Simavita

Simavita reports full year financial results

For Immediate Release: **October 3, 2018**

Highlights:

- **Total comprehensive loss after tax for the full year ended June 30, 2018 was $4.94m million, a decrease of 36% on the prior corresponding period.**
- **Total revenues for the full year were $1.10m a decrease of 41% on the prior corresponding period. Whilst revenues have decreased, expenses have decreased by a greater amount resulting in a reduction in the loss incurred by the Company. Revenues are also impacted by the expected reduction in the R&D tax incentive for the 2018 financial year due to reduced R&D expenditure incurred.**
- **The Company has developed and patented, a hyper low cost platform technology. AlertPLUS™ is focused upon a rapidly growing USD64bn per year, adult and infant diaper industry. The Company continues to progress partnership discussions with several major international diaper manufacturers based in North America and Europe. The first of these agreements was signed in August a European based global diaper manufacturer.**
- **Cash balance recorded at the end of the period was $1.36m million.**

Sydney, Australia – Simavita Limited (ASX: SVA;) ("Simavita" or the "Company") is pleased to release its financial results for the full year ended June 30, 2018.

Key points from the financial results include:

- A total comprehensive loss after tax for the full year ended June 30, 2018 of $4.94 million, representing a decrease of $2.81 million, or 36%, over the loss for the previous full year. This significant reduction in the loss incurred was achieved despite reduced sales.
- Sales generated by the Company from the sale of its Smart Incontinence Management (SIM™) and AssessPLUS™ solutions were $411,344, a decrease of $497,321 or 55%, as compared to the corresponding full year period in the previous year. Total revenues for the full year were $1,109,251 a decrease of 41% on the prior corresponding period. As foreshadowed in the half year accounts, the Company has moved away from small unprofitable sales and redirected its resources to building new partnerships and strategic relationships to generate sustainable and profitable sales.
- Cost of goods sold decreased by 26% to $220,181 compared with $297,017 in the prior corresponding period.
- Total cash reserves of the Simavita Group as at June 30, 201 were approximately $1.36 million.

Strategy execution

During the year the Company continued to materially and sustainably reduce the cost base of the business.

The Company has a very clear focus on driving new and profitable revenue. Our target market annually generates USD64bn in product sales and spans across adult, including aged (institutional and community) as well as disability and rehabilitation markets through to major markets associated with infant care.

Simavita Chairman, Mr Michael Spooner said: "We have made significant progress over the past 12 months and have gone a long way toward validating our PIVOT strategy and the significant commercial opportunity associated with the Company's AlertPLUS™ platform technology."

Simavita

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

Ms Peta Jurd
Chief Commercial Officer

E: pjurd@simavita.com
T: +61 421 466 653
W: Investor Centre: Click here

About Simavita

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 USD64bn in annual revenues.

The Company's new 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. The Company's portfolio of sensors and systems meet a clear demand for cost effective, better, timely information to address all segments of the international adult incontinence and infant diaper industry.

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

Forward-Looking Information

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

Forward-looking information relates to future events or future performance and reflects Simavita management's expectations or beliefs regarding future events. Assumptions upon which such forward-looking information is based include that Simavita will be able to successfully execute on its business plans, including licensing agreements, signing new customers, growth plans, cost reductions and entry into new markets. Many of these assumptions are based on factors and events that are not within the control of Simavita and there is no assurance they will prove to be correct.

SIMAVITA LIMITED AND CONTROLLED ENTITIES

(ARBN 165 831 309)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

June 30, 2018

ASX CODE: SVA

SIMAVITA LIMITED

ARBN 165 831 309

Directors' Report

The Directors submit their report on the consolidated entity consisting of Simavita Limited and the entities it controlled at the end of June 30, 2018. Throughout the report, the consolidated entry is referred to as the group.

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

Ms. Emma Lawler was appointed for the purposes of ASX Listing Rule 12.6 on February 9, 2018 replacing Sarah Prince who resigned as Co-Company secretary effective the same day. Ms Jurd continues as Company Secretary and Ms Jurd and Ms Lawler are responsible for communications between the Company and ASX. Ms. Lawler has over 20 years' experience as a company secretary and is a fellow of the Governance Institute of Australia. She has been employed by Company Matters Pty Ltd as a Senior Governance Consultant since 2008.

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 Suite 2.02, Level 2, 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$64bn annually.

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

> 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.

Principal activities (continued)

> AssessPLUS™ a low cost, easy to use and highly graphical electronic assessment tool for community users including the aged and disabled.

Information on Directors

The following information is current as at the date of this report.

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. Non-executive Chairman of MicrofluidX since February 2018.
Former directorships in last 3 years	None.
Special responsibilities	Chairman of the Board. Chairman of the Audit and Risk Committee.
Interests in shares and options	6,279,922 options issued at $0.05 with an expiry date of June 23, 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	Transition Therapeutics from 2002 to 2016.
Special responsibilities	Member of the Audit and Risk Committee.
Interests in shares and options	6,279,922 options issued at $0.05 with an expiry date of June 23, 2023.

Information on Directors (continued)

W R Bingham Dip. Mgt. GAICD

Experience and expertise	Independent non-executive Director since May 21, 2015. 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. HyGleaCare Inc. since June 2017. Chairman of SchoolAid Trust since May 2018.
Former directorships in last 3 years	Australian & New Zealand Gastroenterology International Training Association from 2014 to 2018.
Special responsibilities	Member of the Audit and Risk Committee.
Interests in shares and options	475,555 CDIs and 250,000 options issued at $0.05 with an expiry date of December 13, 2023.

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, 2018 and the numbers of meetings attended by each Director were:

	Full meetings of Directors		*Audit and Risk Committee*	
	A	B	A	B
M R Spooner	15	15	2	2
G W Pace	15	15	2	2
W R Bingham	15	14	2	2

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

B= Number of meetings attended

Remuneration Report (Audited)

The Remuneration Report, which has been audited, describes the Non-Executive Directors and Key Management Personnel ('KMP') remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its regulations.

The Remuneration Report contains the following sections:

A: Key management personnel covered in this report
B: Principles used to determine the nature and amount of remuneration
C: Details of remuneration
D: Share-based compensation
E: Directors and KMP Service Agreements

A: Key management personnel covered in this report

Non-Executive Directors
Michael R. Spooner
Dr. Gary W. Pace
Warren R. Bingham

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 of Manufacturing and Supply Chain (resigned August 16, 2016)

The Company does not have any other employees who are required to have their remuneration disclosed in accordance with the Corporations Act 2001.

Remuneration Report (continued)

B: Principles used to determine the nature and amount of remuneration

The whole Board form the Remuneration Committee. The remuneration policy has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component with the flexibility to offer specific short term and long term incentives based on key performance areas affecting the Group’s financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain high quality directors and executives to manage the Group.

The Board’s policy for determining the nature and amount of remuneration for Board members and senior executives is as follows:

• The remuneration policy, setting the terms and conditions for all employees including Executives, was developed by the Board. All executives receive a base salary and superannuation. The Board reviews executive packages annually and determines policy recommendations by reference to executive performance, benchmark salary surveys relating to comparable industry sectors and other listed companies in similar industries.

• The Board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract and retain the highest calibre of executives and reward them for performance that results in long term growth in shareholder wealth.

• The directors and executives receive a superannuation guarantee contribution required by the government, which for the year ended June 30, 2018 was 9.5% of base salary, and do not receive any other retirement benefits.

• The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews the remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. GST is paid in addition to non-executive directors’ fees, where applicable. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting.

The remuneration policy is tailored to increase the direct positive relationship between shareholders’ investment objectives and directors and executive performance. Currently, this is facilitated through the issue of options to the directors and executives to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth.

Remuneration Report (continued)

C: 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 2018 and 2017 figures for remuneration received by the Company's directors and executives:

		Short term			Long term		
Name and title of Directors	**Period**	**Salary/ fees** $	**Other** $	**Post-employment superannuation** $	**Long service leave** $	**Share-based Options** $	**Totals** $
Michael R. Spooner *Non-Executive Chairman*	2018 2017	137,000 137,000	- -	13,015 13,015	- -	- 351,676	150,015 501,691
Gary W. Pace *Non-Executive Director*	2018 2017	100,000 100,000	- -	- -	- -	- 351,676	100,000 451,676
Warren R. Bingham (1) *Non-Executive Director*	2018 2017	50,000 50,000	- -	- -	- -	- 14,250	50,000 64,250
Sub-totals for Directors	**2018** 2017	**287,000** 287,000	**-** -	**13,015** 13,015	**-** -	**-** 717,602	**300,015** 1,017,617
Name and title of Executives							
Peta C. Jurd (2) *Chief Commercial Officer & Company Secretary*	2018 2017	285,600 285,600	- 64,000	27,132 33,212	- -	27,000 51,000	339,732 433,812
Peter J. Curran (3) *Chief Technology Officer*	2018 2017	272,237 272,237	- 35,000	25,863 29,188	- -	- 89,000	298,100 425,425
Wessel V. Dijk (4) *VP Europe Sales and Market*	2018 2017	273,840 264,706	25,502 54,920	15,207 14,706	- -	27,000 51,000	341,549 385,332
Christopher Southerland(5) *Former VP. US Sales and Market*	2018 2017	1,093 222,744	- 49,123	- -	- -	- -	1,093 271,867
Edward W. Nixey (6) *Former General Counsel*	2018 2017	- 9,064	- -	- 100	- -	- -	- 9,164
Paul Won (7) *Former VP MFG. & Supply Chain*	2018 2017	- 49,463	- 50,777	- 6,699	- -	- -	- 106,939
Sub-totals for KMPs	**2018** 2017	**832,770** 1,103,814	**25,502** 253,820	**68,202** 83,905	**-** -	**54,000** 191,000	**980,474** 1,632,539
Total remuneration made to Directors and KMPs	**2018** 2017	**1,119,770** 1,390,814	**25,502** 253,820	**81,217** 96,920	**-** -	**54,000** 908,602	**1,280,489** 2,650,156

Remuneration Report (continued)

[1] Payments made to Mr. Bingham during the years ended June 30, 2018 totaling $50,000 comprised fees paid to MedTech International Pty Ltd, a company associated with Mr. Bingham (2017: $50,000), in respect of services provided to the Group by Mr. Bingham as a Director.

[2] Payments made to Ms. Jurd during the year ended June 30, 2017 totalling $64,000 (as disclosed under the heading “Other”) comprised a performance bonus.

[3] Payments made to Mr. Curran during the year ended June 30, 2017 totalling $35,000 (as disclosed under the heading “Other”) comprised a performance bonus.

[4] Payments made to Mr. van Dijk during the year ended June 30, 2018 totalling $25,502 (as disclosed under the heading “Other”) comprised a car allowance. Payments made to Mr. van Dijk during the year ended June 30, 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.

[5] Payments made to Mr. Southerland during the year ended June 30, 2017 totalling $49,123 (as disclosed under the heading “Other”) comprised a performance bonus of $26,316 and car allowance of $22,807. 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.

[6] Mr. Nixey resigned as General Counsel effective June 30, 2016. The final payment to him was made during 2017 financial year.

[7] Payments made to Mr. Won during the year ended June 30, 2017 totalling $50,777 (as disclosed above under the heading “Other”) comprised a termination payment. Mr. Won left the Group on August 16, 2016.

Remuneration Report (continued)

D: Share-based compensation

Options can be issued to directors and executives as part of their remuneration. The options are not based on performance criteria, but are issued to align the interest of directors, executives and shareholders.

The table below shows the details of 2018 and 2017 share options for the Company's directors and executives:

Name and title of Directors	Period	Opening Balance	Granted as remuneration	Exercised	At the date of resignation	Closing Balance
		Number	Number	Number	Number	Number
Michael R. Spooner	2018	6,279,922	-	-	-	6,279,922
Non-Executive Chairman	2017	-	6,279,922	-	-	6,279,922
Gary W. Pace	2018	6,279,922	-	-	-	6,279,922
Non-Executive Director	2017	-	6,279,922	-	-	6,279,922
Warren R. Bingham (1)	2018	250,000	-	-	-	250,000
Non-Executive Director	2017	-	250,000	-	-	250,000
Sub-totals for Directors	**2018**	**12,809,844**	**-**	**-**	**-**	**12,809,844**
	2017	-	12,809,844	-	-	12,809,844
Name and title of Executives						
Peta C. Jurd (2)	2018	1,500,000	1,000,000	-	-	2,500,000
Chief Commercial Officer & Company Secretary	2017	-	1,500,000	-	-	1,500,000
Peter J. Curran (3)	2018	4,150,000	-	-	-	4,150,000
Chief Technology Officer	2017	650,000	3,500,000	-	-	4,150,000
Wessel V. Dijk (4)	2018	1,500,000	1,000,000	-	-	2,500,000
VP Europe Sales and Market	2017	-	1,500,000	-	-	1,500,000
Christopher Southerland(5)	2018	-	-	-	-	-
Former VP. US Sales and Market	2017	1,500,000	-	-	(1,500,000)	-
Edward W. Nixey (6)	2018	-	-	-	-	-
Former General Counsel	2017	-	-	-	-	-
Paul Won (7)	2018	-	-	-	-	-
Former VP MFG. & Supply Chain	2017	400,000	-	-	(400,000)	-
Sub-totals for KMPs	**2018**	**7,150,000**	**2,000,000**	**-**	**-**	**9,150,000**
	2017	2,550,000	6,500,000	-	(1,900,000)	7,150,000
Total Directors and KMPs	**2018**	**19,959,844**	**2,000,000**	**-**	**-**	**21,959,844**
	2017	2,550,000	19,309,844	-	(1,900,000)	19,959,844

For options issued in 2018, such options shall vest immediately on a commercial license being signed with a manufacturer or other third party as partner for use of the company's AlertPLUS™ product.

. Remuneration Report (continued)

The numbers of options outstanding issued to company's directors and executives 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 per option Black Scholes
350,000	$0.70	August 19, 2014	August 31, 2018	$0.267
300,000	$0.68	April 9, 2015	March 31, 2019	$0.145
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
4,500,000	$0.06	October 13, 2016	October 13, 2023	$0.034
250,000	$0.05	December 14, 2016	December 13, 2023	$0.057
2,000,000	$0.05	June 29, 2017	June 28, 2024	$0.019
2,000,000	$0.05	February 15, 2018	January 31, 2025	$0.027

E: Directors and KMP Service Agreements

Director Michael R. Spooner is employed as a Non-Executive Chairman on the following key terms:

a) Base salary of A$137,000 per annum plus superannuation

Director Gary W. Pace is employed as a Non-Executive Director on the following key terms:

a) Director’s fee of A$100,000 per annum

Director Warren R. Bingham is employed as a Non-Executive Director on the following key terms:

a) Director’s fee of A$50,000 per annum

Executive Peta C. Jurd is employed as a Chief Commercial Officer and Company Secretary on the following key terms:

a) Base salary of A$285,600 per annum plus superannuation
b) 3-month notice period

Executive Peter J. Curran is employed as a Chief Technology Officer on the following key terms:

a) Base salary of A$272,237 per annum plus superannuation
b) 2-month notice period

Executive Wessel Van Dijk is employed as a Vice President, Europe Sales and Marketing on the following key terms:

a) Base salary of €180,000 per annum
b) Car allowance of €20,000 per annum
c) Pension payments of €10,000 per annum
d) 1-month notice period

Simavita overview

Strategic Business Review and Refocus

During the year the Company has continued to execute its PIVOT strategy launched in March 2017. PIVOT is the 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:

1. Since a restructuring in 2017 the Company has reduced its operating costs by 40%,
2. An absolute shift away from "one on one" or consultative selling, toward meaningful partnerships with organizations who have successful, vested and complementary businesses. The partnership with OneMed in northern Europe has been successful and discussions are underway to expand the agreement to a further 3 countries. Further distribution partners are also being sought for the UK.
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. These platforms can be used regardless of the setting, location or need of the user.

AlertPLUS™ is 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 utilize 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.

Simavita has been granted patented rights to this core technology.

AssessPLUS™ 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. The future of our incontinence business is clear, through AssessPLUS™ we will focus on creating relationships with service suppliers including NDIS providers and other government payers as well as providers who deliver services within the community.

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.

On August 27, 2018 the company signed a marketing agreement with a European diaper manufacturer to develop and market a smart diaper solution utilising Simavita AlertPLUS™ technology. The agreement is for 12 months and will target 4 major customers with annual sales value of at least €50 million each. The agreement covers the marketing and sale of sensor based alert technology for infant diaper markets and adult continence in Europe and Americas. Simavita will be entitled to a share of profits generated from sales. Such profits are anticipated to vary according to the size and nature of sale agreements ultimately entered into with end user customers.

Financial results

Statement of loss after tax
The Group reported a loss after tax for the year ended June 30, 2018 of $4,942,295 which was $2,810,221 or 36% less than the loss incurred during the previous year ended June 30, 2017 of $7,752,516. The reduced loss in the current year is principally attributable to:

> Total operating expenses of $5,746,855 (excluding share-based expense) had a decrease of $2,538,350 or 31% compared to $8,285,205 in the previous corresponding year. In addition, during the year the Company incurred $84,510 in share-based payments expenses compared to $1,053,326 in the previous year. Accordingly, overall total expenses reduced by $3,507,166 or 38% on a corresponding period basis.

> Total revenue from ordinary activities for the reporting period was $1,109,251 a decrease of 41% compared to $1,883,032 in the previous corresponding period. Reductions were due to a decrease in R&D spending which had the effect of reducing R&D Tax incentives from $955,247 for the year ending 30 June 2017 to $641,320 for the year to 30 June 2018. Furthermore, the company largely eliminated its direct sales strategy in favor of its PIVOT strategy of focused sales through partnerships with companies with significant and synergistic sales. As forecast at the half year due to this transition period, sales have fallen from $908,665 for the year ending 30 June 2017 to $411,344 for the year to 30 June 2018.

> Total comprehensive loss for the year was $4,946,425 a decrease of $2,816,946 or 36% compared to $7,763,371 in the previous corresponding year.

Cash and cash equivalents
The Group's cash and cash equivalents at the end of the year June 30,2018 decreased by $710,869 or 34% to $1,361,484 as compared to $2,072,353 at the end of the previous financial year.

Changes to capital structure

During the year ended June 30, 2018 the Group did not issue any additional securities.

> On February 15, 2018 the Group granted 3,080,000 unlisted options at a price of $0.05 per share to the Group's employees. The options vest upon satisfaction of agreed performance conditions.

> On June 5, 2018 the Group granted 50,000 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, 2018 a total of 2,715,000 unlisted options issued to former employees were lapsed.

Liquidity

The Group has incurred losses before tax of $4,942,295 (FY17: $7,752,516) for the year ended June 30, 2018 and net cash flows used in operations during the same period of $4,080,003 (FY17: $6,247,185). The Group's cash balance as at June 30, 2018 was $1,361,484 (FY17: $2,072,353) whilst its working capital (defined to be current assets less total liabilities) was negative $1,803,194 (FY17 surplus: $3,008,452).

During the year ending June 30, 2019 the Group plans to materially grow revenue through the partnerships and licensing of AlertPLUS™. The Group aims to enter into several non-exclusive partnership or licensing agreements with manufacturers for the use of its ultra low cost smart diaper technology. Additionally, the product range has been expanded to address additional market sectors of home based care and disability care. The Group is also looking to appoint additional distributors to further address the markets in Europe and the UK.

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

> If required, successfully raising further capital from the issue of new shares;
> Working with our recently signed European and North American partner to win 4 major customer bids identified as part of the agreement;
> Successfully sign heads of agreement with other major manufacturers in FY 2019 Q1 and Q2, with a view to commercialise in major markets. As noted above, the first of these agreements was signed in late August 2018;
> Materially and rapidly address new market opportunities and to grow revenue together with;
> Continuing cost containment strategies. Monthly cash outflows have dropped to approximately $400,000 a month.

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, 2018 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 $63,618 to insure the directors and the officers 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 and Risk 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 fees totalling $55,080 (FY17: NIL) were paid to the auditor for services provided in relation to Research and Development Tax Incentive and $7,322 (FY17: NIL) to PWC Vietnam for assistance with the stocktake in Vietnam.

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

During the year the Group received $695,035 under a receivable finance facility related to the Group's 2017 R&D tax incentive claim, which was repaid by in October 2017. In addition, the Group received $610,442 under a receivable finance facility related to the Group's 2018 R&D tax incentive claim, which was repaid in September 2018.

During the year, Simavita Ltd entered into Royalty Purchase & Assignment Agreement with Triumph Gold Corp in return for the sum of CDN$ 100,000. This represented the sale of a 1.5% net smelter royalty which Simavita held in the Revenue Creek Area of the Whitehorse Mining District in the Yukon, Canada.

Significant events after balance sheet date

The 2017 Convertible Notes referred in Note 17(a) were converted to shares in the company on August 1, 2018. The noteholders were issued with 36,045,208 CDIs and all noteholders elected to receive the interest accrued on the convertibles notes in form of equity.

On August 27, 2018 the company signed a marketing agreement with a European diaper manufacturer to develop and market a smart diaper solution utilising Simavita AlertPLUS™ technology. The agreement is for 12 months and will target 4 major customers with annual sales value of at least €50 million each. The agreement covers the marketing and sale of sensor based alert technology for infant diaper markets and adult continence in Europe and Americas. Simavita will be entitled to a share of profits generated from sales. Such profits are anticipated to vary according to the size and nature of sale agreements ultimately entered into with end user customers.

The R&D tax incentive in the amount of $731,315 was received by the Group on 27 September 2018 and the third party loan received under a receivable finance facility of $708,871 was repaid on the same day.

As at October 3, 2018 the Company has received signed subscription agreements totalling $1,975,000. These funds are due by October 5, 2018. As a result of these subscription agreements 65,833,333 new CDIs will be issued at a price of $0.03.

The Company has also received a signed Convertible Note agreement for the amount of $1,000,000 which will be subject to shareholder approval at the Annual General Meeting in December 2018. The Note enables the holder, at their option, to reduce their investment of $1m by the sum of any share placement that may occur up until the date of the Company’s AGM. Once approval is received, up to 1,000,000 Convertible Notes with a face value of $1 will be issued. The notes will automatically convert on December 31, 2018.

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, 2018.

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 October 3, 2018.

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

MICHAEL R SPOONER	WARREN R BINGHAM
Chairman	Director

Corporate governance statement

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 2018 corporate governance statement is dated as at August 29, 2018 and reflects the corporate governance practices in place throughout the 2018 financial year.

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_August_2018.pdf

SIMAVITA LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS
FOR THE YEAR ENDED JUNE 30, 2018

	Notes	Consolidated Jun 30, 2018 $	Consolidated Jun 30, 2017 $
Revenue	4	411,344	908,665
Cost of sales		(220,181)	(297,017)
Gross profit		191,163	611,648
Other income	5	697,907	974,367
Expenses			
Finance costs		(233,614)	-
General and administration		(2,093,952)	(2,646,818)
Occupancy costs		(376,677)	(318,566)
Research and development		(1,207,680)	(1,574,499)
Sales, marketing and distribution		(1,834,932)	(3,745,322)
Share-based payments expense		(84,510)	(1,053,326)
Loss before income tax		(4,942,295)	(7,752,516)
Income tax	8	-	-
Loss for the year		(4,942,295)	(7,752,516)
Other comprehensive income			
Items that may be subsequently reclassified to profit/ (loss)			
Translation of foreign operation		(4,130)	(10,855)
Total comprehensive loss for the year		(4,946,425)	(7,763,371)
		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	(0.02)	(0.03)
Diluted loss per common share	7	(0.02)	(0.03)
Earnings per share for loss attributable to the ordinary equity holders of the Group:			
Basic loss per common share	7	(0.02)	(0.03)
Diluted loss per common share	7	(0.02)	(0.03)

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

SIMAVITA LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Notes	Consolidated Jun 30, 2018 $	Consolidated Jun 30, 2017 $
Assets			
Current Assets			
Cash and cash equivalents	10	1,361,484	2,072,353
Trade and other receivables	11	792,934	1,337,429
Inventories	12	207,008	490,628
Other assets		167,875	106,665
Total Current Assets		2,529,301	4,007,075
Non-Current Assets			
Property, plant and equipment	13	8,315	44,783
Intangible assets	14	29,123	42,924
Total Non-Current assets		37,438	87,707
Total Assets		2,566,739	4,094,782
Liabilities and Shareholders' Equity			
Liabilities			
Current Liabilities			
Trade and other payables	15	576,010	733,858
Borrowings	17	3,533,041	-
Provisions	16	143,370	184,787
Total Current Liabilities		4,252,421	918,645
Non-Current Liabilities			
Provisions	16	80,074	79,978
Total Non-Current Liabilities		80,074	79,978
Total Liabilities		4,332,495	998,623
Shareholders' Equity			
Share capital	18	66,243,056	66,243,056
Reserves	19	1,811,130	2,914,723
Accumulated losses	20	(69,819,942)	(66,061,620)
Total Shareholders' Equity		(1,765,756)	3,096,159
Total Liabilities and Shareholders' Equity		2,566,739	4,094,782

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

SIMAVITA LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2018

	Share Capital $	Reserves $	Accumulated Losses $	Totals $
Balance at July 1, 2016	64,083,824	3,638,297	(60,075,149)	7,646,972
Net Loss for the period	-	-	(7,752,516)	(7,752,516)
Other comprehensive income, net of tax	-	(10,855)	-	(10,855)
Total comprehensive loss for the period	-	(10,855)	(7,752,516)	(7,763,371)
Transactions with owners				
Issue of common shares for cash	2,348,109	-	-	2,348,109
Movement in Share-based payments reserve	-	1,053,326	-	1,053,326
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	(712,719)	1,766,045	3,212,558
Balance at June 30, 2017	66,243,056	2,914,723	(66,061,620)	3,096,159
Net Loss for the period	-	-	(4,942,295)	(4,942,295)
Other comprehensive income, net of tax	-	(4,130)	-	(4,130)
Total comprehensive loss for the period	-	(4,130)	(4,942,295)	(4,946,425)
Transactions with owners				
Issue of common shares for cash	-	-	-	-
Movement in share-based payments reserve	-	84,510		84,510
Reversal of lapsed options vested not exercised	-	(1,183,973)	1,183,973	-
Equity transaction costs	-	-	-	-
Cancellation of fractional shares	-	-	-	-
Total transactions with owners	-	(1,099,463)	1,183,973	84,510
Balance at June 30, 2018	66,243,056	1,811,130	(69,819,942)	(1,765,756)

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

SIMAVITA LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	Notes	Consolidated Jun 30, 2018 $	Consolidated Jun 30, 2017 $
Cash flows from /(used in) operating activities			
Loss for the year		(4,942,295)	(7,752,516)
Non-cash items			
Depreciation and amortization		50,670	108,027
Bad debts written-off		-	483
Share-based payments expenses		84,510	1,053,326
Net (Gain)/Loss on sale of plant and equipment		-	(150)
Unrealized foreign exchange movements		(10,497)	(3,015)
Accrued interest on borrowings and convertible notes		172,619	-
Changes in working capital			
(Increase)/decrease in receivables		544,495	576,458
(Increase)/decrease in inventories		283,620	(8,605)
(Increase)/decrease in prepayments		(61,210)	24,777
Increase/(decrease) in payables		(160,594)	(236,886)
Increase/(decrease) in provisions		(41,321)	(9,084)
Net cash flows from/(used in) operating activities		(4,080,003)	(6,247,185)
Cash flows from/(used in) investing activities			
Purchases of plant and equipment		(177)	(2,690)
Purchases of intangible assets		(224)	-
Proceeds from the sale of plant and equipment		-	150
Net cash flows from/(used in) investing activities		(401)	(2,540)
Cash flows from/(used in) financing activities			
Proceeds from the issue of shares by the Company		-	2,348,109
Proceeds from the borrowings		1,305,461	-
Proceeds from the issue of convertible notes		2,750,000	-
Repayment of the borrowings		(695,039)	-
Cancellation of fractional shares		-	(24)
Equity transaction costs		-	(188,853)
Net cash flows from/(used in) financing activities		3,360,422	2,159,232
Net increase/(Decrease) in cash and cash equivalents held		(719,982)	(4,090,493)
Cash and cash equivalents at the beginning of period		2,072,353	6,172,770
Net foreign exchange differences on cash and cash equivalents		9,113	(9,924)
Cash and cash equivalents at the end of period	10	1,361,484	2,072,353

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

SIMAVITA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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.

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 $4,942,295 (2017: $7,752,516) for period ended June 30, 2018 and net cash flows used in operations during the same period of $4,080,003 (2017:$6,247,185). The Group’s cash reserves as at June 30, 2018 were $1,361,484 (2017: $2,072,353). The Group’s was in a net current asset deficiency as at June 30, 2018 of $1,723,120 (2017: net current assets of $3,088,430).

As highlighted in note 29, the following events have occurred subsequent to 30 June 2018 that have a positive bearing on the assessment by Directors as to the ability of the Group to continue as a going concern:

< On September 25, 2018 the Group entered into a trading halt pending the completion of a placement of CDIs. The Group’s securities were subsequently suspended from trading on the Australian Stock Exchange (ASX) on September 27, 2018.
< On September 27, 2018 the Group received a payment of $731,315 for R&D in respect to the 2018 financial year. This incentive had been financed (total borrowings at June 30, 2018 of $678,767) and loan was repaid on receipt of the incentive, leaving a residual cash inflow of $22,444 after fees.
< As at October 2, 2018 the Group has received signed subscription agreements totalling $1,975,000. These funds are due to be received by October 5, 2018. As a result of these subscription agreements 65,833,333 new CDIs will be issued at a price of $0.03.

< On October 2, 2018 the Group received a signed Convertible Note agreement for the amount of $1,000,000 which will be subject to shareholder approval at the Annual General Meeting in December 2018. The Convertible Note agreement enables the holders, at their option, to reduce their investment of $1m by the sum of any share placement in excess of $2m that may occur up until the date of the Company's AGM. Once approval is received, up to 1,000,000 Convertible Notes with a face value of $1 will be issued. The notes will automatically convert into CDIs on December 31, 2018. The convertible notes will entitle the holder to a coupon of 10% per annum.

The ability of the Group to complete the placements described above is reliant on the ASX removing the current trading suspension of its securities. This will require that the company comply with relevant ASX listing guidelines with respect to trading suspensions including the prompt lodgement of this financial report.

During the remainder of the financial year 2019 the Group plans to materially grow revenue. This will primarily occur through the partnerships and licensing of AlertPLUS™. An agreement with one of the diaper manufacturers, targeting customer contracts worth €200m ($310m) has already been signed. Additionally, the product range has been expanded to address additional market sectors of home based care and disability care. This initiative is in response to a clear global trend to assist the elderly and disabled to stay in their family home longer and to take ownership of their care. This initiative is designed to deliver more effective and cost efficient service to a rapidly growing community.

Importantly the Group will also seek to appoint new distributors to address the long term care and rehabilitation markets in North America and Europe whilst focusing on government payers who support the disabled and aged.

In the Directors opinion, the share and convertible note placements described above provide sufficient cash for the Group to execute the above plan through the remainder of the 2019 financial year, subject to conversion of notes on issue at 30 June 2019. The Group has indicated its strong intention to incrementally raise additional capital to fund major revenue opportunities particularly associated with AlertPLUS™ for the Aged, Disabled and Infants markets, whilst pushing distribution partnerships and direct sales to government and "payers" who support the introduction of AssessPLUS™ for Community, Aged and Rehabilitation markets in Australia, North America and Europe. The amount of any future capital raising required will depend various factors including income levels achieved by the Group and the conversion of the convertible notes due on 31 March 2019.

There is uncertainty about our ability to materially grow revenue in a timely manner, raise capital on a timely basis with terms that are acceptable to shareholders and / or complete licensing agreements. 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:

>Successfully completing the share placement described above. This will require the re-quotation of the Group's securities on the ASX on a timely basis to enable the share placement to occur in an orderly and timely manner,

> Obtaining shareholder approval at the AGM in early December 2018 for the issue of the convertible note of $1m (maximum amount) as described above,

> Successfully finalising a licensing, partnership and distribution agreements with at least one of the international manufacturing firms currently reviewing Simavita's AlertPLUS™ platform technology in the first quarter of 2019. The first of these agreements was signed in late August 2018,

> Working with our recently signed European and North American partner to win upto 4 major customer bids identified as part of the agreement over the next 12 months,

> Materially and rapidly addressing new market opportunities to grow revenue,
> Continuing cost containment strategies.
> The continued support of Group's shareholders in the provision of ongoing working capital to capture new opportunities as they arise and maintaining sufficient cash reserves to trade into the 2020 Financial Year. This includes achieving a share price in future placements to allow for the conversion of convertible notes due for maturity at 31 March 2019 in the amount of $1.4m.

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, 2018 Audit Report relating to the Group's ability to continue as a going concern.

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

b Basis of consolidation

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

c New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 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, debt instruments currently classified as available-for-sale (AfS) financial assets would appear to satisfy the conditions for classification as at fair value through other comprehensive income (FVOCI) and hence there will be no change to the accounting for these assets.

The other financial assets held by the Group include:
> equity instruments currently classified as AfS for which a FVOCI election is available
> equity investments currently measured at fair value through profit or loss (FVPL) which would likely continue to be measured on the same basis under AASB 9, and
> debt instruments currently classified as held-to-maturity and measured at amortized cost which appear to meet the conditions for classification at amortized cost under AASB 9.

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, it would appear that the Group's current hedge relationships would qualify as continuing hedges upon the adoption of AASB 9. Accordingly the Group 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 January 1, 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 the customer loyalty programme: AASB 15 requires that the total consideration received must be allocated to the points and goods based on relative stand-alone selling prices rather than based on the residual value method; this could result in different amounts being allocated to the goods sold and bring forward the recognition of a portion of the 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 January 1, 2018, but available for early adoption.

Expected date of adoption by the Group: July 1, 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.

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 $75,148. 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 January 1, 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 is it 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.

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, 2018 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 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.

h 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 two reportable geographic segments, being Australia and Rest of the World, 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.

i 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.

j 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.

k 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. At the end of the year, the Group has provided $381,901 to cover the cost of inventory which could be considered slow moving.

l Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.
Office equipment – 2.5 years
Equipment under lease – 3 years
Testing equipment – 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.

m 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.

n 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.

o 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.

p 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.

q 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.

r 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.

Share-based payments transactions

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

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

Research and development costs

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

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

	Consolidated	
	Jun 30, 2018	Jun 30, 2017
	$	$
4 Revenue from continuing operations		
Sales revenue:		
- Sale of goods	208,392	769,160
- Services	202,952	139,505
Total revenue	411,344	908,665
5 Other income		
- Interest revenue	5,375	18,970
- Net gain/ (loss) on sale of plant and equipment	-	150
- Sale of mining rights	51,212	-
- R&D tax incentive	641,320	955,247
Total other income	697,907	974,367
6 Expenses		
Amortization of intangible assets	14,025	17,739
Depreciation of fixed assets	36,645	90,288
Total depreciation and amortization	50,670	108,027
Employee benefit expenses	3,056,328	5,344,408
R&D expenses (excluding employee benefits)	322,714	326,052
Finance costs	233,614	-

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.

7 Loss per share		
Loss for the year attributable to the owners of Simavita Limited	(4,942,295)	(7,752,516)
Weighted average number of shares used to calculate loss per share	309,899,594	256,088,775

Note: None of the 26,893,844 (2017: 26,478,844) 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.

	Consolidated	
	Jun 30, 2018	Jun 30, 2017
	Cents	Cents
(a) Basic earnings per share		
From continuing operations attributable to the ordinary equity holders of the Group	(0.02)	(0.03)
Total basic losses per share attributable to the ordinary equity holders of the Group	(0.02)	(0.03)
(b) Diluted earnings per share		
From continuing operations attributable to the ordinary equity holders of the Group	(0.02)	(0.03)
Total diluted losses per share attributable to the ordinary equity holders of the Group	(0.02)	(0.03)

8 Income Tax

	Consolidated	
	Jun 30, 2018	Jun 30, 2017
	$	$
Reconciliation of income tax expense to prima facie tax expense		
Loss before income tax expense	(4,942,295)	(7,752,516)
Tax at the Australian tax rate of 27.5%	(1,359,131)	(2,131,942)
Tax effect of adjustments relating to non-temporary differences		
Research and development income	(176,363)	(262,693)
Research and development expenses	462,325	607,881
Share-based payments expense	23,240	289,665
Other	202,430	(238,684)
Tax effect of adjustments relating to temporary differences		
Deductible equity transaction costs	(243,603)	(280,038)
Net movements in provisions and payables	35,902	60,940
Unrealized foreign exchange gain	(4,009)	(26,189)
	(1,059,209)	(1,981,060)
Tax rate differential due to other tax jurisdictions	(24,833)	(145,245)
	(1,084,042)	(2,126,305)
Tax losses not recognized	**1,084,042**	**2,126,305**
Deferred tax assets / (liabilities)		
Equity transaction costs	128,136	325,406
Provisions and payables	216,485	187,413
Accrued expenses	8,732	16,364
Patents	143,951	136,908
Deferred income	5,156	6,385
Other	(3,063)	(2,988)
	499,397	669,488
Deferred tax assets on temporary differences not brought to account	(499,397)	(669,488)
Total net deferred tax assets	-	-

8 Income Tax (continued)

	Consolidated	
	Jun 30, 2018	Jun 30, 2017
	$	$
Tax losses (tax effected)		
Australia	12,623,318	11,776,534
Canada	708,894	533,702
United States of America	1,069,773	1,802,677
Total deferred tax assets on tax losses not recognized	14,401,985	14,112,913

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 $14,401,985 (2017: $14,112,913) 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, 2018, the Group had not yet generated a profit from the commercialization of its intellectual property. Accordingly, no deferred tax assets arising from carried forward losses and temporary differences have yet been recognized.

9 Dividends and distributions

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

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

	Consolidated	
	Jun 30, 2018	Jun 30, 2017
	$	$
10 Cash and cash equivalents		
Cash at bank and on-hand	1,361,484	2,072,353
Total cash and cash equivalents	1,361,484	2,072,353

11 Trade and other receivables

Trade receivables	37,841	179,138
Less Provision for doubtful debts	(2,905)	(30,109)
GST receivable	26,683	65,784
R&D tax concession receivable	731,315	961,558
Other receivables	-	161,058
Total trade and other receivables	792,934	1,337,429

Note: All trade and other receivables for the Group include amounts in:
- Australian dollars of AUD $759,252 (June 2017: $1,269,854)
- United States dollars, equivalent to AUD ($3,253) (June 2017: $2,175)
- European euros, equivalent to AUD $36,314 (June 2017: $65,400)
- British pounds, equivalent to AUD $621 (June 2017: NIL)

12 Inventories

Finished goods and raw materials	588,909	677,282
Less Provision for obsolescence	(381,901)	(186,654)
Total inventories	207,008	490,628

	Consolidated	
	Jun 30, 2018	Jun 30, 2017
	$	$
13 Property, plant and equipment		
Office equipment at cost	333,945	333,768
Less: accumulated depreciation	(332,033)	(317,981)
Net office equipment	1,912	15,787
Furniture and fittings at cost	84,679	84,679
Less: accumulated depreciation	(82,436)	(80,672)
Net furniture and fittings	2,243	4,007
Leasehold Improvements	80,117	80,117
Less: accumulated depreciation	(76,369)	(58,046)
Net leasehold improvements	3,748	22,071
Testing Equipment	47,217	47,217
Less: accumulated depreciation	(47,217)	(46,179)
Net testing equipment	-	1,038
Rental Assets at cost	59,737	59,737
Less: accumulated depreciation	(59,325)	(57,857)
Net rental assets	412	1,880
Total property, plant & equipment	**8,315**	**44,783**

14 Intangible assets		
Patents at cost	63,714	63,714
Less: accumulated amortisation	(37,510)	(34,324)
Net patents	26,204	29,390
Software at cost	138,253	138,029
Less: accumulated amortisation	(135,334)	(124,495)
Net software	2,919	13,534
Total intangible assets	**29,123**	**42,924**

	Note	Consolidated Jun 30, 2018 $	Jun 30, 2017 $
15 Trade and other payables			
Trade payables		126,420	192,825
GST payable		-	12,643
Accrued expenses		350,487	389,329
Payroll-related payables		77,328	112,819
Other payables		21,775	26,242
Total trade and other payables		**576,010**	**733,858**

Note: All trade and other payables for the Group include amounts in:
- Australian dollars of AUD $511,296 (June 2017: $683,968)
- United States dollars, equivalent to AUD $31,437 (June 2017: $20,682)
- Canadian dollars, equivalent to AUD $NIL (June 2017: $17,402)
- European euros, equivalent to AUD $33,277 (June 2017: $11,806)

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

	Note	Jun 30, 2018 $	Jun 30, 2017 $
16 Provisions			
Annual leave		143,370	184,787
Long service leave		80,074	79,978
Total provisions		**223,444**	**264,765**
Reconciliation of annual leave provision			
Balance at the beginning of the year		184,787	202,898
Add: obligation accrued the year		143,863	94,152
Less: balance utilized during the year		(185,280)	(112,263)
Balance at the end of the year		**143,370**	**184,787**
Reconciliation of long service leave provision			
Balance at the beginning of the year		79,978	60,177
Add: obligation accrued the year		96	19,801
Less: balance utilized during the year		-	-
Balance at the end of the year		**80,074**	**79,978**
17 Borrowings			
Third party loan - R&D tax incentive advance		678,767	-
Convertible notes issue - 2017	17 (a)	1,430,712	-
Convertible notes issue - 2018	17 (b)	1,423,562	-
Total borrowings		**3,533,041**	**-**

(a) In November 2017, the company entered into a secured note deed pursuant to which it has issued secured notes for an aggregate principal amount of AUD$1,350,000.

At the company's Annual General Meeting on December 15, 2017, the Company obtained shareholder approval to convert the Debt Notes into CDIs (a form of 'equity security' for the purposes of the ASX Listing Rules). The conditions of the resultant AUD$1,350,000 Convertible Notes are prescribed by the Convertible Note Terms contained in the secured debt notes entered into between the Company and each Noteholder on identical terms.

Borrowings (continued)

There has been no prior formal valuation of the securities issued in the Financing as there has not been any necessity to do so. The Financing has been reviewed and unanimously approval by the independent members of the Board of Directors.

The company has accrued $80,712 interest payable on Convertible Notes as at June 30, 2018.

The key terms from the Convertible Note Deed are summarised as follows:

Term	Description
Use of Funds:	Company's working capital purposes.
Interest:	Coupon rate of 10% per annum, with all interest payable upon the Maturity Date.
Maturity Date:	July 31, 2018, at which time the Notes will automatically convert into CDIs following shareholder approval which was obtained at the Annual General Meeting on December 15, 2017. The principal amount plus accrued interest is repayable earlier on the occurrence of an event of default.
Security and priority:	General securities deed poll (first ranking) over the entire Company's assets and undertakings in Australia in favour of each Noteholder. The secured money owing to each Noteholder by the Company shall rank pari passu and pro rata between each Noteholder without any preference or priority between them.
Requisite Approvals	All Requisite Approvals have been obtained under the applicable laws and regulations and the Convertible Notes are now convertible into CDIs upon Conversion.
Convertible Notes	As all Requisite Approvals have been obtained , the Convertible Notes will be automatically converted into CDIs on the earlier of the next capital raising or July 31, 2018.
Conversion	The Convertible Notes automatically convert into CDIs (shareholder approval having been obtained) into that number of CDIs calculated by dividing the sum of the principal amount paid under the Convertible Notes plus accrued interest; by the Conversion Price (being the lower of (i) $0.04 per CDI and (ii) where prior to the Maturity Date the Company undertakes the Next Capital Raise, the price per CDI at which the Next Capital Raise has been completed).
Repayment	Repayment is due on the occurrence of an Event of Default whereby the Company must redeem the relevant Notes the subject of a Default Redemption Notice by paying the Principal outstanding plus Accrued Interest (including interest at the annual rate of 12% as from the date of service of the default redemption notice).
Events of default:	The Convertible Note Deed also includes customary events of default including – · the Company breaches a material term of the Deed; · any warranty is materially misleading or untrue; · occurrence of an insolvency event; · failure to obtain a Requisite Approval (including shareholder approval) within the time periods- no longer applicable; · Court judgement in excess of $100,000 is obtained against the Company

These notes have been converted to shares at $0.04 per CDI on August 1, 2018 and noteholders were issued with 36,045,208 CDIs.

Borrowings (continued)

(b) In April 2018, the company entered into unsecured note deed pursuant to which it has issued unsecured notes for an aggregate principal amount of AUD$1,400,000.

At the company's Special General Meeting on April 13, 2018, the Company obtained shareholder approval to convert the Debt Notes into CDIs (a form of 'equity security' for the purposes of the ASX Listing Rules). The conditions of the resultant AUD$1,400,000 Convertible Notes are prescribed by the Convertible Note Terms contained in the unsecured debt notes entered into between the Company and each Noteholder on identical terms.

There has been no prior formal valuation of the securities issued in the Financing as there has not been any necessity to do so. The Financing has been reviewed and unanimously approval by the independent members of the Board of

The company has accrued $23,562 interest payable on Convertible Notes as at June 30, 2018.

The key terms from the Convertible Note Deed are summarised as follows:

Term	Description
Use of Funds:	Company's working capital purposes.
Interest:	Coupon rate of 10% per annum, with all interest payable upon the Maturity Date.
Maturity Date:	March 31, 2019, at which time the Noteholder can elect the Notes be redeemed or convert into CDIs following shareholder approval which was obtained at the Special General Meeting on April 13, 2018. The principal amount plus accrued interest is repayable earlier on the occurrence of an event of default.
Security and priority:	The Notes are unsecured. The money owing to each Noteholder by the Company shall rank pari passu and pro rata between each Noteholder without any preference or priority between them.
Requisite Approvals	All Requisite Approvals have been obtained under the applicable laws and regulations and the Convertible Notes are now convertible into CDIs upon Conversion.
Convertible Notes	As all Requisite Approvals have been obtained , the Convertible Notes will be either redeemed for cash or converted into CDIs on the earlier of the next capital raising or March 31, 2019.
Conversion	The Convertible Notes automatically convert into CDIs (shareholder approval having been obtained) into that number of CDIs calculated by dividing the sum of the principal amount paid under the Convertible Notes plus accrued interest; by the Conversion Price (i) $0.04 per CDI; (ii) where prior to the Maturity Date the Company undertakes the Next Capital Raise, the price per CDI at which the Next Capital Raise has been completed and (iii) the 10 Day VWAP for the period immediately preceding the Maturity Date.
Repayment	Repayment is due on earlier of: • Maturity Date (March 31, 2019); or • the occurrence of an Event of Default If repayment is due to the occurrence of an Event of Default the Company must redeem the relevant Notes the subject of a Default Redemption Notice by paying the Principal outstanding plus Accrued Interest (including interest at the annual rate of 12% as from the date of service of the default redemption notice).
Events of default:	The Convertible Note Deed also includes customary events of default including – · the Company breaches a material term of the Deed; · any warranty is materially misleading or untrue; · occurrence of an insolvency event; · failure to obtain a Requisite Approval (including shareholder approval) within the time periods- no longer applicable; · Court judgement in excess of $100,000 is obtained against the Company

18 Share capital

Summary of common shares issued and outstanding	Number of Shares	Amount
Balance at July 1, 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**
Issue of common shares for cash	-	-
Issue of common shares for cash under Rights Issue	-	-
Equity transaction costs	-	-
Cancellation of fractional shares	-	-
Balance at June 30, 2018	**309,899,594**	**66,243,056**

As of the date of these financial statements, there was a total of 345,944,802 common shares in the Group on issue, of which all of them were held as CDIs.

Summary of options outstanding

As at June 30, 2018, a total of 26,893,844 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 per option Black Scholes
554,000	$0.70	August 19, 2014	August 31, 2018	$0.267
300,000	$0.68	April 9, 2015	March 31, 2019	$0.145
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
4,500,000	$0.06	October 13, 2016	October 13, 2023	$0.034
850,000	$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
3,080,000	$0.05	February 15, 2018	January 31, 2025	$0.027
50,000	$0.05	June 5, 2018	June 4, 2025	$0.027

	Consolidated	
	Jun 30, 2018	**Jun 30, 2017**
	$	$
19 Reserves		
Share-based payments reserve	1,269,729	2,369,192
Share capital reserve	499,445	499,445
Foreign currency reserve	41,956	46,086
Total reserves	1,811,130	2,914,723

	Consolidated Jun 30, 2018 $	Consolidated Jun 30, 2017 $
20 Accumulated Losses		
Balance at the beginning of the year	(66,061,620)	(60,075,149)
Reversal of lapsed options vested not exercised	1,183,973	1,766,045
Add: net loss attributable to owners of Simavita Limited	(4,942,295)	(7,752,516)
Balance at the end of the year	(69,819,942)	(66,061,620)

21 Related party transactions

(a) Parent entities

The Group is controlled by the following entities:

Name	Type	Place of incorporation	Ownership interest 2018	Ownership interest 2017
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 % 2018	Group interest % 2017
Simavita Limited	May 28, 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%

	Jun 30, 2018 $	Jun 30, 2017 $
(c) Key management personnel compensation		
Short-term employee benefits	1,145,272	1,593,857
Post-employment benefits	81,217	96,920
Termination benefits	-	50,777
Share-based payments	54,000	908,602
	1,280,489	2,650,156

The compensation of each member of the key management personnel of the company is set out in the Remuneration report, inlcuded in the Directors' Report.

22 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 two reportable geographic segments, being Australia and Rest of the World (Europe and North America), 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	ROW	Other	Total
	$	$	$	$
FY 2018				
Revenue				
Sales of goods	22,599	185,793	-	208,392
Services	202,952	-	-	202,952
Total revenue	225,551	185,793	-	411,344
Cost of sales	(39,483)	(180,698)	-	(220,181)
Gross Profit	186,068	5,095	-	191,163
Other income	-	-	697,907	697,907
Operating expenses	(300,341)	(1,088,939)	(4,157,801)	(5,547,081)
EBITDA	(114,273)	(1,083,844)	(3,459,894)	(4,658,011)
Depreciation and amortization	-	-	(50,670)	(50,670)
Finance costs	-	-	(233,614)	(233,614)
Loss before income tax expense	(114,273)	(1,083,844)	(3,744,178)	(4,942,295)
FY 2017				
Revenue				
Sales of goods	471,044	298,116	-	769,160
Services	139,505	-	-	139,505
Total revenue	610,549	298,116	-	908,665
Cost of sales	(82,919)	(214,098)	-	(297,017)
Gross Profit	527,630	84,018	-	611,648
Other income	-	-	974,367	974,367
Operating expenses	(1,147,256)	(1,942,235)	(6,141,013)	(9,230,504)
EBITDA	(619,626)	(1,858,217)	(5,166,646)	(7,644,489)
Depreciation and amortization	-	-	(108,027)	(108,027)
Finance costs	-	-	-	-
Loss before income tax expense	(619,626)	(1,858,217)	(5,274,673)	(7,752,516)
Total segment assets				
Jun 30, 2018	-	43,927	2,522,812	2,566,739
Jun 30, 2017	-	20,961	4,073,821	4,094,782
Total segment liabilities				
Jun 30, 2018	-	78,169	4,254,326	4,332,495
Jun 30, 2017	-	45,432	953,191	998,623

23 Commitments and contingencies

	Consolidated	
	Jun 30, 2018	Jun 30, 2017
Operating lease expenditure commitments	$	$
- not later than one year	75,148	254,903
- later than one year but no later than five years	-	-
- later than five years	-	-
Total minimum operating lease payments	75,148	254,903

As at June 1,2018 the Group entered into operating lease relating to the following premises:

Location	Landlord	Use	Date of lease expiry	Minimum payments
Suite 2.02, Level 2, 54 Miller St North Sydney	VIA III Miller Property T Pty Ltd	Office	May 31, 2019	81,980

24 Auditor's remuneration

Name of Auditor	Year	Audit services	Assurance services	Other services	Totals
		$	$	$	$
PricewaterhouseCoopers	2018	100,000	-	62,402	162,402
	2017	100,000	-	-	100,000

25 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 Corporations (wholly-owned Companies) Instrument 206/785 there is no requirement for these subsidiaries to prepare or lodge a financial report and Director's 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 and reconfirmed on August 29, 2018.

Deed of Cross-Guarantee (continued)

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	
	Jun 30, 2018	**Jun 30, 2017**
	$	$
Consolidated Statement of Comprehensive Loss		
Revenue	411,344	911,452
Cost of sales	(213,298)	(297,634)
Gross profit	198,046	613,818
Other income	646,695	965,173
Operating expenses	(4,600,964)	(6,469,890)
Loss before income tax	(3,756,223)	(4,890,899)
Income tax	-	-
Loss after income tax	(3,756,223)	(4,890,899)
Other comprehensive income		
Items that may be subsequently reclassified to profit/ (loss)		
Translation of foreign operation	-	-
Total comprehensive loss for the year	(3,756,223)	(4,890,899)

Deed of Cross-Guarantee (continued)

	Consolidated	
	Jun 30, 2018	Jun 30, 2017
	$	$
Consolidated Statement of Financial Position		
Assets		
Current Assets		
Cash and cash equivalents	1,262,288	1,855,539
Trade and other receivables	794,669	1,176,181
Inventories	207,008	490,628
Other assets	141,323	87,065
Total Current Assets	2,405,288	3,609,413
Non-Current Assets		
Property, plant and equipment	8,234	44,594
Intangible assets	2,919	13,534
Other receivables	975	975
Total Non-Current assets	12,128	59,103
Total Assets	2,417,416	3,668,516
Liabilities and Shareholders' Equity		
Liabilities		
Current Liabilities		
Trade and other payables	36,147,412	33,608,381
Provisions	120,784	154,755
Total Current Liabilities	36,268,196	33,763,136
Non-Current Liabilities		
Provisions	80,074	79,978
Total Non-Current Liabilities	80,074	79,978
Total Liabilities	36,348,270	33,843,114
Shareholders' Equity		
Share capital	44,075,386	44,075,386
Reserves	1,778,742	2,753,322
Accumulated losses	(79,784,982)	(77,003,306)
Total Shareholders' Equity	(33,930,854)	(30,174,598)
Total Liabilities and Shareholders' Equity	2,417,416	3,668,516

26 Parent entity financial information

Summary financial information

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

	Jun 30, 2018 $	Jun 30, 2017 $
Statement of financial position		
Current assets	116,388	377,083
Total assets	116,388	18,821,563
Current liabilities	2,967,222	131,173
Total Liabilities	2,967,222	131,173
Shareholders' equity		
Issued capital	27,093,435	27,093,435
Reserves		
Share-based payments reserve	(32,604)	92,279
Share capital reserve	139,278	139,736
Retained earnings	(30,050,943)	(8,635,059)
	(2,850,834)	18,690,391
Profit or loss for the period	(21,625,277)	(1,361,075)
Total comprehensive loss for the year	(21,625,277)	(1,361,075)

27 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. The Plan has been reviewed annually by the Committee and revised on a regular basis, as required.

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

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

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

The Group holds the following financial instruments:

	Consolidated	
	Jun 30, 2018	**Jun 30, 2017**
	$	$
Financial Risk Management		
Financial Assets		
Cash and cash equivalents	1,361,484	2,072,353
Trade and other receivables	792,934	1,337,429
Total financial assets	**2,154,418**	**3,409,782**
Financial Liabilities		
Trade and other payables	576,010	733,858
Borrowings	3,533,041	-
Total financial liabilities	**4,109,051**	**733,858**

Financial risk management (continued)

Credit risk

The Group's credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. If there is no independent rating, the Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings. The compliance with credit limits by customers is regularly monitored by Management. The maximum exposures to credit risk as at June 30, 2018 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, 2018, the Group had raised a provision for doubtful debts of $2,905. In certain circumstances, the Group may also obtain security in the form of guarantees, deeds of undertaking or letters of credit from customers which can be called upon if the counterparty is in default under the terms of the agreement.

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

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

	Consolidated	
Trade Receivables	**Jun 30, 2018**	**Jun 30, 2017**
	$	$
Current (less than 30 days)	13,323	121,676
31 days to 60 days	21,475	29,701
61 days to 90 days	275	7,408
Greater than 90 days	2,768	20,353
Total trade receivables	**37,841**	**179,138**

Note: Trade receivables do not include the R&D tax concession receivable of $731,315 (2017: $961,558)

Financial risk management (continued)

	Consolidated	
Trade and other payables	**Jun 30, 2018**	**Jun 30, 2017**
	$	$
Current (less than 30 days)	571,165	728,492
31 days to 60 days	-	1,931
61 days to 90 days	-	-
Greater than 90 days	4,845	3,435
Total trade and other payables	**576,010**	**733,858**

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.

As at June 30, 2018 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; GBP - Great British Pounds.

Financial risk management (continued)

		$	$	$	$	$	$
Financial Assets	**Year**	**AUD**	**USD**	**CAD**	**GBP**	**EUR**	**Totals (AUD)**
Cash and cash equivalents	2018	1,180,129	13,939	99,662	-	67,754	1,361,484
	2017	1,758,395	99,387	207,771	-	6,800	2,072,353
Trade and other receivables	2018	759,252	(3,253)	-	621	36,314	792,934
	2017	1,269,854	2,175	-	-	65,400	1,337,429
Total financial assets	**2018**	**1,939,381**	**10,686**	**99,662**	**621**	**104,068**	**2,154,418**
	2017	3,028,249	101,562	207,771	-	72,200	3,409,782
Financial Liabilities							
Trade and other payables	2018	511,296	31,437	-	-	33,277	576,010
	2017	683,968	20,682	17,402	-	11,806	733,858
Borrowings	2018	3,533,041	-	-	-	-	3,533,041
	2017	-	-	-	-	-	-
Total financial liabilities	**2018**	**4,044,337**	**31,437**	**-**	**-**	**33,277**	**4,109,051**
	2017	683,968	20,682	17,402	-	11,806	733,858

(i) Cash and cash equivalents

During the year ended June 30, 2018, the Australian dollar / US dollar exchange rate decreased by 4.1%, from 0.7692 at the beginning of the year to 0.7391 at the end of the year.
During the same period, the Australian dollar / Canadian dollar exchange rate decreased by 2.2%, from 0.9990 at the beginning of the year to 0.9771 at the end of the year.
Also, during the same period, the Australian dollar / Euro exchange rate decreased by 6.1% from 0.6730 at the beginning of the year to 0.6344 at the end of the year.

Based on the financial instruments held at June 30, 2018, 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 $1,000 lower/ $1,000 higher (2017: $11,000 lower/ $9,000 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, 2018, 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 $9,000 lower/$10,000 higher (2017: $23,000 lower/$19,000 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, 2018, 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 have been $6,000 lower/$7,000 higher (2017: 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.

Financial risk management (continued)

(iv) Borrowings

The carrying amounts of borrowings are considered to be the same as their fair values. Refer to note 17.

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, 2018, 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, 2017 and June 30, 2018 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 ave. rate %**	**Maturity period**
		$	$	$	%	days
Financial Assets						
Cash and cash equivalents	2018	1,361,484	-	1,361,484	0.53%	At call
	2017	2,072,353	-	2,072,353	0.60%	At call
Performance bond	2018	-	-	-	-	At call
and deposits	2017	-	-	-	-	At call
Total financial assets	**2018**	**1,361,484**	**-**	**1,361,484**		
	2017	2,072,353	-	2,072,353		
Financial Liabilities						
Interest-bearing liabilities	**2018**	**-**	678,767	**-**	16.00%	
	2017	-	-	-		
Total financial liabilities	**2018**	**-**	**678,767**	**-**		
	2017	-	-	-		

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

Financial risk management (continued)

Liquidity risk

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

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

Consolidated	**Year**	**< 6 months**	**6 to 12 months**	**1 to 5 years**	**> 5 years**	**Total**
		$	$	$	$	$
Financial liabilities						
Trade and other payables	2018	576,010	-	-	-	576,010
	2017	733,858	-	-	-	733,858
Interest-bearing liabilities	2018	2,109,479	1,423,562	-	-	3,533,041
and deposits	2017	-	-	-	-	-
Total financial assets	**2018**	**2,685,489**	**1,423,562**	**-**	**-**	**4,109,051**
	2017	733,858	-	-	-	733,858

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, 2018 and June 30, 2017 (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, 2018:

	Facility limit	**Amount used**	**Amount available**
	$	$	$
Nature of facility			
Credit card facilities	90,000	-	90,000

28 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.

29 Subsequent events

> The 2017 Convertible Notes referred in Note 17(a) were converted to shares in the company on August 1, 2018. The noteholders were issued with 36,045,208 CDIs and all noteholders elected to receive the interest accrued on the convertibles notes in the form of equity.

> On August 27, 2018 the company signed a marketing agreement with a European diaper manufacturer to develop and market a smart diaper solution utilising Simavita AlertPLUS™ technology. The agreement is for 12 months and will target 4 major customers with annual sales value of at least €50 million each. The agreement covers the marketing and sale of sensor based alert technology for infant diaper markets and adult continence in Europe and Americas. Simavita will be entitled to a share of profits generated from sales. Such profits are anticipated to vary according to the size and nature of sale agreements ultimately entered into with end user customers.

> The R&D tax incentive in the amount of $731,315 was received by the Group on 27 September 2018 and the third party loan received under a receivable finance facility of $708,871 was repaid on the same day.

> As at October 3, 2018 the Company has received signed subscription agreements totalling $1,975,000. These funds are due by October 5, 2018. As a result of these subscription agreements 65,833,333 new CDIs will be issued at a price of $0.03.

> The Company has also received a signed Convertible Note agreement for the amount of $1,000,000 which will be subject to shareholder approval at the Annual General Meeting in December 2018. The Note enables the holder, at their option, to reduce their investment of $1m by the sum of any share placement that may occur up until the date of the Company's AGM. Once approval is received, up to 1,000,000 Convertible Notes with a face value of $1 will be issued. The notes will automatically convert on December 31, 2018.

Director's Declaration

The Directors of the Group declare that:

1 The financial statements and notes are:

(a) giving a true and fair view of the Group's financial position as at June 30, 2018 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 Director's opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

3 At the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in Note 25 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 25.

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

MICHAEL R SPOONER
Chairman

WARREN R BINGHAM
Director

Date: October 3, 2018

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

SIMAVITA LIMITED

CORPORATE INFORMATION

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

Company Secretary
Peta C. Jurd

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

Head Office
Suite 2.02, Level 2, 54 Miller Street
North Sydney NSW 2060
Australia
Telephone: +61 2 8405 6300
Facsimile: +61 2 8088 1301
Email: customerservice@simavita.com

Simavita Group website
www.simavita.com

Australian Registered Business Number
165 831 309

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

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

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

Lawyers (Canada)
Farris, Vaughan, Wills & Murphy LLP
25th Floor, 700 W Georgia St
Vancouver BC V7Y 1B3
Canada

Lawyers (Australia)
K&L Gates
Level 25, 525 Collins Street
Melbourne VIC 3000
Australia

Lawyers (USA)
Masuda, Funai, Eiffert & Mitchell, Ltd.
203 N. LaSalle Street, Suite 2500
Chicago IL 60601-1262
USA

Auditor
PricewaterhouseCoopers
One International Towers Sydney
Watermans Quay
Barangaroo NSW 2000
Australia

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

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

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 2018 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 2018
- 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 incurred a loss before tax of $4,942,295 for year ended June 30, 2018 and net operating cash outflows during the same period amounted to $4,061,777. The Group had a net current asset deficiency as at June 30, 2018 of $1,723,120 (2017: net current assets of $3,088,430). As a result, the continuing viability of the Group is dependent upon continued support of its shareholders, successfully raising further capital, successfully implementing its revenue growth and cost containment strategies. These conditions, along with other matters detailed 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.

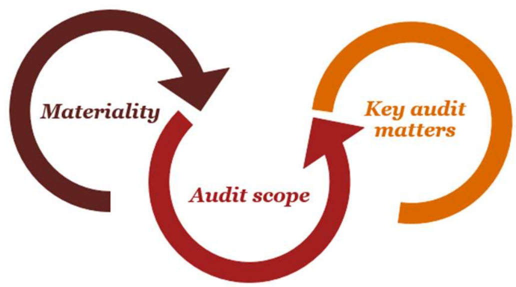
PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124
T: +61 2 9659 2476, F: +61 2 8266 9999, www.pwc.com.au

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***
• For the purpose of our audit we used overall Group materiality of $231,000, 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 utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable loss related thresholds.	• 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.	• Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee: – Accounting for the Research and Development (R&D) tax incentive. – Valuation of inventory. – Classification and valuation of convertible notes. – Material uncertainty related to going concern. • These are further described in the *Key audit matters* section of our report, except for the matter which is described in the *Material uncertainty related to going concern* 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 matters 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***
Accounting for Research and Development (R&D) tax incentive *(Refer to note 2(a) [$731,315])* The Group obtains Research and Development (R&D) tax incentive payments from the Australian Commonwealth Government that reduces the net overall cost incurred by the Group in respect of its R&D activities. The Group has received an amount of $731,315 under the relevant scheme for the 2018 financial year on 27 September 2018. This was a key audit matter because of the judgement involved by the Group in assessing the appropriate quantum of R&D tax incentive to recognise due to the complexity of the rules and regulations governing the tax incentive.	We performed the following audit procedures, amongst others: • Assisted by PwC R&D taxation specialists, we developed an understanding of the government compliance requirements for obtaining the 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. We compared the amounts recorded and subsequently received to supporting documentation. • Assessed whether all relevant employee costs were included 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. • Compared the Group’s calculations for accrued receivables for the R&D tax incentive to prior year approved R&D tax incentive calculation. • Evaluated the adequacy of disclosures made by the Group in the financial report in view of the requirements of Australian Accounting Standards.

Key audit matter	*How our audit addressed the key audit matter*
Valuation of inventory *(Refer to note 12 [$207,008])* The Group recognised inventories at the year ended 30 June 2018 of $207,008 (net of a provision for obsolescence of $381,901). The carrying value of inventory was a key audit matter due to the size of the inventory balance and the judgement required by the Group to estimate the future realisable value of inventory when assessing whether inventory was carried at the lower of cost and its net realisable value. This included considering factors such as: - Expected future sales volumes and pricing - Product shelf life	We performed the following audit procedures, amongst others: • Obtained third party external confirmation confirming the quantity of inventory items held on hand at the balance date from the Sydney warehouse and the Netherlands warehouse. • Assessed the adequacy of the provision for inventory by considering the Group's process, methods and assumptions used in determining the provision, and we performed additional assessments as follows: o any inventory item not sold in twelve months prior to the balance date were identified as slow moving inventory items, and checked that an appropriate provision raised o enquired and identified inventory items where newer versions have been released in the market which would make current inventory items obsolete o reviewed the Group's sales volume and pricing forecasts in comparison to current period sales volume and pricing, to identify potential declines in individual product sales volume and pricing o computed the inventory turnover and compared with prior year • Evaluated the adequacy of disclosures made by the Group in the financial report in view of the requirements of Australian Accounting Standards.

Key audit matter	*How our audit addressed the key audit matter*
Classification and valuation of convertible notes *(Refer to note 17 [$2854,274 ($2,750,000 principal plus accrued interest of $104,274)])* The Group issued two convertible notes during the year totaling $2.75m. Convertible Note 1 - During November 2017 the Group entered into an agreement to issue for $1.35m of convertible notes, with a maturity date of 31 July 2018 and an annual coupon rate of 10%. Convertible Note 2 – During April 2018 the Group entered into another agreement to issue $1.4m of convertible notes, with a maturity date of 31 March 2019 and an annual coupon rate of 10%. The valuation and classification of the above two convertible notes as debt or equity is dependent on the requisite conditions as stated in the underlying agreements. The above two convertible notes have been classified as debt. This was a key audit matter due to the judgment required by the Group in determining the cost of conversion and assessing whether the convertible notes should be classified as debt or equity.	We performed the following audit procedures, amongst others: • Assisted by PwC specialists, we developed an understanding of the terms and conditions of the two convertible note agreements ("the Agreements") and the requisite conditions to be met for conversion. • We assessed the Group's consideration of the accounting classification of the embedded derivatives. • Tested the funding received for the convertible note 1 and 2, and the cost associated with the notes through checking the amount to supporting documentation. • 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 information included in the annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the Directors' Report, Corporate Governance Statement and Corporate Information. We expect the remaining other information to be made available to us after the date of this auditor's report, including About Simavita, Message from Chairman, AlertPLUS™ the key to Simavita's future, Chairman's Letter, Board of Directors and Senior Management and ASX additional information.

Our opinion on the financial report does not cover the other information and we do not and will not express an opinion or 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the other information not yet received as identified above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

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.

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.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 4 to 9 of the directors' report for the year ended 30 June 2018.

In our opinion, the remuneration report of Simavita Limited for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

PricewaterhouseCoopers

PricewaterhouseCoopers

Manoj Santiago
Partner

Sydney
3 October 2018