cost, easy to use and highly graphical electronic assessment tool for community users including the NDIS through to aged care operators.
- AlertPLUS™ is our new core platform technology. AlertPLUS™ is a hyper low cost, completely disposable product linked to smart devices including phones and tablets. Our target market includes adult and infant users for all geographies.

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

Information on Directors

M R Spooner B Comm ACA Chairman - non-executive

Experience and expertise	Independent non-executive Director and Chairman since April 27, 2016. Extensive experience as a Director in medical device, biologics and pharmaceutical companies. Previously a Partner with major international consulting firms. Member of Institute of Chartered Accountants ANZ since 1983.
Other current directorships	Non-executive Director of Mesoblast Limited since 2004.
Former directorships in last 3 years	None.
Special responsibilities	Chairman of the Board. Chairman of the Audit & Risk Committee.
Interests in shares and options	6,279,922 options issued at \$0.05 with an expiry date of 23 June 2023.

Dr G W Pace B Sc (Hons 1) Ph.D.

Experience and expertise	Independent non-executive Director since April 27, 2016. More than 40 years of experience in the development and commercialization of advanced life sciences and related technologies, spanning biotechnology, pharmaceuticals, medical devices and food industries. Fellow of the Australian Academy of Technology Sciences and Engineering.
Other current directorships	ResMed Inc. since May 1995. Antisense Therapeutics Ltd since 2015. Pacira Pharmaceuticals since 2008.
Former directorships in last 3 years	QRxPharma from 2007 to 2014. Transition Therapeutics from 2002 to 2016.
Special responsibilities	Member of the Audit & Risk Committee.
Interests in shares and options	6,279,922 options issued at \$0.05 with an expiry date of 23 June 2023.

W R Bingham Dip. Mgt. GAICD

Experience and expertise	Independent non-executive Director. Extensive experience in medical devices and early stage technologies. Graduate member of the Australian Institute of Company Directors.
Other current directorships	MedTech International Pty Ltd since July 2014. Endogene Limited since August 2015. Australian & New Zealand Gastroenterology International Training Association since September 2014. HyGleaCare Inc. since June 2017.
Former directorships in last 3 years	Given Imaging Pty Ltd from 2000 to 2014.
Special responsibilities	Member of the Audit & Risk Committee.
Interests in shares and options	475,555 CDIs and 250,000 options issued at \$0.05 with an expiry date of 13 December 2023.

Directors' Report

for the year ended June 30, 2017

Meetings of Directors

The numbers of meetings of the Group's Board of Directors and each Board committee held during the year ended June 30, 2017 and the numbers of meetings attended by each Director were:

	Full meetings of Directors		Audit Committee	
	A	B	A	B
M R Spooner	11	11	2	2
G W Pace	11	9	2	1
W R Bingham	11	11	2	2

A = Number of meetings held during the time the Director held office
B = Number of meetings attended

Other key management personnel

Name	Position
Peta C. Jurd	Company's Chief Commercial Officer/ Company Secretary
Peter J. Curran	Chief Technology Officer
Wessel Van Dijk	VP Europe Sales and Marketing
Christopher R. Southerland	VP US Sales and Marketing (resigned July 7, 2017)
Edward W. Nixey	General Counsel (resigned June 30, 2016)
Paul Won	VP Manufacturing & Supply Chain (role made redundant August 16, 2016)

Simavita overview

Strategic Business Review and Refocus

In May 2016, Simavita, with the support of its shareholders, commenced a strategic review of operations. This review incorporated a refinancing of operations with \$7.35m capital raised in May 2016 and a further \$2.34m in May 2017.

Fundamental to the strategic review was the reshaping of the leadership team, including both the Board of Directors and the role of the Managing Director. Furthermore, it was clear that the strategic review must address both the cost of operations and revenue generation. The result of the strategic review is encapsulated within the company's PIVOT strategy which was released to the market earlier this year.

PIVOT – Simavita's strategic plan, is a road map for the company's goal of rapidly building a profitable and valuable business. The impact of our strategic plan is bearing significant fruit:

Tight cost control and impact of the reshaping of the company's operations:

Simavita has now completed a significant restructuring of its operations which resulted in:

1. A 40% reduction in operating costs, particularly associated with staff reductions and tight cost control.
2. An absolute shift away from "one on one" or consultative selling, toward meaningful partnerships with organizations who have successful, vested and complementary businesses. This has resulted in a recasting of existing exclusive distribution relationships with Medline for North America as well as Abena in Denmark. Our focus is now on creating new partnerships as foreshadowed with our recent partnership with OneMed in northern Europe.
3. Essential to our PIVOT strategy has been to create product platforms that may be rapidly delivered to suit changing user needs across a community of users that may range from our traditional aged users through to disabled and across to infants for everyday use regardless of the setting, location or need of the user.

The impact of PIVOT has been to clearly identify market opportunity and a recognition that the Company's banner product SIM™, whilst suitable for large complex users, failed to address wider market need, nor did it address a global trend toward keeping aged and disabled people in their homes for longer periods of time. PIVOT has seen the company develop two completely new product platforms within the past 12 months. We believe that these platform technologies comprehensively meet market demand for smart, wearable and disposable sensors for the global diaper industry.

AssessPLUS™ was released to the market in November 2016 and delivers a portable, highly automated solution that is simple to use and an efficient method of assessing incontinence whilst rapidly generating evidence based care plans for both home use and aged care operators. Within the past 6 months, we have seen the vast majority of our existing aged care operators adopt AssessPLUS™. This has resulted in a significant reduction in maintenance costs together with reduced selling and training costs. Importantly the adoption of AssessPLUS™ has seen an increased usage within our existing customer base. The future of our incontinence business is clear, through AssessPLUS™ we will focus on creating relationships with service suppliers including NDIS operators as well as providers who deliver services within the community whilst maintaining our existing relationships with aged care providers. In addition, SIM™ will provide a platform for the sale and support of incontinence management product to large institutional users including hospitals and rehabilitation facilities where there is knowledge and capacity to utilise sophisticated product.

AlertPLUS™ is our latest platform addition and core to the company's future. AlertPLUS™ is available for adult and infant markets. It is, we believe, an industry disruptive, platform technology. It has three components which may be modified to suit product and market requirements. Components include:

- An integrated electronic sensor which forms part of the diaper materials. The sensor is added to the diaper during manufacture and does not require modification to manufacturing equipment or the manufacturing process, nor does the addition of the sensor impact manufacturing efficiency. Current estimates of a standard sensor will be immaterial to the input costs of each diaper. Importantly, the sensor may be adapted to specified diaper types.
- A low cost, multi-use, data capture device which is clipped to the end of each diaper. The ideal low cost specification for this device is Bluetooth. However, it may be modified to utilise WIFI. Furthermore, the device may be adapted to cater for environmental and specific health and safety requirements.
- A multi-OS downloadable App including Android, Windows and IOS from Apple iTunes developed and modified to suit market requirements. Apps may support multiple languages as well as functionality required by users.

As foreshadowed in recent announcements to the market, Simavita has been granted patented rights to this core technology.

The Group's continued focus on cost management has resulted in the reduction of operating costs and research and development costs. As a consequence the R&D tax incentive has also been reduced.

Financial results

Statement of loss after tax

The Group reported a loss after tax for the year ended June 30, 2017 of \$7,752,516 which was \$3,704,705 or 32% less than the loss incurred during the previous year ended June 30, 2016 of \$11,457,221. The reduced loss in the current year is principally attributable to:

- An increase in Net sales of \$115,484 to \$908,665 or 15% compared to \$793,181 in the previous corresponding year.
- Other income decreased due to an estimated R&D tax incentive of \$961,558 compared to \$1,665,911 in the previous corresponding year.
- Cost of goods sold of \$297,017 decreased from 41% back to 33% a reduction of 8% compared to \$322,809 in the previous corresponding year.
- Total operating expenses of \$8,285,205 (excluding share-based expense) had a decrease of \$5,418,748 or 40% compared to \$13,703,953 in the previous corresponding year. The Group has a policy of regularly reviewing the value of inventory on hand. These expenses include a write-down of \$176,966 worth of inventory which was slow moving.
- Total comprehensive loss for the year was \$7,763,371 a decrease of \$3,622,855 or 32% compared to \$11,386,226 in the previous corresponding year.

Cash and cash equivalents

The Group's cash and cash equivalents at the end of the year June 30, 2017 decreased by \$4,100,417 or 66% to \$2,072,353 as compared to \$6,172,770 at the end of the previous financial year.

Changes to capital structure

During the year ended June 30, 2017 the Group completed a number of transactions that resulted in additional securities being issued and further capital being raised by the Group, as detailed below:

- On December 16, 2016 the Group cancelled 40 shares that represented an accumulation of fractional shares over previous years resulting from prior consolidations.
- On May 8, 2017 the Group issued a total of 37,500,000 CDIs (represented by 37,500,000 common shares) to sophisticated investors in Australia (the "Placement"). The issue of the securities under the Placement, at the issue price of \$0.04 per security, raised a total of \$1,500,000 before the payment of associated expenses.
- On May 29, 2017 the Group issued 21,202,734 CDIs (represented by 21,202,734 common shares) to existing shareholders under a Non-Renounceable pro-rata offer (the "Rights Issue") to Eligible CDI holders on the basis of 1 New CDI for every 7 CDIs held at an issue of \$0.04. The issue of the securities under the Rights Issue raised a total of \$848,109 before the payment of associated expenses.
- On December 5, 2016 a total of 3,748,017 common shares were released from escrow pursuant to a Value Security Escrow Agreement dated December 3, 2013.
- During the year ended June 30, 2017 the Group granted a total of 12,809,844 unlisted stock options pursuant to the Group's stock option plan to all Directors of the Group. Each option, which was granted at no cost, entitles the holder to acquire one common share (CDI) in the Company at a price of \$0.05 per share (CDI). The options are subject to certain hurdles with vesting date on December 31, 2017 or upon a change in control of the Group by way of a general offer received by the Group from a third party organization for greater than 20% of the Group's issued capital including common shares and CDIs.
- The Group also granted 6,000,000 unlisted options at a price of \$0.06 per share (CDI) and 2,175,000 unlisted options at a price of \$0.12 per share (CDI) to the Group's employees with a vesting date on December 31, 2017.
- On June 6, 2017 the Group granted 2,500,000 unlisted options at a price of \$0.065 per share to a consultant to the Group. The options vest upon satisfaction of agreed performance conditions.
- On June 29, 2017 the Group granted 2,000,000 unlisted options at a price of \$0.05 per share to an employee in the Group. The options vest upon satisfaction of agreed performance conditions.
- During the year ended June 30, 2017 a total of 7,549,164 unlisted options issued to former employees were lapsed.

Directors' Report

for the year ended June 30, 2017

Liquidity

The Group has incurred losses before tax of \$7,752,516 for the year ended June 30, 2017 and net cash flows used in operations during the same period of \$6,247,185. The Group's cash balance as at June 30, 2017 was \$2,072,353 (FY16: \$6,172,770) whilst its working capital (defined to be current assets less total liabilities) was \$3,008,452 (FY16: \$7,453,927).

During the financial year the product range was expanded to address additional market sectors of home based care and disability care. This initiative was in response to a clear global trend to enable the elderly and disabled to stay at their family home longer and to take ownership of their care. This initiative was designed to deliver more effective and cost efficient service to a rapidly growing community. During the financial year 2018 the Group plans to materially grow revenue and also appoint additional distributors to address the long term care and rehabilitation markets in North America and Europe.

The Group has indicated its strong intention to raise additional capital to fund ongoing operations together with its initiatives to drive revenue with new product in new market segments particularly associated with AlertPLUS™ for mass markets in the Aged, Disabled and Infants markets in North America and Europe.

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

- The continued support of our shareholders in the provision of ongoing working capital,
- Completion of a licensing agreement with at least one of the international manufacturing firms currently reviewing Simavita's AlertPLUS platform technology,
- Successfully raising additional working capital either by way of licensing transaction or through the issue of new shares. Either or both of these events must occur prior to November 30, 2017;
- Materially and rapidly addressing new market opportunities and to grow revenue; and
- Continuing cost containment strategies.

Due to the uncertainty surrounding the above matters, there is material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and liabilities in the normal course of business. However, at the date of this report the Directors believe that the Group will be successful in the above matters and, accordingly, have prepared the financial report on a going concern basis.

The Group's auditor included an emphasis matter paragraph in the Audit Report for the Financial Statements for year ended June 30, 2017 relating to the Group's ability to continue as a going concern (refer Note 2(a) Going concern).

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

Insurance of officers and indemnities

During the financial year, the Group paid a premium of \$45,500 to insure the Directors and secretaries and the general managers of each of the divisions of the Group.

The liabilities insured are legal costs 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, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Non-audit services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor.
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the financial year no fees were paid or payable for non-audit services.

Dividends and distributions

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

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

Significant changes in the state of affairs of the Group

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

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

All remaining shareholders on the Canadian share register on December 6, 2016 were issued an equivalent number of CDIs in lieu of their shares and moved to an Issuer Sponsored Holding on the Australian Share (CDI) register.

Upon delisting from the TSX-V, Simavita Limited applied for and was granted recognition in Canada as a designated foreign issuer in accordance with National Instrument 71-102 – Continuous Disclosure and Other Exemptions Relating to Foreign Issuers. As such, though a Canadian-incorporated entity, Simavita is subject to the foreign regulatory requirements of a foreign regulatory authority, being the ASX

Significant events after balance sheet date

During September the Group received \$695,039 under a Receivable Finance Facility related to the Group's 2017 R&D tax incentive claim. The Facility will be repaid by the Group once the 2017 R&D tax incentive is received from the ATO.

Rounding of amounts

The Group is of a kind referred to ASIC Legislative Instrument 2016/191, relating to the "rounding off" of amounts in the Directors' report and financial report. Amounts in the Directors' report and financial report have been rounded off to the nearest dollar in accordance with the instrument.

Environmental regulations

The Group is not aware of any breaches of any environmental regulation as at year end June 30, 2017.

Proceedings on behalf of the Group

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

Directors' declaration

The financial statements were authorized for issue by the Directors on September 22, 2017.

The Directors have the power to amend and reissue the financial statements.



Michael R. Spooner
Chairman



Warren R. Bingham
Director

Corporate Governance Statement

for the year ended June 30, 2017

The Group and the Board are committed to achieving and demonstrating the highest standards of corporate governance.

The Group has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2016 Corporate Governance Statement 2016 is dated October 6, 2016 and reflects the corporate governance practices in place throughout the 2017 financial year.

The 2017 Corporate Governance Statement was approved by the Board on September 19, 2017.

A description of the Group's current corporate governance practice is set out in the Group's corporate governance statement which can be viewed at http://www.simavita.com/docs/Corporate_Governance_Statement_September_2017.pdf.

Consolidated Statement of Comprehensive Loss

for the year ended June 30, 2017

	Notes	Consolidated	
		June 30, 2017 \$	June 30, 2016 \$
Revenue	4	908,665	793,181
Cost of sales		(297,017)	(322,809)
Gross profit		611,648	470,372
Other income	5	974,367	1,865,595
Expenses			
Finance costs		–	(39,182)
General and administration		(2,646,818)	(4,938,885)
Occupancy costs		(318,566)	(410,979)
Research and development		(1,574,499)	(2,713,351)
Sales, marketing and distribution		(3,745,322)	(5,601,556)
Share-based payments expense		(1,053,326)	(89,235)
Loss before income tax		(7,752,516)	(11,457,221)
Income tax	8	–	–
Loss for the year		(7,752,516)	(11,457,221)
Other comprehensive income			
Items that may be subsequently reclassified to profit/(loss)			
Translation of foreign operation		(10,855)	70,995
Total comprehensive loss for the year		(7,763,371)	(11,386,226)
		Cents	Cents
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the Group:			
Basic loss per common share	7	(0.03)	(0.05)
Diluted loss per common share	7	(0.03)	(0.05)
Earnings per share for loss attributable to the ordinary equity holders of the Group:			
Basic loss per common share	7	(0.03)	(0.10)
Diluted loss per common share	7	(0.03)	(0.10)

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

Consolidated Statement of Financial Position

as at June 30, 2017

	Notes	Consolidated	
		June 30, 2017 \$	June 30, 2016 \$
Assets			
Current Assets			
Cash and cash equivalents	10	2,072,353	6,172,770
Trade and other receivables	11	1,337,429	1,917,772
Inventories	12	490,628	482,023
Other assets		106,665	131,047
Total Current Assets		4,007,075	8,703,612
Non-Current Assets			
Property, plant and equipment	13	44,783	132,457
Intangible assets	14	42,924	60,588
Total Non-Current assets		87,707	193,045
Total Assets		4,094,782	8,896,657
Liabilities and Shareholders' Equity			
Liabilities			
Current Liabilities			
Trade and other payables	15	733,858	986,610
Provisions	16	184,787	202,898
Total Current Liabilities		918,645	1,189,508
Non-Current Liabilities			
Provisions	16	79,978	60,177
Total Non-Current Liabilities		79,978	60,177
Total Liabilities		998,623	1,249,685
Shareholders' Equity			
Share capital	17	66,243,056	64,083,824
Reserves	18	2,914,723	3,638,297
Retained earnings	19	(66,061,620)	(60,075,149)
Total Shareholders' Equity		3,096,159	7,646,972
Total Liabilities and Shareholders' Equity		4,094,782	8,896,657

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

Consolidated Statement of Changes in Equity

for the year ended June 30, 2017

	Share Capital \$	Reserves \$	Retained Losses \$	Totals \$
Balance at July 1, 2015	55,330,848	3,478,067	(48,617,928)	10,190,987
Net Loss for the period	–	–	(11,457,221)	(11,457,221)
Movement in Share-based payments reserve	–	89,235	–	89,235
Other comprehensive income, net of tax	–	70,995	–	70,995
Total comprehensive loss for the period	–	160,230	(11,457,221)	(11,296,991)
Transactions with owners				
Issue of common shares for cash	9,128,000	–	–	9,128,000
Equity transaction costs	(375,024)	–	–	(375,024)
Total transactions with owners	8,752,976	–	–	8,752,976
Balance at June 30, 2016	64,083,824	3,638,297	(60,075,149)	7,646,972
Net Loss for the period	–	–	(7,752,516)	(7,752,516)
Movement in share-based payments reserve	–	1,053,326	–	1,053,326
Other comprehensive income, net of tax	–	(10,855)	–	(10,855)
Total comprehensive loss for the period	–	1,042,471	(7,752,516)	(6,710,045)
Transactions with owners				
Issue of common shares for cash	2,348,109	–	–	2,348,109
Reversal of lapsed options vested not exercised	–	(1,766,045)	1,766,045	–
Equity transaction costs	(188,853)	–	–	(188,853)
Cancellation of fractional shares	(24)	–	–	(24)
Total transactions with owners	2,159,232	(1,766,045)	1,766,045	2,159,232
Balance at June 30, 2017	66,243,056	2,914,723	(66,061,620)	3,096,159

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

Consolidated Statement of Cash Flows

for the year ended June 30, 2017

	Notes	Consolidated	
		June 30, 2017 \$	June 30, 2016 \$
Cash flows from/(used in) operating activities			
Loss for the year		(7,752,516)	(11,457,221)
Non-cash items			
Depreciation and amortization		108,027	137,154
Bad debts written-off		483	8,000
Share-based payments expenses		1,053,326	89,235
Net (Gain)/Loss on sale of plant and equipment		(150)	530
Unrealized foreign exchange movements		(3,015)	81,210
Accrued interest on convertible notes		-	51,230
Changes in assets and liabilities			
(Increase)/decrease in receivables		576,458	(325,205)
(Increase)/decrease in inventories		(8,605)	(136,111)
(Increase)/decrease in prepayments		24,777	28,487
Increase/(decrease) in payables		(236,886)	89,458
Increase/(decrease) in provisions		(9,084)	(104,769)
Net cash flows from/(used in) operating activities		(6,247,185)	(11,538,002)
Cash flows from/(used in) investing activities			
Purchases of plant and equipment		(2,690)	(44,335)
Purchases of intangible assets		-	(17,738)
Proceeds from the sale of plant and equipment		150	2,364
Net cash flows from/(used in) investing activities		(2,540)	(59,709)
Cash flows from/(used in) financing activities			
Proceeds from the issue of shares by the Company		2,348,109	6,065,000
Proceeds from conversion of borrowings into equity		-	3,063,000
Cancellation of fractional shares		(24)	-
Equity transaction costs		(188,853)	(375,024)
Net cash flows from/(used in) financing activities		2,159,232	8,752,976
Net increase/(Decrease) in cash and cash equivalents held		(4,090,493)	(2,844,735)
Cash and cash equivalents at the beginning of period		6,172,770	9,027,722
Net foreign exchange differences on cash and cash equivalents		(9,924)	(10,217)
Cash and cash equivalents at the end of period	10	2,072,353	6,172,770

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

Notes to the Consolidated Financial Statements

for the year ended June 30, 2017

1. Nature and continuance of operations

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

Our first products focus on major unmet needs for the assessment and management of incontinence. The annual global economic burden is billions of dollars for incontinence diapers alone and is increasing rapidly. Simavita's patented technologies provide sensors for all segments of the diaper market from the assessment of incontinence needs for the aged and disabled through to extremely low cost alert sensors for everyday use, particularly focused upon the infant market.

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

AssessPLUS™ is a low cost and easy to use assessment platform. Its focus is on ensuring that the aged and disabled, who live in the community, will be provided with the right diaper at the right time. A 48 to 72 hour assessment program will drive reduced costs by up to 25% as well as improved health outcomes, including reduced accidents associated with falls and improved skin integrity.

2. Summary of significant accounting policies

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board. The Group is a for-profit entity for the purpose of preparing the financial statements.

The financial statements comprise the consolidated financial statements of the consolidated entity. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards (IFRS).

Going concern

The Group has incurred total loss before tax of \$7,752,516 (2016: \$11,457,221) for period ended June 30, 2017 and net cash flows used in operations during the same period of \$6,247,185 (2016: \$11,538,002). The Group's cash reserves as at June 30, 2017 were \$2,072,353 (2016: \$6,172,770). In December 2016, the Group received a payment of \$1,659,600 under the Australian Commonwealth Government's research and development tax incentive scheme and the Directors expect the Group will receive a payment of \$961,558 in respect to the 2017 financial year during the next 6 months.

During the financial year the product range was expanded to address additional market sectors of home based care and disability care. This initiative was in response to a clear global trend to enable the elderly and disabled to stay at their family home longer and to take ownership of their care. This initiative was designed to deliver more effective

and cost efficient service to a rapidly growing community. During the financial year 2018 the Group plans to materially grow revenue and also appoint additional distributors to address the long term care and rehabilitation markets in North America and Europe.

The Group has indicated its strong intention to raise additional capital to fund ongoing operations together with its initiatives to drive revenue with new product in new market segments particularly associated with AlertPLUS™ for mass markets in the Aged, Disabled and Infants markets in North America and Europe.

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

- The continued support of shareholders in the provision of ongoing working capital,
- Completion of a licensing agreement with at least one of the international manufacturing firms currently reviewing Simavita's AlertPLUS™ platform technology,
- Successfully raising additional working capital either by way of licensing transaction or through the issue of new shares. Either or both of these events must occur prior to November 30, 2017;
- Materially and rapidly addressing new market opportunities and to grow revenue; and
- Continuing cost containment strategies.

Due to the uncertainty surrounding the above matters, there is material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and liabilities in the normal course of business. However, the Directors believe that the Group will be successful in the above matters and, accordingly, have prepared the financial report on a going concern basis.

The Group's auditor included an emphasis of matter paragraph in the June 30, 2017 Audit Report relating to the Group's ability to continue as a going concern.

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

(b) Basis of consolidation

These consolidated financial statements include the accounts of the Group and the entities it controlled, being Simavita Holdings Limited, Simavita (Aust.) Pty. Ltd., Simavita US, Inc. and Fred Bergman Healthcare Pty. Ltd. A Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Intracompany balances and transactions, including any unrealized income and expenses arising from any intracompany transactions, are eliminated in preparing the consolidated financial statements. The functional and presentation currency of the Group and its subsidiaries is the Australian dollar.

Notes to the Consolidated Financial Statements

for the year ended June 30, 2017

2. Summary of significant accounting policies (continued)

(c) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for June 30, 2017 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 Financial Instruments

While the group has yet to undertake a detailed assessment of the classification and measurement of financial assets, it does not expect the standard to have material impact due to the Group not having any debt instruments.

Accordingly, the Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

At this stage, the Group is not able to estimate the effect of the new rules on the Group's financial statements. The Group will make more detailed assessments of the effect over the next twelve months.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. While the Group is yet to undertake a detailed assessment, as the Group does not currently engage in hedging its transactions does not expect a significant impact on the accounting for its hedging relationships.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under AASB 139. It applies to financial assets classified at amortized cost, debt instruments measured at FVOCI, contract assets under AASB 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

Must be applied for financial years commencing on or after 1 January 2018.

Based on the transitional provisions in the completed AASB 9, early adoption in phases was only permitted for annual reporting periods beginning before February 1, 2015. After that date, the new rules must be adopted in their entirety.

The Group does not intend to adopt AASB 9 before its mandatory date.

AASB 15 Revenue from Contracts with Customers

Management is currently assessing the effects of applying the new standard on the Group's financial statements and has identified the following areas that are likely to be affected:

- IT consulting services: the application of AASB 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue.
- accounting for certain costs incurred in fulfilling a contract: certain costs which are currently expensed may need to be recognized as an asset under AASB 15, and
- rights of return: AASB 15 requires separate presentation on the balance sheet of the right to recover the goods from the customer and the refund obligation.

At this stage, the Group is not able to estimate the effect of the new rules on the Group's financial statements. The Group will make more detailed assessments of the effect over the next twelve months.

Mandatory for financial years commencing on or after 1 January 2018, but available for early adoption.

Expected date of adoption by the Group: 1 January 2018.

AASB 16 Leases

AASB 16 was issued in February 2016. It will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

2. Summary of significant accounting policies (continued)

(c) New standards and interpretations not yet adopted (continued)

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of \$254,903. However, the Group has not yet determined to what extent these commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16.

Mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(d) Revenue

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

Sale of goods

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

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

Rendering of services

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

- Servicing fees included in the price of products sold are recognized by reference to the proportion of the total cost of providing the servicing for the product sold, taking into account historical trends in the number of services actually provided on past goods sold.

Interest revenue

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

(e) Share-based payments

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

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

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

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

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

(f) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or taxable loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognized as a liability (or asset) to the extent that it is unpaid (or refundable). The tax rate adopted in the calculation of all tax balances is the tax rate applicable in Australia as that is deemed to be the most meaningful rate based on the nature of the Group's activities.

Deferred tax

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

Notes to the Consolidated Financial Statements

for the year ended June 30, 2017

2. Summary of significant accounting policies (continued)

(f) Income tax (continued)

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

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

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

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

Current and deferred tax for the period

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

Tax consolidation

Simavita Holdings Limited (the "Head Entity") and its wholly owned Australian controlled entities have formed an income tax consolidated group under the tax consolidation regime. As at June 30, 2017 the Group had not yet generated a profit from the commercialization of its intellectual property.

Accordingly, no deferred tax assets arising from carried forward losses and temporary differences have yet been recognized.

(g) Government grants

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

(h) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollar (\$), which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investments hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognized in other comprehensive income.

2. Summary of significant accounting policies (continued)

(i) Segment reporting

Identification of reportable segments

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

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

The segments are reported in a manner that is consistent with the internal reporting provided to the Board.

(j) Cash and cash equivalents

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

(k) Trade and other receivables

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

(l) Inventories

Inventories principally comprise finished goods and raw materials and are valued at the lower of cost and net realizable value.

Inventory costs are recognized as the purchase price of items from suppliers plus freight inwards and any applicable landing charges.

Costs are assigned on the basis of weighted average cost.

The Group has a policy of regularly reviewing the value of inventory on hand. The Group has this year written down \$176,966 worth of inventory which was slow moving.

(m) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on either a straight-line or diminishing value basis over the estimated useful life of the respective asset as follows:

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

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

(n) Intangible assets

Patents

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

Research and development costs

Costs relating to research and development activities are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognized only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. To date, all development costs have been expensed as incurred as their recoverability cannot be regarded as assured.

Notes to the Consolidated Financial Statements

for the year ended June 30, 2017

2. Summary of significant accounting policies (continued)

(o) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value-in-use cannot be estimated to be close to its fair value. In such cases, the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to operations are recognized in those expense categories consistent with the function of the impaired asset unless the asset is carried at its revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

(p) Trade and other payables

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

(q) Leases

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

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

(r) Employee benefits

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

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

(s) Provisions

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

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

2. Summary of significant accounting policies (continued)

(t) Contributed equity

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

3. Critical accounting estimates and judgements

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

3a. Critical accounting estimates and assumptions

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

4. Revenue from continuing operations

Share-based payments transactions

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

3b. Critical judgments in applying the Group's accounting policies

Research and development costs

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

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

	Consolidated	
	June 30, 2017 \$	June 30, 2016 \$
Sales revenue:		
– Sale of goods	769,160	627,252
– Services	139,505	165,929
Total revenue	908,665	793,181

5. Other income

– Interest revenue	18,970	77,869
– Net gain/(loss) on sale of plant and equipment	150	(530)
– Miscellaneous revenue	–	2,419
– R&D tax incentive	955,247	1,666,582
– Government grant	–	119,255
Total other income	974,367	1,865,595

6. Expenses

Amortization of intangible assets	3,261	113,469
Depreciation of fixed assets	104,766	23,685
Total depreciation and amortization	108,027	137,154
Employee benefit expenses	5,344,408	8,385,456
R&D expenses (excluding employee benefits)	326,052	761,419

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

Notes to the Consolidated Financial Statements

for the year ended June 30, 2017

7. Loss per share

	Consolidated	
	June 30, 2017 \$	June 30, 2016 \$
Loss for the year attributable to the owners of Simavita Limited	(7,752,516)	(11,457,211)
Weighted average number of shares used to calculate loss per share	256,088,775	109,788,428

Note: None of the 26,478,844 (2016: 17,578,422) options over the Group's ordinary shares that were outstanding as at the reporting date are considered to be dilutive for the purposes of calculating diluted earnings per share.

	Cents	Cents
(a) Basic earnings per share		
From continuing operations attributable to the ordinary equity holders of the Group	(0.03)	(0.05)
Total basic losses per share attributable to the ordinary equity holders of the Group	(0.03)	(0.05)
(b) Diluted earnings per share		
From continuing operations attributable to the ordinary equity holders of the Group	(0.03)	(0.10)
Total diluted losses per share attributable to the ordinary equity holders of the Group	(0.03)	(0.10)

8. Income tax

	Consolidated	
	June 30, 2017 \$	June 30, 2016 \$
Reconciliation of income tax expense to prima facie tax payable		
Loss before income tax expense	(7,752,516)	(11,457,221)
Tax at the Australian tax rate of 27.5% (2016: 28.5%)	(2,131,942)	(3,265,308)
Tax effect of adjustments relating to non-temporary differences		
Research and development income	(262,693)	(474,976)
Research and development expenses	607,881	1,055,077
Share-based payments expense	289,665	25,432
Foreign exchange differences	–	(4,184)
Other	(238,684)	5,314
Tax effect of adjustments relating to temporary differences		
Deductible equity transaction costs	(280,038)	(292,717)
Net movements in provisions and payables	60,940	20,063
Accrued interest receivable	–	3,420
Unrealized foreign exchange gain	(26,189)	29,637
Net non-deductible transaction and interest expenses	–	–
	(1,981,060)	(2,898,242)
Tax rate differential due to other tax jurisdictions	(145,245)	(226,628)
	(2,126,305)	(3,124,870)
Tax losses not recognized	2,126,305	3,124,870

8. Income tax (continued)

	Consolidated	
	June 30, 2017 \$	June 30, 2016 \$
Deferred tax assets/(liabilities)		
Equity transaction costs	325,406	617,324
Provisions and payables	187,413	142,326
Accrued expenses	16,364	14,891
Patents	136,908	137,959
Deferred income	6,385	–
Other	(2,988)	–
	669,488	912,500
Deferred tax assets on temporary differences not brought to account	(669,488)	(912,500)
Total net deferred tax assets	–	–
Tax losses		
Australia	11,776,534	11,058,949
Canada	533,702	393,180
United States of America	1,802,677	1,385,922
Total deferred tax assets on tax losses not recognized	14,112,913	12,838,051

Subject to the Group continuing to meet the relevant statutory tests, tax losses are available for offset against future taxable income. As at balance date, there are unrecognized tax losses with a benefit of approximately \$14,112,913 (2016: \$12,838,051) that have not been recognized as a deferred tax asset to the Group. These unrecognized deferred tax assets will only be obtained if:

- (a) The Group companies derive future assessable income of a nature and amount sufficient to enable the benefits to be realized;
- (b) The Group companies continue to comply with the conditions for deductibility imposed by the law; and
- (c) No changes in tax legislation adversely affect the Group companies from realizing the benefit.

Tax consolidation legislation

Simavita Holdings Limited (the “Head Entity”) and its wholly owned Australian controlled entities have formed an income tax consolidated group under the tax consolidation regime. As at June 30, 2017, the Group had not yet generated a profit from the commercialization of its intellectual property. Accordingly, no deferred tax assets arising from carried forward losses and temporary differences have yet been recognized.

9. Dividends and distributions

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

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

10. Cash and cash equivalents

Cash at bank and on-hand	2,072,353	6,172,770
Total cash and cash equivalents	2,072,353	6,172,770

Notes to the Consolidated Financial Statements

for the year ended June 30, 2017

11. Trade and other receivables

	Consolidated	
	June 30, 2017 \$	June 30, 2016 \$
Trade receivables	179,138	200,903
Less Provision for doubtful debts	(30,109)	(30,033)
GST receivable	65,784	80,991
R&D tax concession receivable	961,558	1,665,911
Other receivables	161,058	–
Total trade and other receivables	1,337,429	1,917,772

Note: All trade and other receivables for the Group include amounts in:
 – Australian dollars of AUD \$1,269,854 (June 2016: \$1,706,460)
 – United States dollars, equivalent to AUD \$2,175 (June 2016: \$7,536)
 – European euros, equivalent to AUD \$65,400 (June 2016: \$26,222)
 – Canadian dollars, equivalent to AUD \$NIL (June 2016: NIL)

12. Inventories

Finished goods and raw materials	677,282	568,207
Less Provision for obsolescence	(186,654)	(86,184)
Total inventories	490,628	482,023

13. Property, plant and equipment

Office equipment at cost	333,768	342,756
Less: accumulated depreciation	(317,981)	(273,967)
Net office equipment	15,787	68,789
Furniture and fittings at cost	84,679	84,679
Less: accumulated depreciation	(80,672)	(78,337)
Net furniture and fittings	4,007	6,342
Leasehold Improvements	80,117	80,117
Less: accumulated depreciation	(58,046)	(38,005)
Net leasehold improvements	22,071	42,112
Testing Equipment	47,217	47,217
Less: accumulated depreciation	(46,179)	(37,967)
Net testing equipment	1,038	9,250
Rental Assets at cost	59,737	59,737
Less: accumulated depreciation	(57,857)	(53,773)
Net rental assets	1,880	5,964
Total property, plant & equipment	44,783	132,457

14. Intangible assets

	Consolidated	
	June 30, 2017 \$	June 30, 2016 \$
Patents at cost	63,714	63,714
Less: accumulated depreciation	(34,324)	(31,138)
Net patents	29,390	32,576
Software at cost	138,029	138,029
Less: accumulated depreciation	(124,495)	(110,017)
Net software	13,534	28,012
Total intangible assets	42,924	60,588

15. Trade and other payables

Trade payables	192,825	309,346
GST payable	12,643	15,652
Accrued expenses	389,329	394,049
Payroll-related payables	112,819	212,063
Other payables	26,242	55,500
Total trade and other payables	733,858	986,610

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

- Australian dollars of AUD \$683,968 (June 2016: \$612,596)
- United States dollars, equivalent to AUD \$20,682 (June 2016: \$198,256)
- Canadian dollars, equivalent to AUD \$17,402 (June 2016: \$92,361)
- European euros, equivalent to AUD \$11,806 (June 2016: \$83,397)

16. Provisions

Annual leave	184,787	202,894
Long service leave	79,978	60,181
Total provisions	264,765	263,075

Reconciliation of annual leave provision

Balance at the beginning of the year	202,898	298,466
Add: obligation accrued during the year	94,152	173,463
Less: balance utilized during the year	(112,263)	(269,031)
Balance at the end of the year	184,787	202,898

Reconciliation of long service leave provision

Balance at the beginning of the year	60,177	69,386
Add: obligation accrued during the year	19,801	50,207
Less: balance utilized during the year	–	(59,416)
Balance at the end of the year	79,978	60,177

Notes to the Consolidated Financial Statements

for the year ended June 30, 2017

17. Share capital

Summary of common shares issued and outstanding

	Number of shares	Amount
Balance at July 1, 2015	92,245,233	55,330,848
Issue of common shares for cash	157,726,667	8,953,000
Issue of common shares for cash under Share Purchase Plan	1,225,000	175,000
Equity transaction costs	–	(375,024)
Balance at June 30, 2016	251,196,900	64,083,824
Issue of common shares for cash	37,500,000	2,348,109
Issue of common shares for cash under Rights Issue	21,202,734	–
Equity transaction costs	–	(188,853)
Cancellation of fractional shares	(40)	(24)
Balance at June 30, 2017	309,899,594	66,243,056

As of the date of these financial statements, there was a total of 309,899,594 common shares in the Group on issue, of which all of them were held as CDIs.

Summary of options outstanding

As at June 30, 2017 a total of 26,478,844 options over common shares in the Group were outstanding.

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

Number	Exercise price	Grant date	Expiry date	Fair value option Black Scholes
701,000	\$0.70	August 19, 2014	August 31, 2018	\$0.267
300,000	\$0.68	April 9, 2015	March 31, 2019	\$0.145
100,000	\$0.51	April 9, 2015	March 31, 2019	\$0.190
200,000	\$0.63	April 9, 2015	March 31, 2019	\$0.156
200,000	\$0.76	April 9, 2015	March 31, 2019	\$0.128
93,000	\$0.70	July 7, 2015	June 30, 2019	\$0.183
250,000	\$0.50	September 18, 2015	September 18, 2018	\$0.109
6,279,922	\$0.05	July 14, 2016	June 23, 2023	\$0.056
6,279,922	\$0.05	July 14, 2016	June 23, 2023	\$0.056
5,500,000	\$0.06	October 13, 2016	October 13, 2023	\$0.034
1,825,000	\$0.12	October 13, 2016	October 13, 2023	\$0.027
250,000	\$0.05	December 14, 2016	December 13, 2023	\$0.057
2,500,000	\$0.065	June 7, 2017	June 6, 2019	\$0.014
2,000,000	\$0.05	June 29, 2017	June 28, 2024	\$0.019

18. Reserves

	Consolidated	
	June 30, 2017 \$	June 30, 2016 \$
Share-based payments reserve	2,369,192	3,081,911
Share capital reserve	499,445	499,445
Foreign currency reserve	46,086	56,941
Total reserves	2,914,723	3,638,297

19. Retained losses

Balance at the beginning of the year	(60,075,149)	(48,617,928)
Reversal of lapsed options vested not exercised	1,766,045	–
Add: net loss attributable to owners of Simavita Limited	(7,752,516)	(11,457,221)
Balance at the end of the year	(66,061,620)	(60,075,149)

20. Related party transactions

(a) Parent entities

The Group is controlled by the following entities:

Name	Type	Place of incorporation	Ownership interest	
			2017	2016
Simavita Limited *	Ultimate parent entity and controlling party	Canada	100%	100%
Simavita Holdings Limited	Immediate and ultimate Australian parent entity	Australia	100%	100%

* Simavita Limited holds 100% of the issued ordinary shares of Simavita Holdings Limited.

(b) Subsidiaries

Interests in subsidiaries are set out below:

Name of Group company	Incorporation details	Group interest %	
		2017	2016
Simavita Limited	28 May 1968; Yukon, Canada (continued into British Columbia, Canada on December 3, 2013)	N/A	N/A
Simavita Holdings Limited	October 11, 1995; Victoria, Australia	100%	100%
Simavita (Aust) Pty Ltd	January 15, 2009; NSW, Australia	100%	100%
Simavita US Inc.	August 11, 2012; Delaware, USA	100%	100%
Fred Bergman Healthcare Pty Ltd	January 28, 1971; Victoria, Australia	100%	100%

Notes to the Consolidated Financial Statements

for the year ended June 30, 2017

20. Related party transactions (continued)

(c) Key management personnel compensation

	2017 \$	2016 \$
Short-term employee benefits	1,593,857	2,826,300
Post-employment benefits	96,920	159,060
Long-term benefits	–	40,896
Termination benefits	50,777	267,104
Share-based payments	908,602	–
	2,650,156	3,293,360

(d) Transactions with Directors

The following transactions occurred with related parties:

Purchases of goods and services		
- Purchase of consultancy services	–	262,251
	–	262,251

(e) Details of remuneration

Details of remuneration of the directors and key management personnel (KMP's) (as defined in AASB 124 Related Party Disclosures) of Simavita Limited are set out in the following table.

The table below shows the 2017 and 2016 figures for remuneration received by the Company's directors and executives:

Name and title of Directors	Period	Short-term			Long-term		Totals \$
		Salary/ fees \$	Other \$	Post-employment superannuation \$	Long service leave \$	Share-based Options Non-cash items \$	
Michael R. Spooner ¹	2017	137,000	–	13,015	–	351,676	501,691
Non-Executive Chairman	2016	24,462	–	2,323	–	–	26,785
Gary W. Pace ²	2017	100,000	–	–	–	351,676	451,676
Non-Executive Director	2016	17,857	–	–	–	–	17,857
Warren R. Bingham ³	2017	50,000	–	–	–	14,250	64,250
Non-Executive Director	2016	50,000	–	–	–	–	50,000
Michael W. Brown ⁴	2017	–	–	–	–	–	–
Former Non-Exec. Chair.	2016	91,324	120,000	8,676	–	–	220,000
Philippa M. Lewis ⁵	2017	–	–	–	–	–	–
Former CEO	2016	340,417	368,354	35,000	40,896	–	784,667
Ari Bergman ⁶	2017	–	–	–	–	–	–
Former Non-Exec. Director	2016	34,697	–	921	–	–	35,618
Damien Haakman ⁷	2017	–	–	–	–	–	–
Former Non-Exec. Director	2016	33,333	142,251	–	–	–	175,584
Craig J. Holland ⁸	2017	–	–	–	–	–	–
Former Non-Exec. Director	2016	50,658	–	–	–	–	50,658
Sub-totals for Directors	2017	287,000	–	13,015	–	717,602	1,017,617
	2016	642,748	630,605	46,920	40,896	–	1,361,169

20. Related party transactions (continued)

Remuneration made to Key Management Personnel during the year ended June 30, 2017

Name and title of Executives	Period	Short-term			Long-term		Totals \$
		Salary/fees \$	Other \$	Post-employment superannuation \$	Long service leave \$	Share-based Options Non-cash items \$	
Peta C. Jurd ⁹	2017	285,600	64,000	33,212	–	51,000	433,812
Chief Commercial Officer & Company Secretary	2016	228,365	–	21,695	–	–	250,060
Peter J. Curran ¹⁰	2017	272,237	35,000	29,188	–	89,000	425,425
Chief Technology Officer	2016	266,900	35,000	28,680	–	–	330,580
Wessel V. Dijk ¹¹	2017	264,706	54,920	14,706	–	51,000	385,332
VP, Europe Sales and Market	2016	160,803	–	8,930	–	–	169,733
Christopher Southerland ¹²	2017	222,744	49,123	–	–	–	271,867
VP, US Sales and Market	2016	366,682	50,457	–	–	–	417,139
Edward W. Nixey ¹³	2017	9,064	–	100	–	–	9,164
Former General Counsel	2016	198,662	–	19,519	–	–	218,181
Thomas G. Howitt ¹⁴	2017	–	–	–	–	–	–
Former CFO & Co. Secretary	2016	149,864	8,754	10,557	–	–	169,175
Paul Wong ¹⁵	2017	49,463	50,777	6,699	–	–	106,939
Former VP MFG. & Supply Chain	2016	220,000	19,564	22,759	–	–	262,323
Charles B. Cornish ¹⁶	2017	–	–	–	–	–	–
Former Dir. Sales and Market ANZ	2016	–	115,000	–	–	–	115,000
Sub-totals for KMPs	2017	1,103,814	253,820	83,905	–	191,000	1,632,539
	2016	1,591,276	228,775	112,140	–	–	1,932,191
Total remuneration made to Directors and KMPs	2017	1,390,814	253,820	96,920	–	908,602	2,650,156
	2016	2,234,024	859,380	159,060	40,896	–	3,293,360

The amounts included in the tables above in respect of the year ended June 30, 2017 and the prior year include amounts paid by the Group and its subsidiaries to the individuals named and/or parties related to them, as disclosed below.

- Mr. Spooner was appointed as a Non-Executive Director of the Group and as the Non-Executive Chairman of the Board on April 27, 2016.
- Dr. Pace was appointed as a Non-Executive Director of the Group on April 27, 2016.
- Payments made to Mr. Bingham during the years ended June 30, 2017 totalling \$50,000 comprised fees paid to MedTech International Pty Ltd, a company associated with Mr. Bingham (2016: \$50,000), in respect of services provided to the Group by Mr. Bingham as a Director.
- Payments made to Mr. Brown during the year ended June 30, 2016 totalling \$120,000 (as disclosed under the heading "Other") comprised fees paid to Integrated Equity Pty Ltd, a company associated with Mr. Brown, for providing consultancy services. Mr. Brown resigned as the Chairman and Director of the Group effective April 27, 2016.
- Payments made to Mrs. Lewis during the year ended June 30, 2016 totalling \$368,354 (as disclosed under the heading "Other") comprised a short term annual incentive of \$101,250 and termination payment of \$267,104. Mrs. Lewis resigned as CEO and Director of the Group effective April 27, 2016.
- Mr. Bergman resigned as a Director of the Group effective February 29, 2016.
- Payments made to Mr. Haakman during the year ended June 30, 2016 totalling \$142,251 (as disclosed above under the heading "Other") comprised fees of \$33,333 paid to Dussman Pty Ltd, a company associated with Mr. Haakman, in respect of services provided to the Group by Mr. Haakman as a Director, \$116,667 paid to Dussman Pty Ltd, a company associated with Mr. Haakman, in respect of consulting services provided to the Group in relation to its capital raising in April 2016 and \$25,584 in relation to interest paid for \$2M convertible note at 8% p.a. Mr. Haakman resigned as a Director of the Group effective February 29, 2016.
- Payments made to Mr. Holland during the year ended June 30, 2016 totalling \$50,658 comprised fees paid to Jackabbey Road Pty Ltd, a company associated with Mr. Holland in respect of services provided to the Group by Mr. Holland as a Director. Mr. Holland resigned as a Director of the Group effective May 6, 2016.

Notes to the Consolidated Financial Statements

for the year ended June 30, 2017

20. Related party transactions (continued)

Remuneration made to Key Management Personnel during the year ended June 30, 2017 (continued)

9. Ms. Jurd was appointed as Chief Commercial Officer on September 8, 2015. Payments made to Ms. Jurd during the year ended June 30, 2017 totalling \$64,000 and relating to performance entitlements for 2016 financial year (as disclosed under the heading "Other") comprised a performance bonus.
10. Payments made to Mr. Curran during the year ended June 30, 2017 totalling \$35,000 and relating to performance entitlements for 2016 financial year (2016: \$35,000) (as disclosed under the heading "Other") comprised a performance bonus.
11. Mr. van Dijk was appointed as Vice President, Europe Sales & Marketing on November 30, 2015. Payments made to Mr. van Dijk during the year ended 30 June 2017 totalling \$54,920 (as disclosed under the heading "Other") comprised a performance bonus of \$30,384 (relating to performance entitlements for 2016 financial year) and car allowance of \$24,536. All payments made to Mr. van Dijk were made in euros and converted to Australian dollars.
12. Payments made to Mr. Southerland during the year ended June 30, 2017 totalling \$49,123 (2016: 50,457) (as disclosed under the heading "Other") comprised a performance bonus of \$26,316 USD (and relating to performance entitlements for 2016 financial year) (2016: 22,997) and car allowance of \$22,807 (2016: \$27,459). All payments to Mr. Southerland were made in American dollars and converted to Australian dollars. Mr. Southerland subsequently left the Group effective July 7, 2017.
13. Mr. Nixey resigned as General Counsel effective June 30, 2016.
14. Payments made to Mr. Howitt during the year ended June 30, 2016 totalling \$8,754 (as disclosed above under the heading "Other") comprised a performance bonus. Mr. Howitt resigned as Chief Financial Officer and Company Secretary effective January 15, 2016.
15. Payments made to Mr. Won during the year ended June 30, 2016 totalling \$19,564 (as disclosed above under the heading "Other") comprised a performance bonus. Mr. Won left the Group on August 16, 2016.
16. Payments made to Mr. Cornish during the year ended June 30, 2016 totalling \$115,000 (as disclosed above under the heading "Other") comprised fees paid to Healthy Holdings Pty Ltd, a company associated with Mr. Cornish, in respect of sales and marketing services provided to the Group by Mr. Cornish. Mr. Cornish resigned as Director, ANZ Sales and Marketing on October 1, 2015.

Whilst options have been valued for the purposes of these financials using the Black-Scholes valuation method any potential value will not be realized until there is a significant movement in the share price, as is planned.

21. Segment information

Identification of reportable segments

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

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

The segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker consists of the Board and key management personnel.

	Australia \$	North America \$	Europe \$	Other \$	Total \$
FY 2017					
Revenue					
Sales of goods	471,044	162,189	135,927	–	769,160
Services	139,505	–	–	–	139,505
Total revenue	610,549	162,189	135,927	–	908,665
Cost of sales	(82,919)	(106,709)	(107,389)	–	(297,017)
Gross Profit	527,630	55,480	28,538	–	611,648
Other income	–	–	–	974,367	974,367
Operating expenses	(1,147,256)	(1,154,005)	(788,230)	(6,141,013)	(9,230,504)
EBITDA	(619,626)	(1,098,525)	(759,692)	(5,166,646)	(7,644,489)
Depreciation and amortization	–	–	–	(108,027)	(108,027)
Finance costs	–	–	–	–	–
Loss before income tax expense	(619,626)	(1,098,525)	(759,692)	(5,274,673)	(7,752,516)

21. Segment information (continued)

Identification of reportable segments (continued)

	Australia \$	North America \$	Europe \$	Other \$	Total \$
FY 2016					
Revenue					
Sales of goods	516,565	21,741	88,946	–	627,252
Services	165,929	–	–	–	165,929
Total revenue	682,494	21,741	88,946	–	793,181
Cost of sales	(271,243)	(8,011)	(43,555)	–	(322,809)
Gross Profit	411,251	13,730	45,391	–	470,372
Other income	–	–	–	1,865,595	1,865,595
Operating expenses	(1,879,478)	(2,570,688)	(389,952)	(8,776,374)	(13,616,492)
EBITDA	(1,468,227)	(2,556,958)	(344,561)	(6,910,779)	(11,280,525)
Depreciation and amortization	–	–	–	(137,514)	(137,514)
Finance costs	–	–	–	(39,182)	(39,182)
Loss before income tax expense	(1,468,227)	(2,556,958)	(344,561)	(7,087,475)	(11,457,221)
Total segment assets					
June 30, 2017	–	20,961	–	4,073,821	4,094,782
June 30, 2016	–	22,023	–	8,874,634	8,896,657
Total segment liabilities					
June 30, 2017	–	45,432	–	953,191	998,623
June 30, 2016	–	1,400	–	1,248,285	1,249,685

22. Commitments and contingencies

	Consolidated	
	June 30, 2017 \$	June 30, 2016 \$
Operating lease expenditure commitments		
– not later than one year	254,903	154,217
– later than one year but no later than five years	–	154,217
– later than five years	–	–
Total minimum operating lease payments	254,903	308,434

As at December 31, 2016 the Group continued with its operating lease relating to the following premises:

Location	Landlord	Use	Date of lease expiry	Minimum payments
Level 13, 54 Miller St North Sydney NSW 2060, Australia	Allawah Nominee Pty Ltd	Office	June 30, 2018	254,903

Notes to the Consolidated Financial Statements

for the year ended June 30, 2017

23. Auditors' remuneration

Name of Auditor	Year	Audit services \$	Assurance services \$	Other services \$	Totals \$
PricewaterhouseCoopers	2017	100,000	–	–	100,000
	2016	115,000	–	–	115,000

24. Deed of Cross-Guarantee

The subsidiaries listed below are parties to a deed of cross guarantee under which each company guarantees the debts of the others. Under ASIC class order 98/1418 there is no requirement for these subsidiaries to prepare or lodge a financial report and Directors' report.

The following companies are subject to the deed and represent a closed group for the purposes of the class order:

- Simavita Holdings Limited
- Simavita (Aust) Pty Ltd

The deed of cross guarantee was executed on May 23, 2017.

The consolidated statement of comprehensive income and consolidated balance sheet, comprising the closed group, after eliminating all transactions between parties to the deed of cross guarantee are shown below:

	Consolidated	
	June 30, 2017 \$	June 30, 2016 \$
Consolidated Statement of Comprehensive Loss		
Revenue	911,452	793,181
Cost of sales	(297,634)	(322,809)
Gross profit	613,818	470,372
Other income	965,173	1,865,595
Operating expenses	(6,469,890)	(10,860,328)
Loss before income tax	(4,890,899)	(8,524,361)
Income tax	–	–
Loss after income tax	(4,890,899)	(8,524,361)
Other comprehensive income		
Items that may be subsequently reclassified to profit/(loss)		
Translation of foreign operation	–	–
Total comprehensive loss for the year	(4,890,899)	(8,524,361)

24. Deed of Cross-Guarantee (continued)

	Consolidated	
	June 30, 2017 \$	June 30, 2016 \$
Consolidated Balance Sheet		
Assets		
Current Assets		
Cash and cash equivalents	1,855,539	5,938,711
Trade and other receivables	1,176,181	1,836,784
Inventories	490,628	482,023
Prepayments	87,065	111,089
Total Current Assets	3,609,413	8,368,607
Non-Current Assets		
Property, plant and equipment	44,594	132,457
Intangible assets	13,534	28,012
Other receivables	975	975
Total Non-Current assets	59,103	161,444
Total Assets	3,668,516	8,530,051
Liabilities and Shareholders' Equity		
Liabilities		
Current Liabilities		
Trade and other payables	33,608,381	33,550,674
Provisions	154,755	202,894
Total Current Liabilities	33,763,136	33,753,568
Non-Current Liabilities		
Provisions	79,978	60,182
Total Non-Current Liabilities	79,978	60,182
Total Liabilities	33,843,114	33,813,750
Shareholders' Equity		
Share capital	44,075,386	44,075,386
Reserves	2,753,322	2,753,322
Retained earnings	(77,003,306)	(72,112,407)
Total Shareholders' Equity	(30,174,598)	(25,283,699)
Total Liabilities and Shareholders' Equity	3,668,516	8,530,051

Notes to the Consolidated Financial Statements

for the year ended June 30, 2017

25. Parent entity financial information

Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	June 30, 2017 \$	June 30, 2016 \$
Balance sheet		
Current assets	377,083	232,874
Total assets	18,821,563	13,010,987
Current liabilities	131,173	104,454
Total Liabilities	131,173	104,454
Shareholders' equity		
Issued capital	27,093,435	24,934,202
Reserves		
Movement in share-based payments reserve	92,279	804,998
Other comprehensive income, net of tax	139,736	147,289
Reversal of lapsed options vested not exercised		–
Retained earnings	(8,635,059)	(9,040,028)
	18,690,391	16,846,461
Profit or loss for the period	(1,361,075)	(592,366)
Total comprehensive loss for the year	(1,361,075)	(592,366)

26. Financial risk management

The Group's activities expose it to a variety of financial risks such as credit risk, market risk (including foreign currency risk and interest rate risk) and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group uses different methods to measure the different types of risk to which it is exposed. These methods include sensitivity analysis in the case of foreign exchange, interest rate and aging analysis for credit risk.

Risk management is managed by the Group's Audit and Risk Committee (the "Committee") under guidance provided by the Board of Directors. Due to the small number of Directors currently, the full Board is operating as the Audit & Risk Committee. The Committee identifies and evaluates financial risks in close cooperation with the Group's operating units. A detailed Enterprise Risk Plan was developed during the year ended June 30, 2015 and approved by the Board. This Plan has been thoroughly reviewed during the year given the shift in business focus. It is reviewed by the Committee and revised on a regular basis, as required.

The Board, via the Committee, provides guidance for overall risk management, as well as policies covering specific areas, such as credit risk, foreign exchange risk and interest rate risk. The Group's principal financial instruments comprise cash and cash equivalents. The Group also has other financial assets and liabilities, such as trade receivables and payables, which arise directly from its operations.

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

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2.

26. Financial risk management (continued)

The Group holds the following financial instruments:

	Consolidated	
	June 30, 2017 \$	June 30, 2016 \$
Financial Risk Management		
Financial assets		
Cash and cash equivalents	2,072,353	6,172,770
Trade and other receivables	1,337,429	1,917,772
Total financial assets	3,409,782	8,090,542
Financial liabilities		
Trade and other payables	733,858	986,610
Total financial liabilities	733,858	986,610

Credit risk

The Group's credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. If there is no independent rating, the Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings. The compliance with credit limits by customers is regularly monitored by Management. The maximum exposures to credit risk as at June 30, 2017 in relation to each class of recognized financial assets is the carrying amount of those assets, as indicated in the balance sheet.

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

In addition, receivable balances are monitored on an ongoing basis. As at June 30, 2017, the Group had raised a provision for doubtful debts of \$30,109. In certain circumstances, the Group may also obtain security in the form of guarantees, deeds of undertaking or letters of credit from customers which can be called upon if the counterparty is in default under the terms of the agreement.

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

Notes to the Consolidated Financial Statements

for the year ended June 30, 2017

26. Financial risk management (continued)

Credit risk (continued)

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

	Consolidated	
	June 30, 2017 \$	June 30, 2016 \$
Trade receivables		
Current (less than 30 days)	121,676	145,470
31 days to 60 days	29,701	16,947
61 days to 90 days	7,408	15,630
Greater than 90 days	20,353	22,856
Total trade receivables	179,138	200,903
Trade and other payables		
Current (less than 30 days)	728,492	973,172
31 days to 60 days	1,931	323
61 days to 90 days	–	1,258
Greater than 90 days	3,435	11,857
Total trade and other payables	733,858	986,610

Note: Trade receivables do not include the R&D tax concession receivable of \$961,558 (2016: \$1,665,911).

Market risk

Foreign currency risk

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

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

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

26. Financial risk management (continued)

Market risk (continued)

As at June 30, 2017 the Group held the following financial assets and liabilities that were denominated in the following currencies: AUD – Australian dollars; USD – United States dollars; CAD – Canadian dollars; EUR – European euros.

	Year	\$ AUD	\$ USD	\$ CAD	\$ EUR	\$ Totals (AUD)
Financial assets						
Cash and cash equivalents	2017	1,758,395	99,387	207,771	6,800	2,072,353
	2016	5,500,735	346,622	214,152	111,261	6,172,770
Trade and other receivables	2017	1,269,854	2,175	–	65,400	1,337,429
	2016	1,884,014	7,536	–	26,222	1,917,772
Total financial assets	2017	3,028,249	101,562	207,771	72,200	3,409,782
	2016	7,384,749	354,158	214,152	137,483	8,090,542
Financial liabilities						
Trade and other payables	2017	683,968	20,682	17,402	11,806	733,858
	2016	729,567	103,665	92,361	61,017	986,610
Total financial liabilities	2017	683,968	20,682	17,402	11,806	733,858
	2016	729,567	103,665	92,361	61,017	986,610

(i) Cash and cash equivalents

During the year ended June 30, 2017, the Australian dollar/US dollar exchange rate increased by 0.5%, from 0.7655 at the beginning of the year to 0.7692 at the end of the year.

During the same period, the Australian dollar/Canadian dollar exchange rate increased by 5.3%, from 0.9458 at the beginning of the year to 0.9990 at the end of the year.

Also, during the same period, the Australian dollar/Euro exchange rate decreased by 2.5% from 0.6900 at the beginning of the year to 0.6730 at the end of the year.

Based on the financial instruments held at June 30, 2017, had the Australian dollar weakened/strengthened by 10% against the US dollar, with all other variables held constant, the Group's consolidated loss for the year would have been \$11,000 lower/\$9,000 higher (2016: \$19,000 lower/\$35,000 higher), due to changes in the values of cash and cash equivalents which are denominated in US dollars, as detailed in the above tables.

Based on the financial instruments held at June 30, 2017, had the Australian dollar weakened/strengthened by 10% against the Canadian dollar, with all other variables held constant, the Group's equity, relating solely to the movement in profit and loss for the year, would have been \$23,000 lower/\$19,000 higher (2016: \$35,000 lower/\$8,000 higher), due to changes in the values of cash and cash equivalents which are denominated in Canadian dollars, as detailed in the above tables.

Based on the financial instruments held at June 30, 2017, had the Australian dollar weakened/strengthened by 10% against the Euro, with all other variables held constant, the Group's loss for the year would not have changed materially (2016: movement immaterial).

(ii) Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of the business. Other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current.

(iii) Trade and other payables

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Notes to the Consolidated Financial Statements

for the year ended June 30, 2017

26. Financial risk management (continued)

Interest rate risk

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

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

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

At June 30, 2017, if interest rates had changed by +/- 50 basis points from the year-end rates, with all other variables held constant, the Group's equity, relating solely to the movement in profit and loss for the year, would not have changed materially. The Group's main interest rate risk during the period ended June 30, 2016 and June 30, 2017 arose in respect of fixed rate borrowings with interest rates that did not fluctuate.

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

Consolidated	Year	Floating rate \$	Fixed rate \$	Carrying amount \$	Weighted- average rate %	Maturity period days
Financial assets						
Cash and cash equivalents	2017	2,072,353		2,072,353	0.60%	At call
	2016	6,172,770		6,172,770	1.05%	At call
Performance bond and deposits	2017	-	-	-	-	At call
	2016	-	-	-	-	At call
Total financial assets	2017	2,072,353	-	2,072,353		
	2016	6,172,770	-	6,172,770		
Financial liabilities						
Interest-bearing liabilities	2017	-	-	-		
	2016	-	-	-		
Total financial liabilities	2017	-	-	-		
	2016	-	-	-		

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

Liquidity risk

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

26. Financial risk management (continued)

Liquidity risk (continued)

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

Consolidated	Year	< 6 months \$	6 to 12 months \$	1 to 5 years \$	> 5 years \$	Total \$
Financial liabilities						
Trade and other payables	2017	733,858	–	–	–	733,858
	2016	986,610	–	–	–	986,610
Interest-bearing liabilities and deposits	2017	–	–	–	–	–
	2016	–	–	–	–	–
Total financial assets	2017	733,858	–	–	–	733,858
	2016	986,610	–	–	–	986,610

Classification of financial instruments

AASB 13 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of the Group's financial assets and liabilities as at June 30, 2017 and June 30, 2016 (as set out above) approximate their carrying values due to the short term nature of these instruments.

Borrowing facilities

The Group had access to the following borrowing facilities as at June 30, 2017:

Nature of facility	Facility limit \$	Amount used \$	Amount available \$
Credit card facilities	95,000	–	95,000

27. Capital management

The Group's objective when managing capital is to ensure its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. Refer to Note 10 for details of cash reserves of the Group as at the end of the financial reporting period.

28. Subsequent events

During September the Group received \$695,039 under a Receivable Finance Facility related to the Group's 2017 R&D tax incentive claim. The Facility will be repaid by the Group once the 2017 R&D tax incentive is received from the ATO.

Directors' Declaration

The Directors of the Group declare that:

- 1 The financial statements and notes are:
 - (a) giving a true and fair view of the Group's financial position as at June 30, 2017 and of its performance for the year ended on that date;
 - (b) complying with Australian Accounting Standards and other mandatory professional reporting requirements; and
- 2 In the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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



Michael R. Spooner
Chairman



Warren R. Bingham
Director

Date: September 22, 2017

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

Independent Auditor's Report

for the year ended June 30, 2017



Independent auditor's report

To the members of Simavita Limited

Our opinion

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of Simavita Limited (the Company) and its controlled entities (together the Group) as at 30 June 2017 and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2017
- the consolidated statement of comprehensive loss for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the ethical requirements of the 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.

Material uncertainty related to going concern

We draw attention to Note 2(a) in the financial report, which indicates that the Group has incurred loss before tax of \$7,752,516 for year ended June 30, 2017 and net operating cash outflows during the same period amounted to \$6,247,185. As a result, the continuing viability of the Group is dependent upon continued support of shareholders, successfully raising further capital, its revenue growth and cost containment strategies. These conditions, along with other matters as set forth in Note 2(a) indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

PricewaterhouseCoopers, ABN 52 780 433 757

One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Independent Auditor's Report

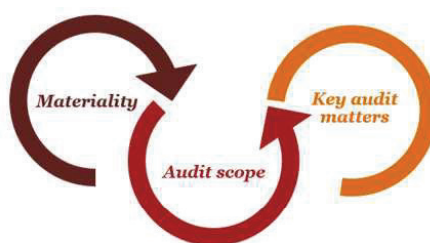
continued



Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality	Audit scope	Key audit matters
<ul style="list-style-type: none"> For the purpose of our audit we used overall Group materiality of \$376,000, which represents approximately 5% of the Group's loss before tax. We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. We chose Group loss before tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. We selected a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable loss related thresholds. 	<ul style="list-style-type: none"> Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. The Group is in the field of smart, wearable and disposable technologies for the healthcare market. The Group's head office is located in Sydney and the Group operates in Australia, Europe and North America. The accounting processes are structured around a Group finance function located in Sydney. Our audit procedures were predominantly performed at the Group's head office. 	<ul style="list-style-type: none"> Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee: <ul style="list-style-type: none"> Research and Development (R&D) tax incentive Share-based payments transactions Valuation of inventory Material uncertainty related to going concern These are further described in the <i>Key audit matters</i> section of our report, except for the matter described in the <i>Material uncertainty related to going concern</i> section.



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 for the current period. The key audit 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. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Research and Development (R&D) tax incentive (Refer to note 2(a)) [\$961,558]</p> <p>The Group obtains a Research and Development (R&D) tax incentive payment from the Australian Commonwealth Government that reduces the net overall cost incurred by the Group in respect of its R&D activities. The Group anticipated it would receive \$961,558 under the relevant scheme for the 2017 financial year.</p> <p>This was a key audit matter because of the judgement involved by the Group in assessing the appropriate R&D tax incentive to recognise due to the complexity of the rules and regulations governing what employee activities qualify for R&D tax incentive.</p>	<p>We performed the following audit procedures, amongst others:</p> <ul style="list-style-type: none"> Assisted by PwC R&D taxation specialists, obtained an understanding of government compliance requirements for obtaining R&D tax incentive and the basis used by the Group to recognise this incentive. Tested a sample of employee costs allocated by the Group to R&D and considered whether the activities meet the definition and eligibility for an R&D tax incentive. Compared the amounts recorded to supporting documentation. Assessed the completeness of employee costs used in the R&D tax incentive calculation by reconciling the employee costs used to calculate the R&D tax incentive to the expenditure recorded in the general ledger. Tested the Group's calculations for accrued receivables for R&D tax incentive by comparing the accrued receivables to previously approved R&D tax incentive received in order to assess consistency. Evaluated the adequacy of disclosures made by the Group in the financial report in view of the requirements of Australian Accounting Standards.

Independent Auditor's Report

continued



Key audit matter	How our audit addressed the key audit matter
<p>Share-based payments transactions (Refer to note 17 and 18) [\$1,053,326]</p> <p>The Group provides benefits to employees and others in the form of share-based payment transactions, whereby officers and employees render services and receive rights over shares. These share-based payment transactions are classified by the Group as an equity settled share base payment transaction.</p> <p>The accounting for share-based payments was a key audit matter because the expense recognised incorporates a judgemental option value. The Group valued the options, assisted by an external expert, using the Black Scholes model, where inputs such as volatility, dividend yield and risk free rate require judgement. The impact on the financial report for the year ended 30 June 2017 reflected a profit and loss charge of \$1,053,326.</p>	<p>We performed the following audit procedures, amongst others:</p> <ul style="list-style-type: none"> • Compared the terms and conditions for a sample of the options issued during the financial year included in the expense calculations with appropriate Board minutes and letters of advice to employees. • Compared the option grant date used in the expense calculations to publicly available supporting data. • Obtained the Group's expert's options valuation report and assessed the reasonableness of selected inputs used in valuation of the share options using available supporting data. Assessed the competency of the Group's expert including their experience and qualifications. • Assessed attributes, on a sample basis, in respect of the valuation of the share options. Ascertained whether these attributes were appropriately included in the share option valuation model, and the expense is recognised over the appropriate vesting period • Assessed the reasonableness of the fair value calculation through re-performing the calculation using the Black Scholes model. • Evaluated the adequacy of disclosures made by the Group in the financial report in view of the requirements of Australian Accounting Standards.
<p>Valuation of inventory (Refer to note 12) [\$490,628]</p> <p>The Group recognised inventories at the year ended 30 June 2017 of \$490,628 (net of provision for obsolescence of \$186,654).</p> <p>The carrying value of inventory was a key audit matter due to the financial size of the inventory balance and the judgement required by the Group to estimate the</p>	<p>We performed the following audit procedures, amongst others:</p> <ul style="list-style-type: none"> • Attended the physical inventory count at Sydney warehouse and the Vietnam Manufacturer's warehouse, and performed sample tests of the Group's inventory count. Assessed the age of inventory and potential obsolescence.



<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p>future sales value of inventory when assessing whether inventory was carried at the lower of cost and the net realisable value. This included considering factors such as:</p> <ul style="list-style-type: none"> - Expected sales volume - Product shelf life, and - Condition of the product 	<ul style="list-style-type: none"> • Assessed the adequacy of the provision for inventory by considering the Group's process, methods and assumptions used in determining the provision as follows: <ul style="list-style-type: none"> ○ tested the reports used for identifying slow moving inventory items, ○ enquired and identified inventory items where newer versions have been released in the market, and ○ identified damaged inventory items from physical inventory count attended. • Evaluated the adequacy of disclosures made by the Group in the financial report in view of the requirements of Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report and Corporate governance statement included in the Group's annual report for the year ended 30 June 2017 but does not include 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 identified above 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.

Responsibilities of management and the directors for the financial report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Independent Auditor's Report

continued



In preparing the financial report, management is responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process.

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 the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

A handwritten signature in dark ink, likely belonging to a representative of PricewaterhouseCoopers.

PricewaterhouseCoopers

A handwritten signature in dark ink, likely belonging to Manoj Santiago.

Manoj Santiago
Partner

Sydney
22 September 2017

Shareholder Information

as at September 25, 2017

Shareholder Information required by the Australian Securities Exchange Limited (ASX) Listing Rules and not disclosed elsewhere in the Report is set out below.

1. Substantial shareholders

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

Fully paid Ordinary Shares

Name	Notice Date	Number	%
Michael Powell	June 15, 2017	22,912,265	7.39
Robert Hutchison	June 15, 2017	17,025,354	5.54
Daniel Hegglin	May 30, 2017	16,800,000	5.42
Dussman Pty Ltd	May 29, 2017	78,160,131	25.8
Chevron Corporation Pty Ltd	May 12, 2017	27,500,000	9.5
WF Asian Reconnaissance Fund Limited	May 11, 2017	24,402,222	8.45

2. Number of security holders and securities on issue

Simavita Limited has issued the following securities:

- 309,899,594 CHESS Depository Interests (CDIs) held by 948 shareholders; and
- 26,298,844 Unlisted options are held by 45 option holders. Details of holders with more than 20% of a class (not issued under an Employee Share Option Plan) are detailed in the table below:

Class	Number of Holders	Holder Name	Distribution of Option holders
12,559,844 Options exercisable at \$0.05, expiring 23 June 2023	2	Michael Spooner holds 6,279,922 (50%) options in this class. Gary Pace holds 6,279,922 (50%) options in this class.	2 holders hold over 100,001 options.
250,000 Options exercisable at \$0.05, expiring 13 December 2023	1	100% of the options in this class are held by Warren Bingham.	1 holder holds over 100,001 options.

3. Voting rights

The Company is governed by the Business Corporations Act (British Columbia).

In accordance with Article 12 of the Company's Articles (**Articles**):

- on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter, has one vote; and
- on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

Please note that CDI holders are not entitled to vote at the shareholder meeting, however can vote their holding by completing the CDI voting instruction form in advance of the meeting. A CDI holder may elect to direct CHESS Depository Nominees Pty. Ltd. ("CDN") to vote the relevant underlying common shares on his or her behalf or instruct CDN to appoint such CDI holder or his or her nominee as proxy to vote the common shares underlying the CDIs in person at the shareholder meeting.

Options

Option holders do not have any voting rights on the options held by them.

ASX Additional Information

continued

4. Distribution of security holders

(a) Quoted securities

Category	CHESS Depository Interests		
	Holders	Shares	%
0 - 1,000	303	50,120	0.02
1,001 - 5,000	173	591,975	0.19
5,001 - 10,000	101	813,525	0.26
10,001 - 100,000	242	9,548,323	3.08
100,001 - 10,000,000	129	298,895,651	96.45
Total	948	309,899,594	100.00

(b) Unquoted securities

Refer section 3 above.

5. Unmarketable parcel of shares

The number of shareholders holding less than a marketable parcel of CHESS Depository Interests is 640 based on Simavita Limited's closing share price of \$0.03, on September 22, 2017.

6. Twenty largest shareholders of quoted equity securities

CHESS Depository Interests

Details of the 20 largest grouped shareholders by registered shareholding are:

Name	No. of shares	%
1 Dussman Pty Ltd & associated holdings	80,660,131	26.03
2 HSBC Custody Nominees (Australia) Limited - A/C 2	41,217,139	13.30
3 Mutual Trust Pty Ltd	39,937,619	12.89
4 Chevron Corporation Pty Ltd <Lifeview A/C>	25,000,000	8.07
5 HSBC Custody Nominees (Australia) Limited	17,284,834	5.58
6 J P Morgan Nominees Australia Limited	12,665,393	4.09
7 George Tauber Management Pty Ltd	10,000,000	3.23
8 Vanew Pty Ltd <G M Tauber Family A/C>	10,000,000	3.23
9 UBS Nominees Pty Ltd	5,000,000	1.61
10 Sim Finance Pty Ltd	3,519,617	1.14
11 Dyspo Pty Ltd <Henty Super Fund A/C>	3,000,000	0.97
12 Parmelia Pty Ltd <Reilly Family Super Fund A/C>	2,500,000	0.81
13 Carluke Pastoral Co Pty Ltd <Carluke Super Fund A/C>	2,000,000	0.65
14 Irwin Biotech Nominees Pty Ltd	1,996,500	0.64
15 MJGD Nominees Pty Ltd	1,996,500	0.64
16 Citicorp Nominees Pty Limited	1,875,739	0.61
17 Mr Nicholas Sinclair	1,544,919	0.50
18 Aggregated Capital Pty Ltd <Super Fund No 2 A/C>	1,500,000	0.48
19 Mr Michael BLANCHE + MRS LAURINE DIGGINS <DIGGINS SUPER FUND A/C>	1,500,000	0.48
20 MR JOHN KENDALL PERRETT	1,311,429	0.42
Total	264,509,820	85.37

7. Securities subject to voluntary escrow

1,996,500 CDIs held by MJGD Nominees Pty Ltd are currently under escrow. The shares will be released from escrow when the subscription price has been paid in full.

There are currently no other restricted securities on issue.

8. Unquoted securities

Refer section 3 above for the details of holders of 20% or more of unquoted securities.

9. Review of operations and activities

Refer Directors' Report within the Annual Report.

10. On market buy-back

There is no current on market buy-back.

11. Statement regarding use of cash and assets

N/A

13. Details of investments

N/A

13. The following is a summary of any issues of securities approved for the purposes of Item 7 of section 611 of the Corporations Act which have not yet been completed.

N/A

14. If during the reporting period any securities were purchased on-market:

N/A

Additional Information provided in accordance with ASX admission letter:

In accordance with the admission letter provided to Simavita Limited by the ASX, the following additional statements are provided to any persons who may subscribe for securities under a prospectus or information memorandum:

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

The Company is not subject to chapters 6, 6A, 6B and 6C of the Corporations Act dealing with the acquisition of its securities (including substantial holdings and takeovers).

Corporate Information

Directors

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

Company Secretary

Peta C. Jurd
Sarah Prince as Co-Company Secretary.

Registered Office

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

Head Office

Level 13, 54 Miller Street
North Sydney NSW 2060
Australia

Telephone: +61 2 8405 6300
Facsimile: +61 2 8088 1301
Email: customerservice@simavita.com

Group website

www.simavita.com

Australian Registered Business Number

165 831 309

Banker (Canada)

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

Banker (Australia)

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

Banker (USA)

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

Auditor

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

Australian Securities Exchange

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

CDI Register

Computershare Investor Services Pty. Ltd.
Yarra Falls, 452 Johnston Street
Abbotsford Vic. 3067
Australia

Telephone: +61 3 9415 5000
Facsimile: +61 3 9473 2500
Website: www.computershare.com.au

