

AstiVita Limited

ABN 46 139 461 733

Interim Financial Statements

For the Half Year Ended 31 December 2019

ABN 46 139 461 733

ASX Code: AIR

AstiVita Limited

ABN 46 139 461 733

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For the Half Year Ended 31 December 2019

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Directors' Report

For the Half Year Ended 31 December 2019

Your Directors present their report on AstiVita Limited ("AstiVita" and the "Group") for the half year ended 31 December 2019.

Directors

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

Names	Position
Lev Mizikovsky	Non-executive Chairman
Rade Dudurovic	Non-executive Director
Geoff Acton	Non-executive Director

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

Company secretaries

The following persons held the position of Joint Company Secretary at the end of the financial year:

- Geoff Acton (B.Com, CA, GAICD)
- Narelle Lynch ("Cert Gov Prac")

Principal activities and significant changes in nature of activities

During the half year the principal continuing activities of the Group consisted of sale of household products under one entity. The main household products are:

- Bathroom products and Kitchen appliances
- Photovoltaic ("PV") panels and Energy efficient hot water systems
- Other household products and consumables

There were no significant changes in the nature of the Group's principal activities during the half year.

Review of Operations and Results

The Result

AstiVita incurred an after-tax loss of \$6.080 million for the six months ended 31 December 2019 compared to a loss of \$381,000 in corresponding prior half. The significant proportion of the loss is the result of ASIC requesting AstiVita directors to derecognise the deferred tax asset as at 31 December 2019 along with the intangible asset for AstiVita's New Zealand brand. As announced on the 24 January 2020, the Board strongly disagrees with this decision. In light of this decrease the Board have taken a conservative view on current stock holdings to avoid any further unnecessary ASIC queries.

Directors' Report

For the Half Year Ended 31 December 2019

Significant changes in state of affairs

There have been no significant changes in the state of affairs of entities in the Group during the half year.

Dividends

The Board considers that no interim dividend will be paid.

Events after the reporting date

No matters or circumstances have arisen since the end of the half year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

ASIC Corporations Instrument 2016/191 rounding of amounts

The Group has applied the relief available to it in ASIC Corporations Instrument 2016/191 and accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars, unless otherwise stated.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the half year ended 31 December 2019 has been received and can be found on page 3 of the financial report.

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



Non-executive Chairman

Dated 28 February 2020



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AstiVita Limited

ABN 46 139 461 733

Auditor's Independence Declaration

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2019 there have been no contraventions of:

- (i) the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) applicable code of professional conduct in relation to the review.

ECON AUDIT AND ASSURANCE SERVICES PTY LTD

GEORGE VENARDOS
Director

Dated in Sydney, this 28th day of February 2020

Statement of Profit or Loss and Other Comprehensive Income

For the Half Year Ended 31 December 2019

		31 December 2019 \$'000	31 December 2018 \$'000
	Note		
Revenue	3	2,216	2,298
Other income	3	72	103
Raw materials and consumables used		(2,369)	(1,670)
Employee benefits expense		(178)	(366)
Impairment expense	9	(449)	-
Depreciation and amortisation expenses		(56)	(55)
Finance costs		(21)	(80)
Rental expense		(17)	(113)
Warranty costs		(324)	(183)
Advertising & marketing expenses		(19)	(8)
Legal fees		(30)	(5)
Doubtful debts written back / (off)		40	(6)
Directors fees		(25)	(24)
Freight out charges		(91)	(172)
Corporate costs		(67)	(55)
IT services		(34)	(27)
Product licenses & permit costs		(10)	(23)
Insurance Charges		(25)	(53)
Inventory Written (off) / back		(263)	37
Other operating expenses		(158)	(143)
Profit/(Loss) before income tax		(1,808)	(545)
Income tax benefit / (expense)	9	(4,272)	164
Profit/(Loss) for the half year		(6,080)	(381)
Other comprehensive income			
Other comprehensive income for the half year		-	-
Total comprehensive income for the half year		(6,080)	(381)
Earnings per share			
From continuing and discontinued operations:			
Basic earnings per share (cents)		(32.00)	0.71
Diluted earnings per share (cents)		(32.00)	0.71

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

Statement of Financial Position**As At 31 December 2019**

		31 December 2019 \$'000	30 June 2019 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		140	73
Trade and other receivables	4	435	1,077
Inventories	5	3,119	3,514
Other assets		1,035	467
TOTAL CURRENT ASSETS		4,729	5,131
NON-CURRENT ASSETS			
Property, plant and equipment		52	54
Intangible assets	9	118	542
Deferred tax assets	9	-	4,368
TOTAL NON-CURRENT ASSETS		170	4,964
TOTAL ASSETS		4,899	10,095
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		286	332
Provisions		257	181
TOTAL CURRENT LIABILITIES		543	513
NON-CURRENT LIABILITIES			
Borrowings		1,339	369
Provisions		20	40
Deferred tax liabilities		5	101
TOTAL NON-CURRENT LIABILITIES		1,364	510
TOTAL LIABILITIES		1,907	1,023
NET ASSETS		2,992	9,072
EQUITY			
Issued capital		12,876	12,876
Accumulated loss		(9,884)	(3,804)
TOTAL EQUITY		2,992	9,072

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

Statement of Changes in Equity

For the Half Year Ended 31 December 2019

31 December 2019

	Note	Ordinary Shares \$'000	Accumulated loss \$'000	Total \$'000
Balance at 1 July 2019		12,876	(3,804)	9,072
Comprehensive income for the year				
Profit / (loss) for the half year		-	(6,080)	(6,080)
Other comprehensive income		-	-	-
Balance at 31 December 2019		12,876	(9,884)	2,992

31 December 2018

	Note	Ordinary Shares \$'000	Accumulated loss \$'000	Total \$'000
Balance at 1 July 2018		9,540	(3,223)	6,317
Cumulative adjustment upon change in accounting policies (AASB 15)		-	-	-
Comprehensive income for the year				
Profit / (Loss) for the half year		-	(381)	(381)
Other comprehensive income		-	-	-
Balance at 31 December 2018		9,540	(3,604)	5,936

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

Statement of Cash Flows

For the Half Year Ended 31 December 2019

	31 December 2019 \$'000	31 December 2018 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers (including GST)	2,931	3,029
Payments to suppliers and employees (including GST)	(3,793)	(3,086)
Interest received	-	1
Interest paid	(20)	(80)
Income tax benefit / (paid)	(1)	1
Net cash (used by) / provided by operating activities	(883)	(135)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property, plant and equipment	-	6
Proceeds from sale of intangible	-	-
Purchase of property, plant and equipment	-	-
Purchase of intangible assets	-	-
Net cash (used by) / provided by investing activities	-	6
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	950	80
Repayment of lease liabilities	-	-
Net cash (used by) / provided by financing activities	950	80
Net increase / (decrease) in cash and cash equivalents held	67	(49)
Cash and cash equivalents at beginning of half-year	73	195
Cash and cash equivalents at end of the half year	140	146

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

Notes to the Financial Statements

For the Half Year Ended 31 December 2019

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

This condensed interim financial report for the half year reporting period ended 31 December 2019 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting.

The interim financial report is intended to provide users with an update on the latest annual financial statements of AstiVita Limited ("AstiVita" or the "Group"). As such it does not contain information that represents relatively insignificant changes occurring during the half year within the Group.

This condensed financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2019, together with any public announcements made during the half year ended 31 December 2019.

Rounding of amounts

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

Accounting Policies

Except as described below in Note 1, the same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

Notes to the Financial Statements

For the Half Year Ended 31 December 2019

1 Summary of Significant Accounting Policies

(b) New Accounting Standards Adopted by the Group

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 16 Leases

The Group reviewed the requirements of AASB 16 Leases and its impact on the Group's account as at half-year ended 31 December 2019. There were three lease agreements that were reviewed, and two of these lease agreements being office rent and equipment rental were concluded to be low value leases and as such, the Group has applied the low value exemption provided under AASB 16. As at half-year ended 31 December 2019, total rent expense recognised on these leases is approximately \$20k.

As at half-year ended 31 December 2019, the Group has an existing lease on its Warehouse located in Rocklea, Queensland. This lease is currently on a month by month arrangement and Group is using the rent free period provided in the lease agreement. As at the date of this report, the Group is in the process of moving to another warehouse and the new lease agreement is in the process of being formalised. The warehouse lease is considered to be significant and the impact of AASB 16 Leases will be assessed towards the year-end reporting and relevant disclosures will be made by then. As at half-year ended 31 December 2019, total rent expense recognised on this lease is \$Nil.

The Group is not expecting to restate comparatives and intends to use the modified retrospective approach when applying AASB 16 Leases.

Notes to the Financial Statements

For the Half Year Ended 31 December 2019

1 Summary of Significant Accounting Policies

(c) Going concern

The directors have prepared the half-year financial report on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. This is deemed to be appropriate notwithstanding that the Group has incurred losses for the half-year of \$6.080 million (31 December 2018: \$381,000). As at 31 December 2019, the Group had net assets of \$2.896 million (30 June 2019: \$9,072 million).

At the date of this report and having considered the above factors, the Directors are confident of restructuring operations and generating sufficient sales and cashflows from operations so that the Group will be able to continue as a going concern.

Should the Group not achieve the matters set out above, there may be uncertainty whether the Group would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include adjustments relating to the recoverability or classification of the recorded asset amounts or the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

Notes to the Financial Statements

For the Half Year Ended 31 December 2019

2 Critical Accounting Estimates and Judgments

(i) General

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

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

(ii) Impairment of inventory

A provision of \$231,000 (30 June 2019: \$165,000) has been recognised by AstiVita for excess and slow moving inventory, which has been deemed impaired as at 31 December 2019. The assessment of this provision required a degree of estimation and judgement. The level of the provision was determined after taking into account the sales history of various product lines, the age of product groups and any other factors that may affect inventory obsolescence. The provision was based on product lines, which were unlikely to be sold in the foreseeable future.

(iii) Impairment of receivables

An allowance for doubtful debts of \$8,000 (30 June 2019: \$48,000) has been recognised by the Group representing the expected credit losses as at 31 December 2019. The assessment of this allowance required a degree of estimation and judgement. The level of the allowance was determined after taking into account historical collection rates, specific knowledge of individual debtors' financial positions and past bad debt experiences and contractual performance against allowed credit terms.

(iv) Classification of borrowings

The Group has presented \$1.319 million as at 31 December 2019 (30 June 2019: \$0.369 million) in borrowings as non-current liabilities. The borrowings are documented in a loan agreement, the interpretation of which is fundamental to the classification of borrowings as either current or non-current in accordance with AASB 101 Presentation of Financial Statements. The Directors have exercised judgement in the interpretation of the terms and conditions of the loan agreement in determining the classification of debt as current or non-current.

(v) Warranty provision

A provision of \$240,000 (30 June 2019: \$150,000) at 30 June 2019 has been recognised by the Group for estimated warranty claims in respect of products and services which are still under warranty at the end of the reporting period. Management estimates the provision for future warranty claims based on historical warranty claim information over the past 12 months, as well as recent trends that might suggest that the past information may differ from future claims.

Notes to the Financial Statements

For the Half Year Ended 31 December 2019

3 Revenue and Other Income

	31 December 2019 \$'000	31 December 2018 \$'000
Sales revenue		
- Bathroom products and kitchen appliances	898	1,496
- Solarpower products & REC's income	943	801
- Sales on Amazon	20	-
- Sales of household goods	355	-
Other revenue		
- Interest	-	1
Total Revenue	2,216	2,298
Other Income		
- Foreign exchange gain / (loss)	(1)	14
- Other income	18	89
- Gain on disposal of assets	55	-
- Total Other Income	72	103

4 Trade and other receivables

	31 December 2019 \$'000	30 June 2019 \$'000
CURRENT		
Trade receivables	443	1,125
Provision for impairment	(8)	(48)
	435	1,077
Total current trade and other receivables	435	1,077

5 Inventories

	31 December 2019 \$'000	30 June 2019 \$'000
CURRENT		
At cost:		
Finished goods	3,336	3,674
Less: Provision for obsolescence	(231)	(165)
Goods in transit	14	5
	3,119	3,514

Notes to the Financial Statements

For the Half Year Ended 31 December 2019

6 Dividends

No interim dividend will be payable.

7 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial half year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

8 Related Parties

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

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

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

(i) Key management personnel ("KMP"):

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

Tamawood Limited and its controlled entities ("Tamawood"), SenterpriSys limited and CyberguardAU Pty Ltd are deemed to be related parties of AstiVita by virtue of Lev Mizikovsky, Non-executive Directors of Tamawood Limited, having a controlling interest in AstiVita. Advance NanoTek Ltd (ANO) (formerly Advanced Nano Technologies Ltd) is deemed to be related party by virtue of Lev Mizikovsky, Non-executive Director and Geoff Acton, Managing Director of ANO. Transactions between the Group and the above related parties are disclosed below.

Transactions with Associates, KMP and their related parties, excluding remuneration, are shown below. Amounts disclosed below are rounded to the nearest dollar.

(b) Loans to/from related parties

At the Annual General Meeting in November 2013, the shareholders unanimously approved an unsecured loan facility of up to \$2,000,000 with further advances above this amount available at the discretion of Rainrose Pty Ltd, an entity controlled by the Non-executive Chairman. As at 31 December 2019 the loan amounted to \$1.339 million. The loan is due for repayment in July 2022.

	Opening balance	Closing balance	Interest not charged	Interest paid/payable	Impairment
	\$'000	\$'000	\$'000	\$'000	\$'000
Loans from Rainrose Pty Ltd					
Half Year ended 31/12/2019	369	1,339	-	20	-
Year ended 30/06/2019	3,006	369	-	149	-

Notes to the Financial Statements

For the Half Year Ended 31 December 2019

(c) Transactions with related parties

(i) Sale of goods and services

	31 December 2019 \$	31 December 2018 \$
<i>Key management personnel:</i>		
Lev Mizikovsky		
- Sales to an entity controlled by Mr L Mizikovsky	13,512	24,500
<i>Related parties:</i>		
Tamawood Limited		
- Sales to Tamawood Limited	606,380	362,599
Advance NanoTek Limited		
- Logistics and Accounting Support	-	89,500
SenterpriSys Limited		
- Administration Services and Logistics Support	-	1,500

(ii) Purchase of goods and services

	31 December 2019 \$	31 December 2018 \$
<i>Key management personnel:</i>		
Lev Mizikovsky		
- Rental payments for premises to an entity controlled by Lev Mizikovsky	17,497	91,455
Geoff Acton		
- Administration services provided by an entity controlled by Geoff Acton	8,804	39,290
<i>Related parties:</i>		
Tamawood Limited		
- Advertising, IT and Accounting Services	5,880	18,000
Advance NanoTek Limited		
- Administration and Logistics Services	13,991	5,370
SenterpriSys Limited		
- IT Services	26,782	-
CyberguardAU Pty Ltd		
- Cybersecurity Services	2,280	-
Winothai Pty Ltd		
- Accounting Services	7,125	-

Notes to the Financial Statements

For the Half Year Ended 31 December 2019

(iii) Outstanding balances

	31 December 2019 \$	30 December 2018 \$
<i>Key management personnel:</i>		
Lev Mizikovsky		
- Amounts receivable for sales	7,028	-
- Amounts payable for purchases	-	-
<i>Related Parties:</i>		
Tamawood Limited		
- Amounts receivable for sales	15,768	-
- Amounts Payable for purchases	16,130	1,136
Advance NanoTek Limited		
- Amounts receivable for sales	-	-
- Amounts payable for purchases	27,727	-
SenterpriSys Limited		
- Amounts receivable for sales	-	-
- Amounts payable for purchases	3,562	5,603
CyberguardAU Pty Ltd		
- Amounts receivable for sales	-	-
- Amounts payable for purchases	2,365	-

Notes to the Financial Statements

For the Half Year Ended 31 December 2019

9 Impairment Expense

Impairment expense recorded in the Statement of Profit and Loss and Other Comprehensive Income includes write-off of the Groups' New Zealand brand name being \$449,000. In addition, all deferred tax assets were derecognised at half year ended 31 December 2019 being \$4.272 million, made up of \$4.368 million less a deferred tax liability adjustment of \$96,000.

10 Segment Reporting

The Group has identified its operating segment based on internal management reporting that is reviewed by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. It was concluded that the Group has one segment and the segment operates in only one geographical area, being Australia.

11 Company Details

The registered office of the company is:

AstiVita Limited
1821 Ipswich Road
Rocklea, QLD 4106

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 4 to 16 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the consolidated group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Non-executive Chairman

Dated 28 February 2020

AstiVita Limited

ABN 46 139 461 733

Independent auditor's review report to the members of AstiVita Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of AstiVita Limited, which comprises the statement of financial position as at 31 December 2019, the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of AstiVita Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter- Going concern

We draw attention to Note 1 (c) in the half-year financial report which indicates that the company incurred a net loss of \$6.080mil during the half year ended 31 December 2019 and a net cash outflow from operating activities of \$883k. The directors continue to monitor the results arising from the restructuring operations since the previous year and are confident that the company will be able to maintain sufficient funds for its operations and commitments. The directors are also confident that funds can be secured if required from Rainrose Pty Ltd to enable the company to continue as a going concern and as such are of the opinion that the financial report has been appropriately prepared on a going concern basis. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not

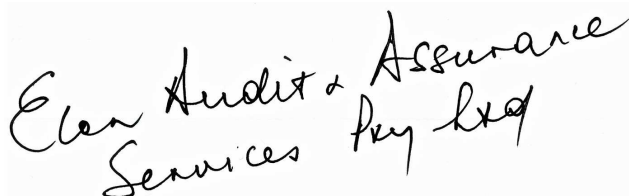
Auditor's responsibility (continued)

in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of AstiVita Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



ECON AUDIT AND ASSURANCE SERVICES PTY LTD



GEORGE VENARDOS
Director

Dated in Sydney, this 28th day of February 2020