AstiVita Limited

Annual Report

For the Year Ended 30 June 2014

ABN: 46 139 461 733
ASX Code: AIR

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For the Year Ended 30 June 2014

Chairman's Review
For the Year Ended 30 June 2014

AstiVita announced today an after tax loss of $1.49 million, an improvement of 48.9% compared to a loss of $2.92 million for the 30 June 2013 financial year.

	2014	2013
	$'000s	$'000s
1st half trading loss	(768)	(1,252)
2nd half trading loss	(730)	(1,668)
Total trading loss	**(1,498)**	**(2,920)**
2nd half trading loss	(730)	-
Add back Bompani amortisation	242	-
2nd half trading loss after adjustments	**(488)**	-

The table highlights the significant improvement in the AstiVita trading performance for the second half of 2014. The Company achieved positive cash flow since May and repaid borrowings of the Rainrose Pty Ltd loan of $300,000 since June 2014. Sales have increased 10% in the second half of 30 June 2014 compared to the second half of 30 June 2013.

Bompani Brand

The Board has considered an amortisation period of 2 years is appropriate for the Bompani brand and regulatory approvals as we place less reliance on this brand and focus on our AstiVita and AstiSola branded products.

TOTO

The Board of AstiVita has taken the decision to relinquish the TOTO distributorship in Australia. AstiVita has invested significant money and time with advertising, approvals, marketing material and set up costs. Unfortunately, the product range could not gain traction in the Australian market place due to the pricing of the products not being competitive against major industry players.

Rosieres Appliances

As mentioned we are partially replacing Bompani brand within the Australian market with the exclusive distributorship of Rosieres Appliances. Rosieres Appliances is the oldest European manufaturers of appliances with the Company trading since 1854. We expect to commence sales of Rosieres Appliances before December 2014, the balance of the range will be sold mainly under the AstiVita name with bulk of the turnover coming from products made in Italy.

AstiVita has developed a clear strategy to acquire more customers thoughout Queensland, New South Wales and Victoria. Critical to this strategy is providing customers with products that offer competitive advantage against all major players within the industry.

The appointment of Sean Baldwin in March 2014 as General Manager has had a positive impact on the business.

Chairman's Review
For the Year Ended 30 June 2014

Future Outlook / Guidance

The Board recognises that there are still significant improvements required but are starting to see genuine signs of recovery across many parts of the business.

The Board thanks the understanding and patience of our shareholders and sincerely hopes that we return to profitability in the near future.

L Mizikovsky

Mr Lev Mizikovsky
Non-executive Chairman

Dated 27 August 2014

Directors' Report
For the Year Ended 30 June 2014

The directors present their report, together with the financial statements of the Group, being AstiVita Limited (the Company) and its controlled entities, for the financial year ended 30 June 2014.

Directors

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

Names	Position
L Mizikovsky	Non-Executive Chairman
R Dudurovic	Non-Executive Director
R Lynch	Non-Executive Director
G Acton	Non-Executive Director

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

Company secretary

The following persons held the position of joint company secretary at the end of the financial year:

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

Principal activities

AstiVita sells all of its household products under one entity. The main hosehold products are:-

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

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

Review of operations

AstiVita has recorded a trading loss of $1.498 million for the year ended 30 June 2014 which represents a 48.7% improvement on the 30 June 2013 result.

Sales have increased 3% on the full year but more importantly sales have increased 10% in the second half of 30 June 2014 compared to the second half of 30 June 2013.

Payroll has decreased $700,000 or 27.4% while other expenses have decreased by a total of $1.6 million or 32%.

Directors' Report
For the Year Ended 30 June 2014

Review of financial position

The net assets of the Group have decreased from $9.85 million as at 30 June 2013 to $8.60 million at 30 June 2014. This decrease is primarily due to the consolidated loss excluding non-controlling interests, for the year of $1.498 million.

As at 30 June 2014 the Group had working capital of $8.42 million.

Dividends paid or recommended

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

Significant changes in state of affairs

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

Events after the reporting date

No other matters or circumstances have arisen since the end of the financial 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.

Future developments and results

The Board anticipates that further operating efficiencies combined with increased customer sales should see continued improvement of the Group's financial results. However, a number of issues still need to be addressed within the next six months, which prevents us from providing specific guidance for the 2015 financial year.

Environmental issues

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

Options

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

Insurance of officers

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

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

The total amount of insurance contract premiums was $9,185 (2013: $8,000).

Information on directors

Mr Lev Mizikovsky Non-executive Chairman
FAICD

Lev Mizikovsky is Non-executive Chairman and major shareholder of AstiVita. AstiVita was part of the Tamawood Group until it was de-merged in December 2009. Lev is the founding Director of Tamawood which started in July 1989 and is still a Non-executive Director and major shareholder. Since 1997, Mr Mizikovsky has been a Fellow of the Australian Institute of Company Directors (AICD). He is a substantial shareholder in a number of other Queensland Companies including Collection House Limited (CLH) and Lindsay Australia Limited (LAU). Lev was a director of Antaria Limited from October 2011 until May 2013.

Lev is the current Chairman of the Group's Nomination Committee and is a member of the Audit, Remuneration and Risk Management Committees.

Mr Robert Lynch - Non-executive Director
LREA, Justice of the Peace

As Non-executive Director of AstiVita, Robert has had more than 30 years' experience in residential housing construction and land development. Robert was CEO of Mirvac Homes for 17 years and Clarendon Homes for two years. Robert is a past President of the New South Wales Housing Industry Association and currently is Non-Executive Chairman of Tamawood Limited (listed on the ASX).

Robert has a deep understanding of products required to best service the needs of the residential housing market.

Robert is currently the Chairman of the Group's Remuneration Committee and is a member of the Nomination, Audit and Risk Management Committees.

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

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

Rade is the Non-executive Chairman of Antaria Limited and a Non-executive Director of Tamawood Limited, both of which are listed on the ASX. He is also Non-executive Chairman of QMI Pty Ltd.

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

Mr Geoff Acton
B.Com, ACA, GAICD

Geoff brings to AstiVita a vast amount of capabilities in his 14 year history with the Tamawood Group including Chief Financial Officer and Company Secretary. Further, he has an in depth knowledge of the renewable energy sector as head of the successful Renewable Energy Certificate trading business established in 2004. He has assisted AstiVita in his role as Company Secretary since 2009.

Geoff is a member of the Group's Remuneration and Risk Management Committees.

Directors' Report
For the Year Ended 30 June 2014

Meetings of directors

During the financial year, 13 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Audit Committee		Remuneration Committee		Risk Committee*		Nomination Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
L Mizikovsky (Non-executive Chairman)	10	10	3	2	-	-	2	2	-	-
R Lynch (Non-executive Director)	10	10	3	3	-	-	2	2	-	-
R Dudurovic (Non-executive Director)	10	8	3	3	-	-	2	2	-	-
G Acton (Non-executive Director)	10	10	3	3	-	-	2	2	-	-

* The Risk Committee meetings were held as part of the Director's Meetings.

Non-audit services

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

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

The following fees were paid or payable to the Group's external auditors, Hanrick Curran Audit Pty Ltd (2013: BDO Audit Services Pty Ltd including their related entities), for non-audit services provided during the year ended 30 June 2014:

	2014	2013
Taxation services	-	22,847
Other Accounting Services	-	10,755
	-	33,602

Remuneration report (audited)

This remuneration report for the year ended 30 June 2014 outlines the remuneration arrangements of the key management personnel of the Group, including the Directors, in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

Remuneration policy

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

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

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

Remuneration structure

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

Non-executive Director Remuneration

Objective

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

Structure

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

Executives and Other Key Management Personnel

Objective

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

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

Structure

Remuneration consists of the following key elements:

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

Remuneration report (audited) (continued)

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

	2010 $'000	2011 $'000	2012 $'000	2013 $'000	2014 $'000
Revenue	38,637	53,538	24,567	12,850	13222
Net profit/(loss)	3,895	3,132	(634)	(2,920)	(1,498)
Dividends paid	-	927	939	-	-
Dividends per share (cents)	-	4.0c	4.0c	-	-
Share price at year-end (not rounded)	$0.92	$0.93	$0.30	$0.14	$0.135

Remuneration details for the year ended 30 June 2014

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

Year Ended 30 June 2014	Short-term benefits				Post employment	Long-term benefits		
	Cash salary, fees & leave $	Bonus $	Non-monetary $	Other $	Superannu-ation $	LSL $	Termination Benefits $	TOTAL $
Directors								
- L Mizikovsky (Non-executive Chairman)	50,000	-	-	-	-	-	-	50,000
- R Dudurovic (Non-executive Director)	25,000	-	-	-	-	-	-	25,000
- R Lynch (Non-executive Director)	25,000	-	-	-	-	-	-	25,000
- G Acton (Non-executive Director)	24,000	-	-	-	-	-	-	24,000
Sub-total Directors	**124,000**	**-**	**-**	**-**	**-**	**-**	**-**	**124,000**
Other KMP								
- S Baldwin (General Manager)*	45,192	-	-	-	4,468	-	-	49,660
Sub-total Other KMP	**45,192**	**-**	**-**	**-**	**4,468**	**-**	**-**	**49,660**
TOTAL	**169,192**	**-**	**-**	**-**	**4,468**	**-**	**-**	**173,660**

* S Baldwin was appointed on 10 March 2014

Remuneration report (audited) (continued)

Remuneration details for the year (continued) ended 30 June 2014

Year Ended 30 June 2013	Short-term benefits				Post employment	Long-term benefits		
	Cash salary, fees & leave	Bonus	Non-monetary	Other	Superannu-ation	LSL	Termination benefits	TOTAL
	$	$	$	$	$	$	$	$
Directors								
- L Mizikovsky (Executive Chairman)	50,000	-	-	-	-	-	-	**50,000**
- R Welford (Non-executive Director)*	33,672	-	-	-	-	-	-	**33,672**
- R Dudurovic (Non-executive Director)	25,000	-	-	-	-	-	-	**25,000**
- R Lynch (Non-executive Director)	25,000	-	-	-	-	-	-	**25,000**
- G Acton (Executive Director)	219,165	-	-	-	-	-	-	**219,165**
Sub-total Directors	**352,837**	**-**	**-**	**-**	**-**	**-**	**-**	**352,837**
Other KMP								
- D Jonathan (General Manager)	94,363	-	-	-	8,466	1,500	-	**104,328**
- S Ison (Warehouse Operations Manager)	81,301	1,000	-	-	7,364	1,333	-	**90,998**
- C Jackson (Company Account/Joint Company Secretary)^	56,176	-	-	-	7,704	-	29,422	**93,302**
- M Gaffey (Company Accountant)#	36,106	-	-	-	2,250	-	-	**38,356**
Sub-total Other KMP	**267,946**	**1,000**	**-**	**-**	**25,783**	**2,833**	**29,422**	**326,984**
TOTAL	**620,783**	**1,000**	**-**	**-**	**25,783**	**2,833**	**29,422**	**679,821**

* R Welford retired from the Board 5 April 2013 # M Gaffey resigned 25 September 2012 ^ C Jackson was made redundant 24 April 2013

Remuneration report (audited) (continued)

Cash performance-related bonuses

None of the key management personnel remuneration paid is performance based, with the exception of personnel detailed below. The terms and conditions relating to bonuses granted as remuneration during the year to key management personnel during the year are as follows:

Bonuses paid and other short-term payments	Amount paid $	Proportion of total remuneration related to performance	Proportion of remuneration not related to performance
Key Management Personnel 2013			
S Ison (Warehouse Operations Manager)*	1,000	1.2%	98.8%

The bonuses described in the above table were awarded at the discretion of the Remuneration Committee, these bonuses therefore vested 100% during the 2013 financial year.

No amounts vest in future financial years in respect of the bonus schemes for the current financial year.

Key management personnel shareholdings

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

	Balance at beginning of year	Purchased / (Sold)	Other changes during the year	Balance at end of year
30 June 2014				
Directors				
L Mizikovsky	18,664,950	(467,169)	-	18,197,781
R Lynch	128,040	-	-	128,040
G Acton	140,313	-	-	140,313
R Dudurovic	470,500	-	-	470,500
Other KMP				
S Baldwin	-	1,555,742	-	1,555,742
	19,403,803	1,088,573	-	20,492,376

	Balance at beginning of year	Purchased / (Sold)	Other changes during the year	Balance at end of year
30 June 2013				
Directors				
L Mizikovsky	9,332,475	9,332,475	-	18,664,950
R Lynch	64,020	64,020	-	128,040
G Acton	101,213	39,100	-	140,313
R Dudurovic	230,000	235,250	5,250	470,500
R Welford*	201,195	-	-	201,195
Other KMP				
D Jonathan	1,313	-	-	1,313
S Ison	131,056	-	15,606	146,662
C Jackson^	74,681	-	-	74,681
	10,135,953	9,670,845	20,856	19,827,654

* R Welford resigned from the Board of AstiVita Renewables Limited as at 5 April 2013. The shareholdings detailed above for the 2013 financial year are presented up to the date R Welford ceased as a director.
^ C Jackson was made redundant from 24 April 2013. The shareholdings detailed above for the 2013 financial year are presented up to 24 April 2013.

Remuneration report (audited) (continued)

Service Agreements

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

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

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

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

The following key management personnel have service agreements:

Mr S Baldwin (General Manager) has an employment contract with with an annual remuneration of $135,000 and on termination, either party is required to give a two month notice period.

End of Remuneration Report

ASIC class order 98/100 rounding of amounts

The Company is an entity to which ASIC Class Order 98/100 applies 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 lead auditor's independence declaration in accordance with section 307C of the Corporations Act 2001, for the year ended 30 June 2014 has been received and can be found on page 12 of the financial report.

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

L Mizikovsky

L Mizikovsky
Non-executive Chairman

Dated 27 August 2014

AstiVita Limited
ABN 46 139 461 733

Auditor's Independence Declaration to the Directors of AstiVita Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 there has 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, 27 August 2014

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Corporate Governance Statement

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

AstiVita and its subsidiaries operate as a single economic entity under a unified Board and management. As such, the Board's corporate governance arrangements apply to all entities within the economic Group.

Copies of AstiVita Limited's board and board committee charters and key corporate governance policies or summaries are available in the Corporate Governance section of the website at www.astivita.com.au

Principle 1: Lay solid foundations for management and oversight

The Board of Directors is responsible for the corporate governance of the Company. The Board provides strategic guidance for the Company, and effective oversight to management. The Board guides and monitors the business and affairs of the Group on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board has adopted a Charter that details its roles and responsibilities, which is available on our website.

To assist it in carrying out its responsibilities, the Board has established several standing Board Committees of its members. The Chairman of each Board Committee reports on any matters of substance at the next full Board Meeting. Membership of Board Committees and attendance at Board and Board Committee meetings is tabulated in the Directors' Report.

The Board Committees are:

- Audit Committee
- Nomination Committee
- Remuneration Committee
- Risk Management Committee

Principle 2: Structure the Board to add Value

Directors

The Board of AstiVita presently comprises four Non-executive Directors, two of whom are Independent.

The current Directors of the Company are listed in the Directors’ Report with a brief description of their qualifications, experience, special responsibilities and status.

Chairman of the Board

The Chairman of the Board is a Non-executive Director.

Company Secretary

The Company Secretary is appointed and removed by the Board and is responsible for establishing and maintaining appropriate support mechanisms to enable the Board to function effectively. The Company Secretary is also responsible for ensuring the Board procedures are complied with and advising the Board on governance matters. All Directors have access to the Company Secretary for advice and support services as required.

Independent Advice

Each Director and Board Committee has the right of access to relevant Group information and the executive management team. Directors may seek independent professional advice at the Group's expense with approval from all Directors at a Directors' meeting. A copy of advice received by the Director is made available to all other members of the Board.

Corporate Governance Statement

Nomination committee

The Board has a Nomination Committee,comprising of three Directors, two of whom are independent:

- Lev Mizikovsky (Chairman)
- Rade Dudurovic
- Robert Lynch

The Nomination Committee did not meet during the year.

The Nomination Committee Charter sets out its role, responsibilities, composition, structure, membership requirements and guidelines and is posted on of the Company's website.

Principle 3: Promote ethical and responsible decision-making

Code of conduct

The Company has a Code of Conduct which sets out the behaviour required of all Board members, senior management, employees and contractors.

Dealing in AstiVita Shares

The Company's Securities Trading Policy, which can be found on our website, places restrictions on the ability of Directors, officers and employees to trade in the Company's shares whilst in the possession of price sensitive information that has not been made public.

Ethical Standards

The Board is committed to its core governance values of integrity, respect, trust and openness among and between Board members, management, employees, customers and suppliers.

Diversity

The Board and senior management have established a group-wide diversity policy to reflect the Company's ongoing commitment to diversity. A copy of the Diversity Policy is available on the Company's website.

Due to declining revenues over the last year, the Group has focused on reskilling and retraining existing staff with no plans to expand current staffing levels including Board representation.

Principle 4: Safeguard integrity in financial reporting

Audit Committee

The Board has established an Audit Committee which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the Group.

The Audit Committee Charter sets out its role, responsibilities, composition, structure and membership requirements and is posted on the Corporate Governance section of the Company's website.

At least one member of the Audit Committee must have financial expertise (i.e. is a qualified accountant or other financial professional with expertise in financial and accounting matters).

Corporate Governance Statement

The Audit Committee comprises three members. The Audit Committee is chaired by an independent Director, who is not the Chairman of the Board.

The members of the Audit Committee were:

- Rade Dudurovic (Chairman)
- Robert Lynch
- Lev Mizikovsky

The names and qualifications of those appointed to the Audit Committee and their attendance at meetings of the committee are included in the directors' report.

The Audit Committee meets at least twice a year with the auditors. The Audit Committee met three times during the year.

External auditor

The Company and the Audit Committee policy is to engage auditors who clearly demonstrate independence.

The performance of the external auditor is reviewed annually.

Principle 5: Make timely and balanced disclosure

A continuous disclosure regime operates throughout the Group. Policies and Procedures are in place to ensure matters that a person could reasonably expect to have a material effect on the share price are announced to the ASX in a timely manner.

These policies and procedures have been formally communicated to all relevant staff. The Company Secretary is the nominated Continuous Disclosure Officer. The Board approves, or is advised of, all releases that are made to the ASX. All announcements made by the Company are posted on the Company’s website.

Principle 6: Respect the rights of shareholders

The Company endeavours to keep its Shareholders informed by:

- Reports to the ASX and the press;
- Half and full year profit announcements;
- Annual Reports;
- Continuous disclosure to the ASX pursuant to the ASX Listing Rules; and
- Posting all the above and any other notifications made by the Company to Shareholders on its website.

The External Auditor attends the Company’s Annual General Meeting and is available to respond to questions about the conduct of the audit and the preparation and content of the Independent Audit Report.

Corporate Governance Statement

Principle 7: Recognise and manage risk

The Board has ultimate responsibility for risk management, compliance and control functions across the Group. These functions are aligned with the Company's business objectives. The Company has in place internal controls intended to identify and manage significant business risks.

The Board has established a Risk Management Committee to identify those areas of risk which are most likely to cause major disruption and damage to the business of the Group and to implement, with Board approval, plans and procedures which will mitigate any damage.

The Risk Management Committee comprises all the Directors of AstiVita. The Risk Management Committee met four times during the year.

The Board has received assurance from the General Manager that the declaration provided in accordance with section 295A of the Corporations Act is founded on a system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Principle 8: Remunerate fairly and responsibly

The Company intends to ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined.

The Board has established a Remuneration Committee to review and determine, among other things, remuneration policies and packages applicable to any Executive Directors, the Company Secretary and Senior Executives. The Committee's Charter is available on the Company's web site.

The Remuneration Committee consists of three members, one of whom is independent. The members of the remuneration committee were:

- Robert Lynch (Chairman)
- Lev Mizikovsky
- Geoff Acton

The remuneration committee did not meet during the year.

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2014

	Note	2014 $'000s	2013 $'000s
Revenue from Continuing Operations	3	**13,222**	12,850
Other income	3	**50**	39
Changes in inventories of finished goods		**-**	(293)
Raw materials and consumables used		**(9,642)**	(9,310)
Employee benefits expense		**(1,772)**	(2,441)
Depreciation and amortisation expense	12, 13	**(428)**	(140)
Other expenses		**(3,321)**	(4,910)
Finance costs		**(91)**	(1)
Loss before income tax		**(1,982)**	(4,206)
Income tax benefit	6	**484**	1,286
Loss for the year		**(1,498)**	(2,920)
Other comprehensive income			
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**(1,498)**	(2,920)
Loss attributable to:			
Members of the parent entity		**(1,498)**	(2,718)
Non-controlling interest		**-**	(202)
		(1,498)	(2,920)
Total comprehensive loss attributable to:			
Members of the parent entity		**(1,498)**	(2,718)
Non-controlling interest		**-**	(202)
		(1,498)	(2,920)
Earnings per share			
Basic earnings per share (cents)	18	(4.81)	(10.34)
Diluted earnings per share (cents)	18	(4.81)	(10.34)

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

Consolidated Statement of Financial Position
As At 30 June 2014

	Note	2014 $'000s	2013 $'000s
ASSETS			
Current Assets			
Cash and cash equivalents	8	**348**	1,169
Trade and other receivables	9	**3,426**	2,232
Inventories	10	**5,498**	5,896
Other assets	11	**286**	220
Total Current Assets		**9,558**	9,517
Non-Current Assets			
Property, plant and equipment	12	**359**	232
Intangible assets	13	**719**	562
Deferred tax assets	16	**2,292**	1,742
Total Non-Current Assets		**3,370**	2,536
TOTAL ASSETS		**12,928**	12,053
LIABILITIES			
Current Liabilities			
Trade and other payables	14	**821**	1,678
Provisions	15	**319**	509
Total Current Liabilities		**1,140**	2,187
NON-CURRENT LIABILITIES			
Borrowings	24(c)	**3,108**	-
Provisions	15	**10**	15
Deferred tax liabilities	16	**72**	-
Total Non-Current Liabilities		**3,190**	15
TOTAL LIABILITIES		**4,330**	2,202
NET ASSETS		**8,598**	9,851
EQUITY			
Issued capital	17	**7,284**	7,284
Retained earning		**1,314**	2,812
Total equity attributable to equity holders of AstiVita Limited		**8,598**	10,096
Non-controlling interest		**-**	(245)
TOTAL EQUITY		**8,598**	9,851

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

Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2014

2014

	Note	Issued Capital $'000s	Retained Earnings $'000s	Total attributable to parent $'000s	Non-controlling Interests $'000s	Total $'000s
Balance at 1 July 2013		**7,284**	**2,812**	**10,096**	**(245)**	**9,851**
Comprehensive income for the year						
Loss for the year		**-**	**(1,498)**	**(1,498)**	**-**	**(1,498)**
Other comprehensive income for the year		**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the year		**-**	**(1,498)**	**(1,498)**	**-**	**(1,498)**
Transactions with owners in their capacity as owners						
Shares issued during the year	17	**-**	**-**	**-**	**-**	**-**
Shares bought back during the year	17	**-**	**-**	**-**	**-**	**-**
Adjustment of non-controlling interests		**-**	**-**	**-**	**245**	**245**
Balance at 30 June 2014		**7,284**	**1,314**	**8,598**	**-**	**8,598**

2013

	Note	Issued Capital $'000s	Retained Earnings $'000s	Total attributable to parent $'000s	Non-controlling Interests $'000s	Total $'000s
Balance at 1 July 2012		6,524	5,530	12,054	(43)	12,011
Comprehensive income for the year						
Loss for the year		-	(2,718)	(2,718)	(202)	(2,920)
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	(2,718)	(2,718)	(202)	(2,920)
Transactions with owners in their capacity as owners						
Shares issued during the year	17	1,572	-	1,572	-	1,572
Shares bought back during the year	17	(812)	-	(812)	-	(812)
		760	-	760	-	760
Balance at 30 June 2013		7,284	2,812	10,096	(245)	9,851

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

Consolidated Statement of Cash Flows
For the Year Ended 30 June 2014

	Note	2014 $'000s	2013 $'000s
Cash flows from operating activities			
Receipts from customers (including GST)		**13,176**	15,256
Payments to suppliers and employees (including GST)		**(15,994)**	(18,734)
Interest received		**9**	32
Interest paid		**(91)**	-
Income tax refunded/(paid)		**6**	204
Insurance recovery		**-**	1
Net cash (outflow) inflow from operating activities	23	**(2,894)**	(3,241)
Cash flows from investing activities			
Proceeds from sale of plant and equipment		**6**	41
Payments for property, plant and equipment		**(229)**	(127)
Payment for intangible assets		**-**	(12)
Net cash (outflow) inflow used by investing activities		**(223)**	(98)
Cash flows from financing activities			
Proceeds from issue of shares	17	**-**	1,572
Loans from/(to) related parties		**3,108**	-
Share buy-back payment (cash component)		**(812)**	-
Net cash used by financing activities		**2,296**	1,572
Net increase (decrease) in cash and cash equivalents		**(821)**	(1,767)
Cash and cash equivalents at beginning of year		**1,169**	2,936
Cash and cash equivalents at end of financial year	8	**348**	1,169
Reconciliation of cash at the end of period			
Cash on hand and at bank		307	1,169
Short term bank deposits		41	-
		348	**1,169**

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

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2014

This financial report covers the consolidated financial statements and notes of AstiVita Limited and Controlled Entities (the 'Group'). AstiVita Limited is a for profit Company incorporated and domiciled in Australia and whose shares are publicly traded on the Australian Securities Exchange Limited. The financial statements were authorised for issue by the Board of Directors on 27 August 2014.

The separate financial statements and notes of the parent entity, AstiVita Limited, have not been presented within this financial report as permitted by amendments made to the Corporations Act 2001. Parent entity summary is included in note 2.

The address of the registered office and principal place of business is 172 Ingram Road, Acacia Ridge, QLD 4110.

1 Summary of Significant Accounting Policies

Basis of Preparation

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

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

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

The financial statements have been prepared on historical costs, except for the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Rounding of amounts

The Company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars unless otherwise stated.

(a) Principles of Consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

A list of controlled entities is contained in Note 19 to the financial statements.

Non-controlling interests

Non-controlling interests (i.e. equity in a subsidiary not attributable directly or indirectly to a parent) are presented in the consolidated statement of financial position within equity separately from the equity of the owners of the parent.

1 Summary of Significant Accounting Policies (continued)

(b) Income Tax

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

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

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

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

Deferred tax consequences relating to a non-monetary asset carried at fair value are determined using the assumption that the carrying amount of the asset will be recovered through sale.

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

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

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

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

Tax consolidated group

AstiVita Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidation group under the tax consolidation legislation. AstiVita Limited is the head entity for the income tax consolidation group. Each entity in the Group recognises its own current and deferred tax amounts which are measured using the "stand-alone" taxpayer approach for allocation. Current and deferred tax assets resulting from unused tax losses and tax credits are immediately assumed by the parent entity. The current tax liability of each Group entity is also subsequently assumed by the parent entity. The Group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 13 October 2009. The tax consolidated group has entered into a tax sharing and funding arrangement.

1 Summary of Significant Accounting Policies (continued)

(b) Income Tax (continued)

Tax consolidated group (continued)

Under the terms of this arrangement, the wholly-owned entities reimburse AstiVita Limited for any current income tax payable by AstiVita Limited arising in respect of their activities. The reimbursements are payable at the same time as the associated income tax liability falls due. In the opinion of the Directors, the tax sharing agreement is also a valid arrangement under the tax consolidation legislation and limits the joint and several liabilities of the wholly-owned entities in the case of a default by AstiVita Limited.

(c) Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

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

(d) Inventories

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

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

(e) Property, Plant and Equipment

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

Depreciation

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

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

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

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

1 Summary of Significant Accounting Policies (continued)

(e) Property, Plant and Equipment (continued)

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

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

(f) Financial instruments

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

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

Financial Assets

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

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

Loans and receivables

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

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

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2014

1 Summary of Significant Accounting Policies (continued)

(f) Financial instruments (continued)

Financial liabilities

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

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

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

Impairment of financial assets

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

Financial assets at amortised cost

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

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

(g) Impairment of non-financial assets

At the end of each reporting period, the Group determines whether there is any evidence of an impairment indicator for assets.

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2014

1 Summary of Significant Accounting Policies (continued)

(h) Intangible Assets

Software

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

Bompani Brand and Licence Approvals

The Bompani brand and licence approvals has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of up to two years. It is reviewed annually for impairment.

(i) Cash and cash equivalents

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

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

(j) Employee benefits

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

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

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

(k) Provisions

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

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

1 Summary of Significant Accounting Policies (continued)

(l) Earnings per share

The Group presents basic and diluted earnings per share information for its ordinary shares.

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

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

(m) Share capital

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

(n) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

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

(o) Revenue and other income

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

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

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

Sale of goods

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

1 Summary of Significant Accounting Policies (continued)

(o) Revenue and other income (continued)

Interest revenue

Interest is recognised using the effective interest method.

(p) Research and development

Research costs are charged against profit or loss as incurred.

Development costs are deferred to future periods to the extent that the project will deliver future economic benefits and these benefits can be measured reliably and other relevant criteria met. Deferred costs are amortised from the commencement of commercial production of the product to which they relate on a straight line basis over the period of the expected benefit.

(q) Goods and Services Tax (GST)

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

Receivables and payable are stated inclusive of GST.

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

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

(r) Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

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

At the end of the reporting period:

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates

1 Summary of Significant Accounting Policies (continued)

(r) Foreign currency transactions and balances (continued)

Transaction and balances (continued)
different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or where they are deferred directly in equity reserves as "qualifying hedges".

(s) Critical accounting estimates and judgments

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 the Group.

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.

Impairment of inventory

A provision of $773,000 (2013: $271,000) has been recognised by the Group for slow moving inventory, which has been deemed impaired as at 30 June 2014. 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.

Impairment of receivables

An allowance for doubtful debts of $177,000 (2013: $179,000) has been recognised by the Group as at 30 June 2014. 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.

Classification of borrowings

The Company has presented $3,108,000 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.

Warranty provision

A provision of $243,000 (2013: $403,000) at 30 June 2014 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 cost information may differ from future claims. Anticipated future warranty costs were based on a mathematical model of historical costs which was then extrapolated for the anticipated number of claims over the next 12 months.

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

1 Summary of Significant Accounting Policies (continued)

(s) Critical accounting estimates and judgments (continued)

Deferred tax assets

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

(t) Going concern

The directors have prepared the financial report on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. This is deemed to be appropriate not withstanding that the Company has incurred losses of $1,498,000 (2013: $2,920,000). As at 30 June 2014, the Company has net assets of $8,598,000 (2013: $9,851,000).

The Group's ability to continue as a going concern is dependent of its ability to reverse the currently occurring operating losses by restructuring operations, increasing sales, realising the value inherent in inventory on-hand, recovering trade debtors and, if necessary, obtaining replacement debt or equity funding. Rainrose Pty Ltd, a related party has advanced $3,108,000.

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 Group will be able to continue as a going concern. Supporting this view is the first repayment of the Rainrose Pty Ltd loan of $200,000 in June 2014 and a further repayment of $100,000 in August 2014. Notwithstanding this, there is significant uncertainty whether the Group 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 Group not continue as a going concern.

(u) Adoption of new and revised accounting standards

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

- AASB 10 *Consolidated Financial Statements*
- AASB 11 *Joint Arrangements*
- AASB 12 *Disclosure of Interests in Other Entities*
- AASB 13 *Fair Value Measurement*
- AASB 119 *Employee Benefits*
- AASB 127 *Separate Financial Statements*
- AASB 128 *Investment in Associates and Joint Ventures*

1 Summary of Significant Accounting Policies (continued)

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

- AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]*

- AASB 2012-9 *Amendments to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039*

- AASB 2012-2 *Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities*

The accounting policies have been updated to reflect changes in the recognition and measurement of assets, liabilities, income and expenses and the impact of adoption of these standards is discussed below.

AASB 10 *Consolidated Financial Statements* is effective for annual reporting periods beginning on or after 1 January 2013 and therefore the Group has applied it for the first time in these financial statements. AASB 10 includes a new definition of control, including additional guidance for specific situations such as control in a principal / agent situation and when holding less than majority voting rights may give control. AASB 10 supersedes the previous requirements of AASB 127 *Consolidated and Separate Financial Statements* and Interpretation 112 *Consolidation - Special Purpose Entities* and resulted in consequential amendments to a number of other standards.

The Group has reviewed its investment in other entities to determine whether any changes were required to the consolidated entity under AASB 10. The composition of the consolidated entity is the same under AASB 10 and therefore there is no change to the reported financial position and performance.

AASB 11 *Joint Arrangements* replaces AASB 131 *Interests in Joint Ventures* and Interpretation 112 *Jointly-Controlled Entities - Non-monetary Contributions by Venturers* as well as consequential amendments to a number of other standards. AASB 11 uses the revised definition of control from AASB 10 and once joint control is determined, then classifies joint arrangements as either joint ventures or joint operations. Joint ventures are accounted for using the equity method, proportionate consolidation is not permitted under AASB 11. Joint operations are accounted for by incorporating the venturer's share of assets, liabilities, income and expenses into the financial statements. There were no changes to the accounting for joint arrangements under AASB 11.

AASB 12 *Disclosure of Interests in Other Entities* includes all disclosures relating to an entity's interest in associates, joint arrangements, subsidiaries and structured entities. On adoption of AASB 12, additional disclosures have been included in the financial statements in relation to investments held.

AASB 13 *Fair Value Measurement* does not change what and when assets or liabilities are recorded at fair value. It provides guidance on how to measure assets and liabilities at fair value, including the concept of highest and best use for non-financial assets. AASB 13 has not changed the fair value measurement basis for any assets or liabilities held at fair value, however additional disclosures on the methodology and fair value hierarchy have been included in the financial statements.

AASB 119 *Employee benefits* changes the basis for determining the income or expense relating to defined benefit plans and introduces revised definitions for short-term employee benefits and termination benefits.

The Group reviewed the annual leave liability to determine the level of annual leave which is expected to be paid more than 12 months after the end of the reporting period. The review did not result in any material reclassification of short-term employee benefits.

1 Summary of Significant Accounting Policies (continued)

(v) 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 Group has decided against early adoption of these standards. The following table summarises those future requirements, and their impact on the Group:

Standard Name		Requirements	
AASB 9 Financial Instruments and amending standards AASB 2010-7 / AASB 2012-6	30 June 2016	Changes to the classification and measurement requirements for financial assets and financial liabilities. New rules relating to derecognition of financial instruments.	The full impact of AASB 9 has not yet been determined as the entire standard has not been released, however, the impact of this standard is expected to be minimal as the Group does not deal in complex financial instruments.
AASB 1055 - Budgetary Reporting AASB 2013-1 Amendments to AASB 1049 - Relocation of Budgetary Reporting Requirements	30 June 2015	This standard specifies the nature of budgetary disclosures and circumstances for inclusion in the financial statements.	The impact of this standard is expected to be minimal.
AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities [AASB 132]	30 June 2015	This standard adds application guidance to AASB 132 to assist with applying some of the offset criteria of the standard.	There will be no impact to the entity as there are no offsetting arrangements currently in place..

2 Parent entity

The following information has been extracted from the books and records of the parent, AstiVita Limited and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, AstiVita Limited has been prepared on the same basis as the consolidated financial statements except as disclosed below.

AstiVita operates as one entity. The parent entity financial statements are materially the same as the Statement of Financial Position set out on page 16 of this Annual Report.

Guarantees

The parent entity did not have any guarantees as at 30 June 2014 or 30 June 2013.

Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2014 or 30 June 2013.

Contractual commitments

The parent entity did not have any contractual commitments for the acquisition of property, plant and equipment as at 30 June 2014 or 30 June 2013.

3 Revenue and Other Income

Revenue from continuing operations

	2014 $'000s	2013 $'000s
Sales revenue		
- Bathroom products	**4,654**	4,188
- Solarpower products and REC's income	**6,677**	7,572
- Kitchen appliances	**1,882**	1,058
Other revenue		
- Interest	**9**	32
Total Revenue	**13,222**	12,850
Other Income		
Other income	**33**	39
Net gain on disposal of property, plant and equipment	**5**	-
Net foreign exchange gains	**12**	-
Total other income	**50**	39
Total Revenue and Other Income	**13,272**	12,889

4 Expenses

The result for the year includes the following specific expenses:

	2014 $'000s	2013 $'000s
Loss on disposal of assets	**-**	15
Bad and doubtful debts	**78**	91
Defined contribution superannuation expense	**135**	177
Net foreign exchange loss	**5**	49
Freight out	**598**	592
Inventory write downs	**502**	271
Warranty costs	**299**	686
Rental expense on operating leases		
- minimum lease payments	**442**	388

5 Remuneration of Auditors

	2014 $	2013 $
Remuneration of the auditor of the parent entity, Hanrick Curran Audit Pty Ltd (including related entities) for 2014 (2013: BDO Audit Pty Ltd), for:		
- auditing or reviewing the financial report	**40,500**	67,000
- taxation services*	**-**	22,847
- other accounting services*	**-**	10,755
	40,500	100,602

*** Taxation services & Other accounting services for the year 2014 were completed by another accounting firm.**

6 Income Tax Expense

(a) Components of tax expense

The major components of income tax expense comprise:

	2014 $'000s	2013 $'000s
Current tax expense		
Local income tax - current period	**-**	-
Local income tax - recognised in current tax for prior periods	**97**	-
Deferred tax expense		
Relating to origination and reversal of temporary differences	**(581)**	(1,286)
Total income tax benefit	**(484)**	(1,286)

6 Income Tax Expense (continued)

(b) Reconciliation of income tax to accounting profit

Loss before income tax	**(1,982)**	(4,206)
Prima facie income tax expense/(benefit) at statutory income tax rate of 30% (2013: 30%)	**(595)**	(1,262)
The following items have affected income tax expense for the period:		
Tax effect of:		
- adjustments in respect of current income tax of previous years	**97**	(23)
- sundry items	**(60)**	(1)
- Permanent differences	**74**	-
Income tax benefit	**(484)**	(1,286)

7 Dividends

Franking account

	2014 $'000s	2013 $'000s
Balance of franking account at year end	**1,497**	1,501
	1,497	1,501

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

(a) Franking credits that will arise from the payment of the current tax liabilities;

(b) Franking debits that will arise from the payment of dividends recognised as a liability at year end;

(c) Franking credits that will arise from the receipt of dividends recognised as receivables at the end of the year.

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

8 Cash and cash equivalents

	2014 $'000s	2013 $'000s
Cash at bank	**307**	1,169
Short-term bank deposits	**41**	-
	348	1,169

Reconciliation of cash

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

Cash and cash equivalents	**348**	1,169
Balance as per consolidated statement of cash flows	**348**	1,169

9 Trade and other receivables

	Note	2014 $'000s	2013 $'000s
CURRENT			
Trade receivables		**3,603**	2,411
Provision for impairment	9(a)	**(177)**	(179)
Total current trade and other receivables		**3,426**	2,232

(a) Impairment of receivables

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

	2014	2013
Balance at beginning of the year	**179**	171
Additional impairment loss recognised	**-**	91
Provision used - receivables written off	**-**	(83)
Reversal of impairment	**(2)**	-
Balance at end of the year	**177**	179

(b) Aged analysis

The ageing analysis of receivables is as follows:

	2014	2013
30 Days Accounts		
0-30 days	**11**	1,180
31-60 days	**3**	752
61-90 days (past due not impaired)	**-**	229
91+ days (past due not impaired)	**1**	71
91+ days (considered impaired)	**-**	179
90 Days Accounts		
0-90 days	**2,527**	-
91-120 days	**281**	-
121-150 days	**268**	-
151+ days (considered not impaired)	**335**	-
151+ days (considered impaired)	**177**	-
	3,603	2,411

Current trade receivables are non-interest bearing and are generally on 30 or 90 day terms. An impaired amount is provided for any customers who are facing financial difficulties and may not be able to pay the outstanding account. Management reviews the financial status of new account applicants prior to granting credit trading terms. Management assess credit applicants by reference to their payment history with other suppliers and will only grant credit trading terms to those applicants with a sound payment background. The Group does not take security as part of any payment arrangements with customers. Based on the past payment history of the Group's customers, the Directors believe that the amounts past due date but not impaired are those customers with sound credit history and are therefore not impaired**.** During 2014, AstiVita has moved the majority of its customers to 90 day terms.

10 Inventories

	2014 $'000s	2013 $'000s
CURRENT		
At cost:		
Finished goods	**5,730**	5,546
Less: Provision for obsolescence	**(773)**	(271)
Goods in transit	**541**	621
	5,498	5,896

(a) Inventory expense

Inventories recognised as expense during the year ended 30 June 2014 and included in 'raw materials and consumables used' and 'changes in inventories of finished goods' amounted to $9,642,000 (2013: $9,603,000).

Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2014 amounted to $502,000 (2013: $271,000). The expense has been included in ‘other expenses’ in the consolidated statement of profit or loss and other comprehensive income.

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

The entire amount of inventories is presented as current, since the Group expects to realise the assets in its normal operating cycle. However, based on past experience, the Group does not expect approximately $1,363,000 (2013: $2,013,000) of inventories to be realised within the next 12 months. The directors and management are of the view that the stock will be realised in the future and realised for a value greater than cost in the normal course of the business.

11 Other non-financial assets

	2014 $'000s	2013 $'000s
CURRENT		
Prepayments	**286**	220
	286	220

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

12 Property, plant and equipment

	2014 $'000s	2013 $'000s
Plant and equipment		
At cost	**557**	386
Accumulated depreciation	**(284)**	(210)
Total plant and equipment	**273**	176
Motor vehicles		
At cost	**83**	55
Accumulated depreciation	**(19)**	(20)
Total motor vehicles	**64**	35
Office furniture & equipment		
At cost	**87**	68
Accumulated depreciation	**(65)**	(47)
Total office equipment	**22**	21
	359	232

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

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

	Plant and Equipment $'000s	Motor Vehicles $'000s	Office Furniture & Equipment $'000s	Total $'000s
Year ended 30 June 2013				
Balance at the beginning of year	78	103	37	218
Additions - cost	123	-	4	127
Disposals - written down value	-	(57)	-	(57)
Depreciation expense	(25)	(11)	(20)	(56)
Balance at the end of the year	176	35	21	232
Year ended 30 June 2014				
Balance at the beginning of year	**176**	**35**	**21**	**232**
Additions - cost	**171**	**40**	**19**	**230**
Disposals - written down value	**-**	**(1)**	**-**	**(1)**
Depreciation expense	**(74)**	**(10)**	**(18)**	**(102)**
Balance at the end of the year	**273**	**64**	**22**	**359**

13 Intangible Assets

	2014 $'000s	2013 $'000s
Bompani brand & license approvals		
Cost	**483**	-
Accumulated amortisation and impairment	**(242)**	-
Net carrying value	**241**	-
Computer software		
Cost	**672**	672
Accumulated amortisation and impairment	**(194)**	(110)
Net carrying value	**478**	562
	719	562

(a) Movements in carrying amounts of intangible assets

	Bompani brand & license approvals $'000s	Computer software $'000s	Total $'000s
Year ended 30 June 2014			
Balance at the beginning of the year	**-**	**562**	**562**
Additions	**483**	**-**	**483**
Amortisation	**(242)**	**(84)**	**(326)**
Closing value at 30 June 2014	**241**	**478**	**719**
Year ended 30 June 2013			
Balance at the beginning of the year	-	634	634
Additions	-	12	12
Amortisation	-	(84)	(84)
Closing value at 30 June 2013	-	562	562

The current amortisation charge for intangible assets is included under depreciation and amortisation expense in the consolidated statement of profit or loss and other comprehensive income.

14 Trade and other payables

	2014 $'000s	2013 $'000s
CURRENT		
Unsecured liabilities		
Trade and other payables	**821**	1,678
	821	1,678

15 Provisions

	2014 $'000s	2013 $'000s
CURRENT		
Warranties	**243**	403
Employee benefits	**76**	106
	319	509
NON-CURRENT		
Employee benefits	**10**	15
	10	15

	Warranties $'000s	Total $'000s
Opening balance at 1 July 2013	**403**	**403**
Additional provisions	**-**	**-**
Provisions used	**(60)**	**(60)**
Provisions reversed	**(100)**	**(100)**
Balance at 30 June 2014	**243**	**243**

Provision for Warranties

A provision of $243,000 at 30 June 2014 (2013: $403,000) has been recognised for estimated warranty claims in respect of products and services which are still under warranty at the end of the reporting period. The provision was assessed by reference to the actual warranty costs incurred over the prior 12 months, this amount was then adjusted to reflect the anticipated future group warranty costs.

Refer to Note 1(k) for the relevant accounting policy and Note 1(s) for a discussion of the estimations and assumptions applied in the measurement of this provision.

Provision for Employee Benefits

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

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

16 Tax

(a) Recognised deferred tax assets

	Note	2014 $'000s	2013 $'000s
Deferred tax assets	16(d)	**2,292**	1,742
		2,292	1,742

(b) Recognised deferred tax liabilities

	Note	2014 $'000s	2013 $'000s
Deferred tax liabilities	16(c)	**72**	-
		72	-

(c) Deferred tax liability

	Opening Balance $'000s	Charged to Income $'000s	Closing Balance $'000s
Deferred tax liability			
Deferred tax liability			
- Property, plant and equipment	**-**	**71**	**71**
Other deferred tax - UD2	**-**	**1**	**1**
Balance at 30 June 2014	**-**	**72**	**72**

(d) Deferred tax assets

	Opening Balance $'000s	Charged to Income $'000s	Closing Balance $'000s
Deferred tax assets			
Provisions	149	94	243
Employee benefits	4	23	27
Accrued expenses	10	85	95
Unused tax losses	284	1,093	1,377
Other	9	(9)	-
Balance at 30 June 2013	456	1,286	1,742
Provisions	**243**	**115**	**358**
Employee benefits	**27**	**(1)**	**26**
Accrued expenses	**95**	**(82)**	**13**
Unused tax losses	**1,377**	**513**	**1,890**
Other	**-**	**5**	**5**
Balance at 30 June 2014	**1,742**	**550**	**2,292**

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2014

17 Issued Capital

	2014	2013
	$'000s	**$'000s**
31,114,866 (2013: 31,114,866) Ordinary shares fully paid	**7,284**	7,284
	7,284	7,284

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the parent entity. At shareholder's meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

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

(a) Movements in ordinary shares

	2014	2013
	$'000s	**$'000s**
At the beginning of the reporting period	**7,284**	6,524
Rights issue	**-**	1,572
Shares bought back on-market and cancelled	**-**	(812)
	7,284	7,284

	2014	2013
	No.	**No.**
At the beginning of the reporting period	**31,114,866**	23,952,979
Shares issued during the year:		
- Rights Issue	**-**	12,086,455
Shares bought back during the year and cancelled:		
- On-market share buy-back	**-**	(4,924,568)
At the end of the reporting period	**31,114,866**	31,114,866

Capital Transactions - 2013

On 13 March 2013 the company invited its shareholders to subscribe to a non-renouncable rights issue of ordinary shares at an issue price of $0.13 per share on a one for one basis of 1 share for every fully or partly paid ordinary shares held, with such shares to be issued on 19 April 2013. The offer was approximately 50% subscribed.

Management completed an on-market share buy-back of 4,924,568 shares on 26 June 2013 as approved at an Extraordinary General meeting on 25 June 2013. Shares on issue after the buy-back and cancellation amounted to 31,114,866. Shares were bought back at $0.16 cents. The completion of this on-market share buy-back resulted in the reduction of ordinary shares on issue by 14%. Settlement of the share buy-back was completed in July 2013.

17 Issued Capital (continued)

(b) Capital Management

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

The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued share capital, reserves and retained earnings as disclosed in the consolidated statement of financial position.

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

There are no externally imposed capital requirements.

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

(c) Dividend Re-investment Plan

The Group established a Dividend Re-investment Plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than being paid in cash. Shares are issued under the plan at 3% discount to the weighted average ex-dividend quoted market price for the five business days following ex-dividend quotation.

The Dividend Re-investment Plan was operational for the dividend which was paid on 2 December 2011. The Dividend Re-investment Plan has since been suspended in the short term.

(d) Share Options

At 30 June 2014 there were no share options on issue (2013: Nil).

18 Earnings per Share

(a) Earnings used to calculate overall earnings per share

	2014 $'000s	2013 $'000s
Profit attributable to members of the parent entity used in the calculation of basic and diluted EPS	**(1,498)**	(2,718)

(b) Weighted average number of shares used

	2014 No.	2013 No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted EPS	**31,114,866**	26,289,590

There are no potential ordinary shares outstanding.

19 Controlled Entities

	Country of Incorporation	Percentage Owned (%) 2014	Percentage Owned (%) 2013
Parent Entity:			
AstiVita Limited	Australia		
Subsidiaries:			
AstiVita Bathrooms and Kitchens Pty Ltd	Australia	**100%**	100%
Solarpower Pty Ltd	Australia	**100%**	100%
Bompani Italia Pty Ltd [1]	Australia	**-**	50%
Indent Manufacturing Pty Ltd	Australia	**100%**	100%
Thermasol Pty Ltd	Australia	**100%**	100%

[1] Bompani Italia Pty Ltd

During the financial year 2013 the Group controlled Bompani Italia Pty Ltd as the Director representing the Group on the Board of Bompani had the casting vote under the shareholders agreement. Subsequently in the financial year 2014, the Group deregistered Bompani Italia Pty Ltd.

20 Capital and Leasing Commitments

Operating Leases

	2014 $'000s	2013 $'000s
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	**390**	390
- later than one year but not later than five years	**390**	815
	780	1,205

The Group had no other significant capital expenditure or lease commitments at the reporting date (2013: None).

21 Contingencies

In the opinion of the Directors, the Company did not have any material contingencies at 30 June 2014 (30 June 2013:None).

22 Operating Segments

Segment Information

During the year, the Group has reassessed its segment disclosure obligations in accordance with AASB 8 Operating Segments following the business restructure undertaken in the first half of this financial year. The Chief Operating Decision Maker ("CODM") being the Non-executive Chairman and the Board assessed the Group performance as a single segment being the importation and supply of household products throughout Australia (eg. bathroom and kitchen products, hot water systems and photovoltaic panels).

(a) Major customers

Revenues of approximately $3,440,000 (2013: $5,736,000) are derived from three customers (2013: two customers).

23 Cash Flow Information

Reconciliation of loss for the year to net cash from operating activities

	2014 $'000s	2013 $'000s
Loss for the year	**(1,498)**	(2,920)
Adjustments for non-cash items in profit:		
- amortisation	**326**	84
- depreciation	**102**	56
- stock impairment	**502**	271
- net (profit)/loss on disposal of property, plant and equipment	**(5)**	15
- Adjustment of Non-controlling interest	**245**	-
- Movement in intangible assets	**(483)**	-
Change in operating assets and liabilities:		
- (increase)/decrease in trade and other receivables	**(1,194)**	1,173
- (increase)/decrease in inventories	**(105)**	45
- (increase)/decrease in deferred tax	**(478)**	(1,286)
- (increase)/decrease in other assets	**(66)**	(29)
- (increase)/decrease in current tax receivables	**-**	204
- increase/(decrease) in trade and other payables	**(45)**	(1,093)
- increase/(decrease) in provisions	**(195)**	239
Net cash from operating activities	**(2,894)**	(3,241)

24 Related Parties

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

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

(i) Key management personnel:

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

For details of remuneration disclosures relating to key management personnel, refer to Note 25: Interests of Key Management Personnel (KMP) and the remuneration report in the Directors' Report.

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

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

24 Related Parties (continued)

(b) Transactions with related parties

(i) Sale of goods and services

	2014 $	2013 $
Tamawood		
- Sales to Tamawood Limited	**2,231,458**	2,291,323

Sales mainly consisted of bathroom and kitchen products and solar systems to Tamawood Limited & its subsidiaries.

(ii) Purchase of goods and services

	2014 $	2013 $
Tamawood		
- Recharge of shared and joint costs*	**-**	558,868
- Advertising and IT Services	**64,543**	-
Mr L Mizikovsky		
- Rent and outgoings payments for premises leased from an entity controlled by Mr L Mizikovsky	**415,662**	351,050
ERC Traders Pty Ltd		
- Administration and payroll processing services provided by an entity controlled by Mr Acton	**85,362**	37,757

* AstiVita and Tamawood were co-located at Rocklea in 2013. As from 1 July 2014 AstiVita operates from seperate premises. Recharge of shared and joint costs in 2013 consisted of various overhead costs including rates and other recharges, marketing charges, motor vehicle costs, office printing and stationery and telephone recharges.

(iii) Outstanding balances

	2014 $	2013 $
Tamawood		
- Amounts receivable from Tamawood for sales	**453,751**	212,734
- Amounts payable to Tamawood for purchases	**14,400**	97,063
ERC Traders Pty Ltd		
- Amounts payable to ERC Traders	**6,352**	-

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

24 Related Parties (continued)

(c) Loans from related parties

At the Annual General Meeting in November 2013, shareholders unanimously approved an unsecured loan facility of up to $2,000,000 with further advances available at the discretion of Rainrose Pty Ltd, an entity controlled by the Non-executive Chairman. As at 30 June 2014 the loan amounted to $3,108,200. The loan with Rainrose Pty Ltd (an entity of Mr Lev Mizikovsky) has been provided to AstiVita and under the loan agreement is due for repayment in July 2016.

	Opening balance	Closing balance	Interest not charged	Interest paid/payable	Impairment
	$	$	$	$	$
Loans from Rainrose Pty Ltd					
2014	**-**	**3,108,200**	**-**	**88,200**	**-**
2013	-	-	-	-	-

25 Key Management Personnel Disclosures

(a) Key management personnel remuneration

	2014	2013
	$	$
Short-term employee benefits	**169,192**	621,783
Long-term benefits	**-**	2,833
Post-employment benefits	**4,468**	25,783
Termination benefits	**-**	29,422
	173,660	679,821

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

(b) Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 24: Related Party Transactions.

26 Financial Risk Management

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

The Company does not speculate in financial assets.

The Group is primarily exposed to the following financial risks:

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

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2014

26 Financial Risk Management (continued)

Objectives, policies and processes

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

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

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

(a) Credit risk

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

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

The utilisation of credit limits by customers is regularly monitored by management. Trade receivables consist of a large number of customers. The Group has two large debtor which represent 34% (2013: 33%) of the AstiVita trade debtors which at 30 June 2014 had a total amount outstanding of $1,219,809 (2013: $452,924). The Directors believe all outstanding amounts will be received. The Group has identified slow paying customers and is satisfied that the $177,000 (2013: $179,000) allowance for doubtful debts is adequate in the event the customers may not be able to meet their repayment commitment to the Group.

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

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

26 Financial Risk Management (continued)

(b) Liquidity risk

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

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

	2014	2013
	$'000s	$'000s
Current assets	**9,558**	9,517
Current liabilities	**(1,140)**	(2,187)
Working capital	**8,418**	7,330

Liquidity risk is further mitigated due to the loan facility provided by Mr Lev Mizikovsky, the Non-executive Chairman and substantial shareholder of the Group, as disclosed in Note 24.

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

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

		Not later than 6 months		1 to 5 years		Total	
		2014	2013	2014	2013	2014	2013
		$'000s	$'000s	$'000s	$'000s	$'000s	$'000s
Borrowings	-	**-**	-	**3,108**	-	**3,108**	-
Trade and other payables	-	**821**	1,678	**-**	-	**821**	1,678
Total contractual outflows *	-	**821**	1,678	**3,108**	-	**3,929**	1,678

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

(c) Market risk

(i) Interest rate risk

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

The Group adopts a policy of minimising exposure to interest rate risk. A +/-1% change in interest rates would change the net interest expense by **+/-$31,000** per annum (2013: +/-$12,000) on cash held at year end.

26 Financial Risk Management (continued)

(ii) Foreign currency risk

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

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

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

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

	2014 $'000s	2013 $'000s
Financial assets		
US Dollar bank account (cash at bank)	**-**	**9**
Euro bank account (cash at bank)	**-**	**57**
USD monies on deposit	**157**	**213**
Euro monies on deposit	**127**	**-**
Financial liabilities		
Trade payables denominated in USD	**(190)**	**(188)**
Net exposure	**94**	**91**

Spot rate at year end		
US Dollar	0.9280	0.9239
Euro	0.7458	0.7063

Foreign currency sensitivity analysis

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

It assumes a +/- 5% change of the Australian Dollar / US Dollar exchange rate for the year ended 30 June 2014 (30 June 2013: 5%). A +/- 5% change is considered for the Australian Dollar / Euro exchange rate (30 June 2013: 5%). Both of these percentages have been determined based on the historical market volatility in exchange rates.

26 Financial Risk Management (continued)

2014	USD	Euro	Total AUD
Net result for the year			
Australian dollar weakened 5%	**2**	**5**	7
Australian dollar strengthened 5%	**(2)**	**(5)**	(7)
Equity			
Australian dollar weakened 5%	**2**	**5**	7
Australian dollar strengthened 5%	**(2)**	**(5)**	(7)
2013			
Net result for the year			
Australian dollar weakened 5%	**2**	**3**	5
Australian dollar strengthened 5%	**(2)**	**(3)**	(5)
Equity			
Australian dollar weakened 5%	**2**	**3**	5
Australian dollar strengthened 5%	**(2)**	**(3)**	(5)

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

(d) Fair value estimation

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

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

Financial guarantee liabilities are treated as payable on demand since the Group has no control over the timing of any potential settlement of the liabilities.

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the consolidated statement of financial position due to the effect of discounting.

Financial liability maturity analysis - Non-derivative

The timing of expected outflows is not expected to be materially different from contracted cashflows.

27 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial 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.

Directors' Declaration
For the Year Ended 30 June 2014

The directors of the Company declare that:

1. the financial statements and notes for the year ended 30 June 2014 are in accordance with the *Corporations Act 2001*, the *Corporations Regulations 2001*, other mandatory professional reporting requirements and:

    a. comply with Accounting Standards, which, as stated in accounting policy note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

    b. give a true and fair view of the financial position and performance of the consolidated group;

2. the General Manager has given the declarations required by Section 295A that:

    a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;

    b. the financial statements and notes for the financial year comply with the Accounting Standards; and

    c. the financial statements and notes for the financial year give a true and fair view.

3. in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

4. The remuneration disclosures contained in the Remuneration Report in the Director's Report comply with section 300A of the *Corporations Act 2001*.

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

L Mizikovsky
Non-executive Chairman

Dated 27 August 2014

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ASSURANCE. STRATEGISTS
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Independent Auditor's Report to the members of AstiVita Limited

Report on the Financial Report

We have audited the accompanying financial report of AstiVita Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001,* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

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

Opinion
In our opinion:

a) the financial report of AstiVita Limited is in accordance with the *Corporations Act 2001*, including:

 (i) giving a true and fair view of the consolidated financial position as at 30 June 2014 and of its performance for the year ended on that date; and

 (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of matter – Going Concern
Without modifying our opinion, we draw attention to Note 1 to the financial report which indicates that the company incurred a net loss of $1,498,000 during the year ended 30 June 2014. This condition, along with other matters set forth in Note 1(t), indicates the existence of a material uncertainty, which may cast significant 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.

Emphasis of matter – Accounting Estimates
Without modifying our opinion, we draw attention to Note 1(s) to the 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 1(s) indicate the existence of a material uncertainty regarding the valuation of the related items. This inherent uncertainty means that there is a significant risk of a material adjustment to the reported value of the related items in the next financial year and therefore the related items may be realised at amounts that differ from the estimates recorded at 30 June 2014 and may not be realised in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report
We have audited the Remuneration Report included in pages 7 to 11 of the directors' report for the year ended 30 June 2014. 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.

Opinion
In our opinion, the Remuneration Report of AstiVita Limited, for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001.*

HANRICK CURRAN AUDIT

HANRICK CURRAN AUDIT PTY LTD
Authorised Audit Company: 338599

M. J. GREEN
Director

Brisbane, 27 August 2014

Shareholder Information

ASX Additional Information

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 22 August 2014.

Substantial shareholders

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

Shareholders	Number of shares
POLTICK PTY LTD	13,271,948
NOWCASTLE PTY LTD	3,280,338

Voting rights

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

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

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

Distribution of equity security holders

Holding	No. of Shares	No. of Holders
1 - 1,000	40,863	107
1,001 - 5,000	748,343	249
5,001 - 10,000	704,552	92
10,001 - 100,000	4,347,284	140
100,000 and over	25,273,824	29
Total	**31,114,866**	**617**

There were 356 holders of less than a marketable parcel (5,000 shares based on the market price of $0.10 as at 22 August 2014) of ordinary shares and they held 789,206 shares.

Shareholder Information

Twenty largest shareholders

	Number held	% of issued shares
POLTICK PTY LTD	13,271,948	42.65
NOWCASTLE PTY LTD	3,280,338	10.54
KRYSAN PTY LTD	1,555,742	4.99
MR LEV MIZIKOVSKY & MRS EMILY D MIZIKOVSKY	983,753	3.16
STODDART BUILDING PRODUCTS PTY LTD	661,179	2.12
K R KHATRI (DENTAL) PTY LTD	614,500	1.97
ROLLEE PTY LTD	522,180	1.68
MR RADE & MRS JACQUELINE DUDUROVIC	460,000	1.48
MRS WENDY LAURA HOPSICK	436,279	1.40
BEOWULF PTY LTD	357,318	1.15
THE L AND R SUPER FUND PTY LTD	326,758	1.05
ARACAN PTY LTD	253,028	0.81
MR STUART KEITH ANDERSON	250,000	0.80
MR JOHN PEARCE & MRS SANDRA PEARCE	210,000	0.67
MR SCOTT GILCHRIST	209,043	0.67
LEOPARD CAPITAL PTY LTD	180,000	0.58
MR MICHAEL ERNEST GRANATA	175,000	0.56
THE I & J COMPANY PTY LIMITED	150,000	0.48
MR RICK KOWITZ & MS JANELLE KOWITZ	135,600	0.44
KUMAR SAI FAMILY SUPERANNUATION FUND PTY LTD	134,000	0.43
Total	**24,166,666**	**77.63**

Securities exchange

The Company is listed on the Australian Securities Exchange.

Share registry

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