

**Appendix 4D – Interim Financial  
Report for Half Year Ended  
31 December 2016**



AstiVita Limited ABN 46 139 461 733

Name of Entity: **ASTIVITA LIMITED**  
 ABN: **46 139 461 733**  
 Current period: **1 July 2016 to 31 December 2016**  
 Previous corresponding period: **1 July 2015 to 31 December 2015**

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

**Key Information**

				\$'000
Revenue from ordinary activities	down	5.27%	to	3,415
Loss after tax from continuing activities attributable to members	increased by	111.30%	to	(729)
Net Loss attributable to members	increased by	111.30%	to	(729)

**Dividends Paid and Proposed**

The Board considers that no interim dividend will be paid

**NET TANGIBLE ASSETS PER SHARE**

	Half-year Ended 31 December 2016	Half-year Ended 31 December 2015
Net tangible assets per share	2.60 cents	10.41 cents

**EARNINGS PER SHARE**

Basic earnings per share	(2.34 cents)	(1.11 cents)
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**CONTROL GAINED OR LOST OVER ENTITIES IN THE HALF YEAR**

**Subsidiaries**

No changes to control over subsidiaries during the half year

**Associates and joint venture entities**

The Group has no associates or joint ventures

# **AstiVita Limited**

**ABN: 46 139 461 733**

## **Interim Financial Statements**

**For the Half Year Ended 31 December 2016**

**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 2016

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## **Directors' Report**

### **For the Half Year Ended 31 December 2016**

Your Directors present their report on AstiVita Limited ("AstiVita") for the half year ended 31 December 2016.

#### **Directors**

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

<b>Names</b>	<b>Position</b>
L Mizikovsky	Non-executive Chairman
R Dudurovic	Non-executive Director
R Lynch	Non-executive Director
G 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.

#### **Principal activities and significant changes in nature of activities**

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

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

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

#### **Review of Operations and Results**

##### **The Result**

AstiVita incurred an after tax loss of \$729,000 for the six months ended 31 December 2016 compared to a loss of \$345,000 in corresponding prior half. This includes development and set up costs of the website associated with Ray White Concierge.

The anticipated sales for the new Ray White Concierge Website have been delayed with the full marketing program yet to be implemented. We are very appreciative of Ray White's diligence and commitment to making this a success.

The e-commerce website strategy is gaining momentum and we expect continued growth in our web sales. It is expected that in excess of 90% of AstiVita's sales revenue will be on e-commerce platform before 30 June 2017.

The company continues to add new products to its existing ranges and is currently expanding its product ranges into new areas such as fridges, washing machines and dryers. A number of other opportunities are also under consideration for our 2018 product offering.

## **Directors' Report**

### **For the Half Year Ended 31 December 2016**

#### **Significant changes in state of affairs**

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

#### **Dividends**

The Board considers that no interim dividend will be paid.

#### **Events after the reporting date**

The Company completed a non renounceable rights issue on 6 February 2017. The total funds raised was \$2,104,874. AstiVita has repaid Rainrose Pty Ltd \$1,952,706, reducing the loan amount to \$1,751,099 and providing additional working capital of \$152,168.

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

#### **ASIC Corporations Instrument 2016/191 rounding of amounts**

The Company 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 2016 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 10 February 2017

## **AstiVita Limited**

**ABN 46 139 461 733**

### **Auditor's Independence Declaration under Section 307C of the Corporations Act 2001**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2016, there have been:

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

**HANRICK CURRAN AUDIT PTY LTD**  
**Authorised Audit Company: 338599**



**M. J. Green**  
**Director**

Brisbane, 10 February 2017

#### **BRISBANE**

Level 11, 307 Queen Street Brisbane QLD 4000  
GPO Box 2268 Brisbane QLD 4001

phone 07 3218 3900 | fax 07 3218 3901  
www.hanrickcurran.com.au

#### **CAIRNS**

Suite 73, Executive Centre Offices, The Pier at Shangri-La,  
1 Pierpoint Road, Cairns QLD 4870

PO Box 7170 Cairns QLD 4870  
phone 07 4052 7524 | fax 07 4052 7799  
www.hanrickcurran.com.au

Hanrick Curran Audit Pty Ltd  
Authorised Audit Company: 338599 | ABN 13 132 902 188

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**AstiVita Limited**

ABN: 46 139 461 733

**Statement of Profit or Loss and Other Comprehensive Income  
For the Half Year Ended 31 December 2016**

		31 December 2016	31 December 2015
	Note	\$'000s	\$'000s
Revenue	3	3,415	3,605
Other income	3	33	20
Cost of sales		(2,630)	(2,349)
Employee benefits expense		(388)	(393)
Depreciation and amortisation expense		(94)	(101)
Other expenses		(1,223)	(1,205)
Finance costs		(92)	(70)
<b>Profit/(Loss) before income tax</b>		<b>(979)</b>	<b>(493)</b>
Income tax benefit		250	148
<b>Profit/(Loss) from continuing operations</b>		<b>(729)</b>	<b>(345)</b>
<b>Profit/(Loss) for the half year</b>		<b>(729)</b>	<b>(345)</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b>(729)</b>	<b>(345)</b>
<b>Earnings per share</b>			
From continuing and discontinued operations:			
Basic earnings per share (cents)		(2.34)	(1.11)
Diluted earnings per share (cents)		(2.34)	(1.11)

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 2016

	31 December 2016 \$'000s	30 June 2016 \$'000s
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	218	603
Trade and other receivables	4 1,469	1,346
Inventories	5 3,180	3,345
Other assets	249	283
<b>TOTAL CURRENT ASSETS</b>	<b>5,116</b>	<b>5,577</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	157	206
Intangible assets	738	336
Deferred tax assets	3,659	3,338
<b>TOTAL NON-CURRENT ASSETS</b>	<b>4,554</b>	<b>3,880</b>
<b>TOTAL ASSETS</b>	<b>9,670</b>	<b>9,457</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Trade and other payables	279	198
Provisions	299	275
<b>TOTAL CURRENT LIABILITIES</b>	<b>578</b>	<b>473</b>
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	3,704	2,923
Provisions	20	35
Deferred tax liabilities	161	90
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>3,885</b>	<b>3,048</b>
<b>TOTAL LIABILITIES</b>	<b>4,463</b>	<b>3,521</b>
<b>NET ASSETS</b>	<b>5,207</b>	<b>5,936</b>
<b>EQUITY</b>		
Issued capital	7,284	7,284
Retained earnings	(2,077)	(1,348)
<b>TOTAL EQUITY</b>	<b>5,207</b>	<b>5,936</b>

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



**AstiVita Limited**

ABN: 46 139 461 733

**Statement of Changes in Equity  
For the Half Year Ended 31 December 2016****31 December 2016**

	<b>Issued Capital \$'000s</b>	<b>Retained Earnings \$'000s</b>	<b>Total \$'000s</b>
<b>Balance at 1 July 2016</b>	<b>7,284</b>	<b>(1,348)</b>	<b>5,936</b>
<b>Comprehensive income for the half year</b>			
Profit/(Loss) for the half year	-	(729)	(729)
Other comprehensive income for the half year	-	-	-
<b>Total comprehensive income for the half year</b>	<b>-</b>	<b>(729)</b>	<b>(729)</b>
<b>Balance at 31 December 2016</b>	<b>7,284</b>	<b>(2,077)</b>	<b>5,207</b>

**31 December 2015**

	<b>Issued Capital \$'000s</b>	<b>Retained Earnings \$'000s</b>	<b>Total \$'000s</b>
<b>Balance at 1 July 2015</b>	<b>7,284</b>	<b>(278)</b>	<b>7,006</b>
<b>Comprehensive income for the half year</b>			
Profit/(Loss) for the half year	-	(345)	(345)
Other comprehensive income for the half year	-	-	-
<b>Total comprehensive income for the half year</b>	<b>-</b>	<b>(345)</b>	<b>(345)</b>
<b>Balance at 31 December 2015</b>	<b>7,284</b>	<b>(623)</b>	<b>6,661</b>

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 2016

	31 December 2016 \$'000s	31 December 2015 \$'000s
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers (including GST)	3,354	4,060
Payments to suppliers and employees (including GST)	(3,984)	(4,829)
Interest received	2	5
Interest paid	(2)	-
Net cash (used by) / provided by operating activities	<u>(630)</u>	<u>(764)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of property, plant and equipment	14	7
Purchase of property, plant and equipment	(10)	(17)
Purchase of intangible assets	(449)	(12)
Net cash (used by) / provided by investing activities	<u>(445)</u>	<u>(22)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowings	690	750
Net cash (used by) / provided by financing activities	<u>690</u>	<u>750</u>
Net increase / (decrease) in cash and cash equivalents held	(385)	(36)
Cash and cash equivalents at beginning of half-year	603	401
Cash and cash equivalents at end of the half year	<u>218</u>	<u>365</u>

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 2016**

#### **1 Summary of Significant Accounting Policies**

##### **(a) Basis of Preparation**

This condensed interim financial report for the half year reporting period ended 31 December 2016 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. As such it does not contain information that represents relatively insignificant changes occurring during the half year within AstiVita Limited. 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 AstiVita Limited for the year ended 30 June 2016, together with any public announcements made during the half year.

##### **Rounding of amounts**

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

##### **Accounting Policies**

Except as described below in Note 1(c), 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.

##### **(b) 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 Company has incurred losses for the half-year of \$729,000 (31 December 2015: \$345,000). As at 31 December 2016, the Company had net assets of \$5,207,000 (30 June 2016: \$5,936,000).

The Company has completed a non renounceable rights issue on 6 February 2017. The total funds raised was \$2,104,874. AstiVita has repaid Rainrose Pty Ltd \$1,952,706, reducing the loan amount to \$1,751,099 and providing additional working capital of \$152,168. The Company has classified the remaining loan balance of \$1.751 million in borrowings as non current liabilities in accordance with the loan agreement.

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

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

## **Notes to the Financial Statements**

### **For the Half Year Ended 31 December 2016**

#### **1 Summary of Significant Accounting Policies**

##### **(c) Adoption of new and revised accounting standards**

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

- AASB 2015-1 Annual Improvements (2012 - 2014 cycle).
- AASB 2015-2 *Amendments to Australian Accounting Standards - Disclosure Initiative*.
- AASB 2016-2 *Amendments to Australian Accounting Standards - Disclosure Initiative*.

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

AASB 2015-1 Annual Improvements (2012 - 2014 cycle). Clarifications are made on AASB 5 - reclassification from held for sale to held for distribution to owners or vice versa is considered as continuation of the plan of disposal; AASB 7 clarifies on disclosure requirements for transferred financial assets and offsetting arrangements; AASB 119 confirms that high quality corporate bonds or national government bonds used to determine discount rates must be in the same currency as the benefits paid to employee; AASB 134 clarifies information about cross references in the interim financial report. They have no material impact on the entity.

AASB 2015-2 Disclosure Initiative - Amendment to AASB 10. There are no changes to accounting policies covered by this standard, however this amendment provide clarification regarding the disclosure requirements in AASB 101. They have no material impact on the entity.

AASB 2016-2 Disclosure Initiative - Amendments to AASB 107. This amendment clarifies disclosures that enables users of financial statements to evaluate changes in liabilities arising from financing activities. They have no material impact on the entity.

## Notes to the Financial Statements

### For the Half Year Ended 31 December 2016

#### 1 Summary of Significant Accounting Policies

##### (d) New Accounting Standards and Interpretations

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

Standard Name	Effective date for entity	Requirements	Impact
AASB 9 Financial Instruments and amending standards AASB 2010-7 /AASB 2012-6 /AASB 2014-7 /AASB 2014-8	30 June 2019	Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value.	The entity has not yet determined the magnitude of any changes which may be needed.
AASB 15 Revenue from contracts with customers	30 June 2019	This standard provides guidance on the recognition of revenue from customers.	The entity has not yet determined the magnitude of any changes which may be needed.
AASB 16 Leases	30 June 2020	Significant revisions to accounting for operational leases on balance sheet by Lessees of property and high value equipment. However, exemptions for short-term leases and leases of low value assets will reduce the impact.	The entity has not yet determined the magnitude of any changes which may be needed.
AASB 2014-10 Amendments to Accounting Standards - Sale or Contribution of Assets between an investor and its Associate or Joint Venture	30 June 2019	The amendment addresses an inconsistency between the requirements in AASB 128 Investment in Associates and Joint Ventures and AASB 10 Consolidated Financial Statements and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the asset sold or contributed constitutes a business.	This will only have impact to the entity if there has been a sale or contribution of assets between the entity and its associate or joint venture.

#### 2 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

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

## Notes to the Financial Statements

### For the Half Year Ended 31 December 2016

#### 2 Critical Accounting Estimates and Judgments

The significant estimates and judgements made have been described below.

An allowance for inventory obsolescence of \$1,232,000 (30 June 2016: \$1,007,000) has been recognised by the Company at 31 December 2016. The allowance was determined after taking into account the sales history and age of various products on hand at 31 December 2016, in accordance with the methodology established and used by the Company at 30 June 2016.

An allowance for doubtful debts of \$74,000 (30 June 2016: \$62,000) has been recognised by the company at 31 December 2016. The allowance was determined after taking into account historical collection rates, specific knowledge of the debtor, past bad debt experience and contractual performance against allowed credit terms. All of these matters were considered in accordance with the methodology established and used by the Company at 30 June 2016.

A provision for warranty costs of \$243,000 (30 June 2016: \$243,000) has been recognised by the Company at 31 December 2016. The provision is in accordance with the methodology established and used by the Company at 30 June 2016. The provision is based on past claims and expected future costs, having regard to recent trends and available information.

Deferred tax assets of \$3,682,000 (30 June 2016: \$3,338,000) have been recognised by the company at 31 December 2016. The Company has exercised judgments in determining the probability of future taxable profits being generated against which the recognised tax losses will be able to be offset.

The company has classified borrowings as non-current liabilities (refer note 1(b)). 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.

#### 3 Revenue and Other Income

	31 December 2016 \$'000s	31 December 2015 \$'000s
<b>Revenue</b>		
- Bathroom products	1,212	1,277
- Solarpower products & REC's income	1,405	1,711
- Kitchen appliances	790	608
- Interest	2	5
- Other items	6	4
	<b>3,415</b>	3,605
<b>Other Income</b>		
- Other	33	20
<b>Total Revenue</b>	<b>3,448</b>	3,625

## Notes to the Financial Statements

### For the Half Year Ended 31 December 2016

#### 4 Trade and other receivables

	31 December 2016 \$'000s	30 June 2016 \$'000s
CURRENT		
Trade receivables	1,543	1,408
Provision for impairment	(74)	(62)
	<u>1,469</u>	<u>1,346</u>
<b>Total current trade and other receivables</b>	<u><u>1,469</u></u>	<u><u>1,346</u></u>

#### 5 Inventories

	31 December 2016 \$'000s	30 June 2016 \$'000s
CURRENT		
At cost:		
Finished goods	4,376	4,229
Less: Provision for obsolescence	(1,232)	(1,007)
Goods in transit	36	123
	<u>3,180</u>	<u>3,345</u>

#### 6 Dividends

No interim dividend will be payable.

#### 7 Contingencies

In the opinion of the Directors, the Company did not have any contingent liabilities at 31 December 2016 (31 December 2015:None). The Board's legal action against a former director of the Company is ongoing. No Contingent assets have been recognised in respect of this litigation.

#### 8 Events Occurring After the Reporting Date

The Company has completed a non renounceable rights issue on 6 February 2017. The total funds raised was \$2,104,874. AstiVita has repaid Rainrose Pty Ltd \$1,952,706, reducing the loan amount to \$1,751,099 and providing additional working capital of \$152,168.

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

## Notes to the Financial Statements

### For the Half Year Ended 31 December 2016

#### 9 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 Company'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") and G & S Quality Systems Pty Ltd are deemed to be related parties of AstiVita by virtue of Mr L Mizikovsky and G Acton Non-executive Directors of Tamawood Limited, having a controlling interest in AstiVita. Transactions between the Company 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 2016 the loan amounted to \$3,703,805. The loan is due for repayment in July 2018.

	Opening balance	Closing balance	Interest not charged	Interest paid/payable	Impairment
	\$	\$	\$	\$	\$
<b>Loans from Rainrose Pty Ltd</b>					
Half Year ended 31/12/2016	2,923,435	3,703,805	-	90,370	-
Year ended 30/06/2016	2,023,200	2,923,435	-	150,237	-



## Notes to the Financial Statements

### For the Half Year Ended 31 December 2016

#### (c) Transactions with related parties

##### (i) Sale of goods and services

	31 December 2016	31 December 2015
	\$	\$
<i>Key management personnel:</i>		
<b>Mr L Mizikovsky</b>		
- Sales to an entity controlled by Mr L Mizikovsky	30,154	15,503
<b>Tamawood Limited</b>		
- Sales to Tamawood Ltd	702,107	591,150

##### (ii) Purchase of goods and services

	31 December 2016	31 December 2015
	\$	\$
<i>Key management personnel:</i>		
<b>Mr L Mizikovsky - Non-executive Chairman</b>		
- Rental payments for premises to an entity controlled by Mr L Mizikovsky	165,416	217,724
<i>Related parties</i>		
<b>Mr G Acton</b>		
- Administration services provided by an entity controlled by Mr G Acton	10,786	13,525
<b>Tamawood Ltd</b>		
- Advertising, IT and accounting services	15,837	16,861
<b>Senterprisys Limited (Formerly Resiweb Ltd.)</b>		
- IT Services	-	12,500

##### (iii) Outstanding balances

	31 December 2016	30 June 2016
	\$	\$
<b>Mr L Mizikovsky</b>		
- Amounts receivable for sales	2,833	3,346
<b>Tamawood Limited</b>		
- Amounts receivable for sales	109,143	3,236
- Amounts payable for purchases	4,590	-

## **AstiVita Limited**

ABN: 46 139 461 733

# **Notes to the Financial Statements**

## **For the Half Year Ended 31 December 2016**

### **10 Company Details**

The registered office of the company is:

AstiVita Limited

172 Ingram Road

Acacia Ridge, QLD 4110

## **Directors' Declaration**

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 4 to 15 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 Company's financial position as at 31 December 2016 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 10 February 2017

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

### **Report on the half-year financial report**

We have reviewed the accompanying half-year financial report of AstiVita Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2016, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated 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.

### **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 gives a true and fair view and 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with 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.

### **Independence**

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

#### **BRISBANE**

Level 11, 307 Queen Street Brisbane QLD 4000  
GPO Box 2268 Brisbane QLD 4001

phone 07 3218 3900 | fax 07 3218 3901

[www.hanrickcurran.com.au](http://www.hanrickcurran.com.au)

#### **CAIRNS**

Suite 73, Executive Centre Offices, The Pier at Shangri-La,  
1 Pierpoint Road, Cairns QLD 4870

PO Box 7170 Cairns QLD 4870

phone 07 4052 7524 | fax 07 4052 7799

[www.hanrickcurran.com.au](http://www.hanrickcurran.com.au)

Hanrick Curran Audit Pty Ltd

Authorised Audit Company: 338599 | ABN 13 132 902 188

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### **Conclusion**

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 2016 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 – Accounting Estimates**

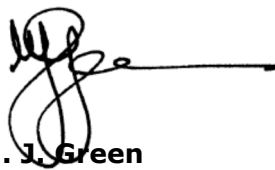
Without modifying our conclusion, we draw attention to Note 2 to the half-year financial report which describes the critical accounting estimates and judgements about valuation of inventory, receivables and deferred income tax assets and provisions for warranty costs. The matters described in Note 2 indicate the existence of a significant inherent material uncertainty regarding the valuation of the related items. This significant inherent uncertainty means that there is a significant risk of a material adjustment to the reported value of the related items in subsequent accounting periods and therefore the related items may be realised at amounts that differ from the estimates recorded at 31 December 2016 and may not be realised in the normal course of business or at the amounts stated in the financial report.

### **Emphasis of matter – Going Concern**

Without modifying our conclusion, we draw attention to Note 1 to the half-year financial report which indicates that the company incurred a net loss of \$729,000 during the half-year ended 31 December 2016. This condition, along with other matters set forth in Note 1, indicates the existence of a material uncertainty, which may cast doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

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**M. J. Green**  
**Director**

Brisbane, 10 February 2017