



## ASX ANNOUNCEMENT

### Simavita releases 2016 Annual Report

For Immediate Release:

28 October 2016

**Sydney, Australia** – Simavita Limited (“**Simavita**” or the “**Company**”) (ASX: SVA) is pleased to release its 2016 Annual Report.

Copies of the 2016 Annual Report may be obtained from the Company by contacting Ms Katie Turnbull at [kturnbull@simavita.com](mailto:kturnbull@simavita.com) or via telephone on (02) 8405 6300.

For further information, please visit the Company’s website ([www.simavita.com](http://www.simavita.com)) or contact the person outlined below.

Ms Peta Jurd  
Chief Commercial Officer

E: [pjurd@simavita.com](mailto:pjurd@simavita.com)  
T: +61 421 466 653  
W: Investor Centre: [Click here](#)

#### About Simavita

Simavita is a company established to deliver innovative continence solutions for our customers, developed in ethical collaboration with healthcare professionals.

Simavita’s patented and leading assessment tool is designed to dramatically improve the quality of life for those suffering from incontinence. For operators, hospitals and rehabilitation centres, this enables care providers and other institutions to significantly lower their material costs and reduce the time required to manage incontinence in patients.

Operating in Australia, Europe and North America, conducting assessments is mandatory in these countries and the incontinence assessment creates an influential element of care of each individual.

---

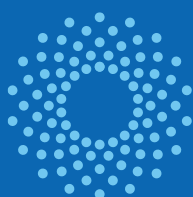
#### Forward-Looking Information

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

*Forward-looking information relates to future events or future performance and reflects Simavita management’s expectations or beliefs regarding future events. Assumptions upon which such forward-looking information is based include that Simavita will be able to successfully execute on its business plans. Many of these assumptions are based on factors and events that are not within the control of Simavita and there is no assurance they will prove to be correct.*

*In certain cases, forward-looking information can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “potential”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or information that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved” or the negative of these terms or comparable terminology. By its very nature forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or*

*achievements of Simavita to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, risks related to actual results of current business activities; changes in business plans and strategy as plans continue to be refined; other risks of the medical devices and technology industry; delays in obtaining governmental approvals or financing or in the completion of development activities; as well as those factors detailed from time to time in Simavita's interim and annual financial statements and management's discussion and analysis of those statements. Although Simavita has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Simavita provides no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information*

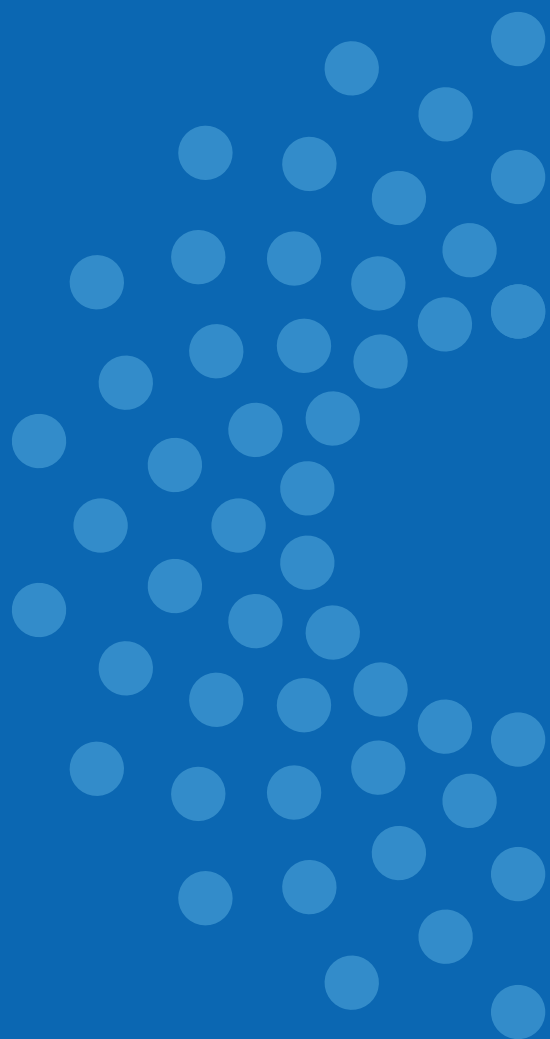


# Simavita

Annual Report 2016



Simavita Limited (ASX: SVA) is at the leading edge of the digital healthcare revolution. Our Smart Incontinence Management (SIM™) system is the first product in the world to displace an ineffective, manual assessment process for incontinence management with a digitised system.



# Contents

About Simavita	<b>2</b>
Message from the Chairman	<b>4</b>
Introducing assessPLUS	<b>6</b>
Board of Directors and Senior Management	<b>8</b>
Management Discussion and Analysis	<b>10</b>
Consolidated Statement of Comprehensive Loss	<b>27</b>
Consolidated Statement of Financial Position	<b>28</b>
Consolidated Statement of Changes in Equity	<b>29</b>
Consolidated Statement of Cash Flows	<b>30</b>
Notes to the Consolidated Financial Statements	<b>31</b>
Independent Auditor's Report	<b>54</b>
ASX Additional Information	<b>56</b>
Corporate Information	<b>59</b>

The Corporate Governance Statement outlining Simavita Limited's corporate governance framework and practices in the form of a report against the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, 3rd Edition, is available on the Simavita Limited website at <http://www.simavita.com/irm/content/corporate-governance.aspx?RID=389> in accordance with ASX listing rule 4.10.3. The Directors approved the 2016 Corporate Governance Statement on 27 September 2016.

# About Simavita

Our goal is clear, to enable the health care industry to do much more with far less cost and resource.

## Introduction

simavita Limited (ASX: SVA) is working hard to establish itself as a global leader in the field of smart, wearable and disposable technologies for the health care market.

***Our goal is clear, to enable the health care industry to do much more with far less cost and resource.***

Our technologies are absolutely focused upon those people who will benefit most from continual electronic monitoring and care. This is a rapidly growing community of people who consume, by far, the largest amount of resource across the entire health care industry... our senior members of the community and those people of any age with chronic disabilities.

We're proud that Simavita has developed and commercialised the world's first wearable and completely disposable technology for the assessment and management of incontinence. This is a global market with approximately 400 million<sup>1</sup> people affected and with an annual cost to the economy in the billions of dollars to assess and manage people of all ages.

Importantly, the community we serve is growing rapidly. It is demanding more – more in terms of service levels, greater efficiencies, and greater accuracy with substantially less cost and with spontaneous results.

Simavita has established the platform and are now focused on delivering commercial outcomes in our first wearable and disposable technology applications.

## SIM™ – smart, wearable and disposable technology

Smart Incontinence Management (SIM™) is Simavita's first smart, wearable and disposable technology application. SIM™ is a fully disposable sensor placed in an incontinence pad or diaper. It is a comprehensive and fully automated incontinence assessment and management product. SIM™ is particularly suited for use in hospitals, rehabilitation institutions and aged care facilities who have high quality standards, demanding service requirements and a need for comprehensive data. SIM™ data is absolutely secure and fully integrated with many electronic health record software packages. Importantly, SIM™ is cloud based and wifi enabled.

## assessPLUS – incontinence management made simple

The latest generation in incontinence management has now been released to the market. assessPLUS is a low cost, smart, wearable device that leverages the analytical capabilities of SIM™. Designed for aged care operators with mandatory reporting requirements and importantly for those people in the community with disabilities of any age as well as for those seniors living at home. assessPLUS is a stand-alone product which has been designed to be easy to use with minimal input from carers... training and implementation is straight out of the box. It's an easy to use incontinence assessment and management tool.

1. Incontinence is a medical condition and set of diseases that affects between 4% and 8% of the population or the lives of almost 400 million people worldwide - Global Forum on Incontinence - <http://www.gfiforum.com/incontinence>

### Simavita incontinence assessment and management delivers real results

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

- Improved quality of life for those who suffer incontinence. Simavita solutions ensure incontinence is managed properly helping people to regain confidence and enjoy their lives, enjoy social activity without fear of embarrassment
- Falls, together with the fear of falling, amongst seniors and people with disabilities often lead to life threatening injuries. These risks may be either eliminated or dramatically reduced by aligning toileting interventions with need
- Skin care is improved by minimising the potential for wetness accumulation near the skin
- Urinary tract infections that so often accompany incontinence may be dramatically reduced or eliminated by properly aligning hygiene management with need
- Dramatically improved hydration through fluid monitoring and, as a consequence, improved mental and physical acuity
- Eliminates time consuming and invasive manual assessment
- For those people particularly with incontinence related to a physical impairment, such as a stroke, who are undergoing rehabilitation, the Simavita product can often lead to retraining and restoring continence either in part or in total.

- A true and accurate record with which to have meaningful dialogue with those who live with the issue of incontinence, and to satisfy statutory and regulatory requirements
- Importantly, our experience is that the Simavita incontinence assessment and management products lead directly to substantial cost savings both in terms of pad and diaper costs as well as carer time required to manage those people who may be incontinent

Simavita smart, wearable and disposable devices including SIM™ and assessPLUS are medical devices which have been cleared for use by the United States Food and Drug Administration, Health Canada and The Therapeutics Goods Administration of Australia. Furthermore, our products are CE marked for use within the European Union.

### Evolving disposable sensors technology

The Company's immediate strategy is to continue to evolve its smart, wearable and disposable sensors. We have an impressive array of intellectual property patents covering 12 families of patents with 46 granted and 26 in review across all important international markets. Simavita devotes substantial budget to research and development and to expanding our global footprint.

Central to our immediate goals is to deliver totally disposable PEEL & APPLY sensors to global incontinent pad and diaper manufacturing partners. Our greatest immediate technical opportunity will now be to deliver on a technology that will be positioned to become inexpensive and ubiquitous to any product associated with managing people with incontinence.

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

Simavita have a direct presence and a growing distribution capability across major markets in the United States, Europe, Australia and Canada.

It's important to remember that as a company, Simavita is responsible to its shareholders. We must deliver on the promise of our product innovation in a profitable and rapidly growing manner. It is in this regard that we have, and will continue to have, a focus on increasing sales and in developing partnerships with significant corporations.

### Milestones

During FY 2016, Simavita achieved the following significant milestones:

- Significant restructure of the business and reduction of the cost base.
- Designed and, at the date of this report, delivered accessPLUS, the fifth generation of our platform technology to simplify the solution and cater for additional markets
- Generated revenue across three continents – Australia, North America and Europe with expansion into The Netherlands and Switzerland
- The number of long term care beds under contract grew from 5,099 to 13,127
- Signed interoperability agreements with leading Electronic Health Record companies Point Click Care and Matrix Care in North America and Healthmetrics in Australia.
- First sale into geriatric rehabilitation units in 2 of Queensland's leading hospitals
- Increased offshore manufacturing to continue reduction in cost of goods sold
- Expanded patent families and patents granted in target markets
- Secured additional capital to support continued product innovation and global expansion.

## Message from the Chairman



Michael Spooner – Chairman

Thank you to our shareholders who have supported Simavita and continue to show their strong belief in the future of the Company.

Simavita, with your support, is strongly focused on the business at hand; creating a commercially successful and growing corporation in the field of incontinence and incontinence management.

### Rising to the opportunity

The 2016 financial year represented significant change within your company, change that was initiated and strongly supported by shareholders; change that saw a commitment to the future of the company, our technology and our people. Simavita, with your support, is strongly focused on the business at hand; creating a commercially successful and growing corporation in the field of incontinence and incontinence management.

Incontinence and the management of incontinence is a major and rapidly growing challenge. The annual cost to the global economy is in the billions of dollars and rising. It is an enormous cost that includes both incontinence materials as well as the significant time spent by carers in managing people suffering incontinence. Most significantly, it impacts a growing community of seniors as well as people of any age who may be affected by disability and illness.

We have a unique opportunity to materially grow our incontinence business right now, in a field in which Simavita is widely recognised as a global leader. We have commenced this new financial year with an absolute eye toward tightly managing our cash outflows, whilst directing our resources toward selling product.

We have also committed to rapidly delivering simpler and cheaper products which are demanded by our markets.

Through our people in Europe, North America and Australia as well as our partner organisations, we have access to growing international markets that demand new product that is easier and faster to use, whilst delivering real benefit to people with, and to those who manage, incontinence.

Our new markets extend well beyond senior care facilities, including community care where people are striving to stay at home longer. Additionally, we are very much engaged in delivering product to people of any age who may be ill and in hospital, in rehabilitation or may be disabled.

In Australia, we have materially reduced head count and costs. We have refocused our attention to the rapid delivery of new product to national and international markets. Furthermore, our sales efforts have redoubled by expanding our target market opportunities and by sharpening the way in which we sell product.

Our team in Europe operates from the Netherlands. Our strategy is to rapidly develop, commercially sound distribution relationships throughout Europe. Whilst it is still very early days, I'm already delighted with the results gained from building our commercial relationship with an existing partner organisation in Europe; and even more so, in the development of new distribution partnerships.





Europe holds significant promise for your company particularly in terms of government sponsored programs which positively impact the management of incontinence.

In North America, we have revisited our key distribution relationships with a view to broadening and strengthening the way in which we address the market. Our challenge is to quickly transition into a commercially sound business.

Your Board of Directors has taken a very proactive role in transitioning to a new business model. We have decided not to appoint a new CEO or CFO at this time. Rather, in the interests of rapid progress, whilst minimising risk and significant cost, your Board has engaged directly with senior management to deliver a new business strategy and to institute significant change. Day to day management has been delegated to an Executive Committee consisting of senior staff members. This Committee reports directly to both the Board and on a daily basis to me, as Chairman and Dr Gary Pace, our US based director. Furthermore, Dr Pace and I actively attend the company's offices on a regular basis and attend meetings. Senior management appointments will be made immediately your Board sees a significant and lasting turn around in the Company's operations.

I'm proud of the way in which Simavita staff have responded to the significant challenges of 2016. I believe we have the right team in place to drive the Company forward and to rise to the many challenges we will definitely encounter as we grow to profitability.

I'd particularly like to thank our shareholders who have supported the Company and continue to show both their interest and belief in the future of the Company.

Please read the accompanying financial statements of Simavita Limited for the financial period ended 30 June 2016.

Yours Sincerely

**Michael Spooner**  
Chairman of the Board

**Our commitment in 2016/17:**

- Dramatically improve sales performance.
- Deliver new, easier to use product.
- Build on our technology platform.

## Introducing assessPLUS

# Incontinence Management made Quick and Easy

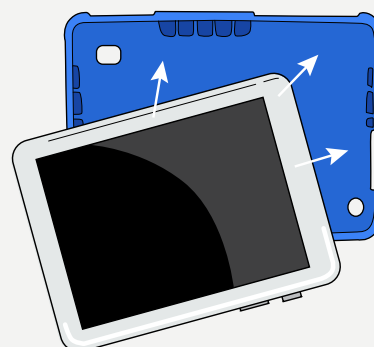
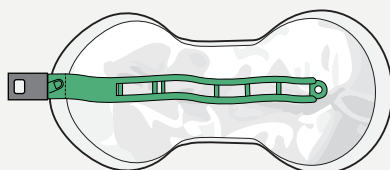
Simavita are excited to introduce **assessPLUS**, a truly progressive solution for the assessment and management of incontinence. Built on a solid foundation of in-market experience, patented solutions, and advanced technology, assessPLUS delivers all of the benefits of instrumented assessments and editable, automated care planning in a portable, easy to use, rapid deployment package.

### **assessPLUS** - Clip and Go

Founded on the strength of Simavita's Smart Incontinence Management technology (SIM™).

**assessPLUS** meets the market demand for wearable technology that not only turns data into actionable information, but does so with virtually no training or infrastructure complexity. Features include fully stand-alone capability (networking / cloud optional), integrated training and help, streamlined workflow, and editable, automated recommendations for the key parameters of incontinence product change times, volume to manage, and toileting times aligned to maximise toileting success.

**assessPLUS** contains everything needed for assessment and care planning



**" assessPLUS delivers all of the benefits of instrumented assessments and editable, automated care planning in a portable, easy to use, rapid deployed package"**

# assessPLUS - Clip and Go

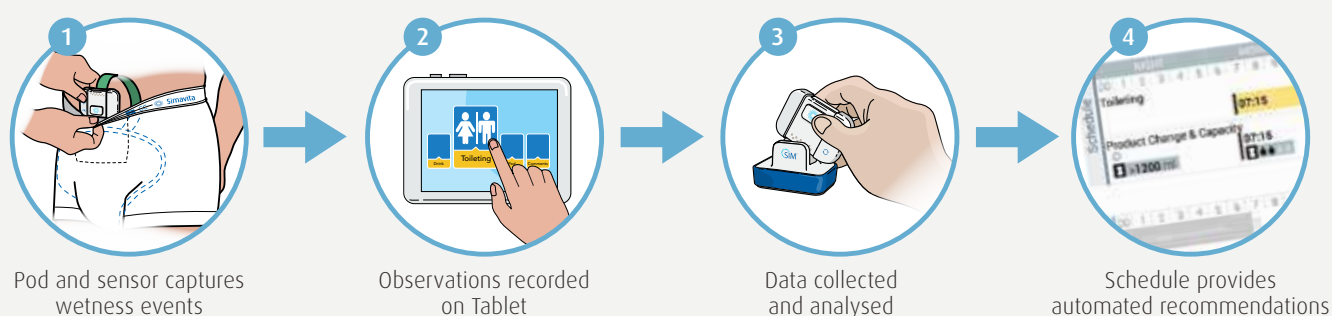
Collecting data and creating evidence based care plans has never been easier or faster!

**Portable** - the first wearable sensor designed as an automated, walk-away solution for caregivers conducting continence assessments.

**Clip and Go** - data collected electronically, let the software analyse the data and create the report. Makes validation easy.

**Simple process** - now takes the guesswork out of viewing incontinence data, which is often hard to understand with other wearable sensors.

**Smart software recommendations** - including optimal toileting times, continence product capacity and change times, all in one simple "click".



## Why use assessPLUS

**Optimise staff time** spent performing unnecessary toileting and changing of continence products.

**Reduce continence product capacity** - lower operating costs.

**Evidence based care planning** - automated to reduce time and takes out the guesswork.

**Reduce the risk of falls, UTI's, and skin breakdown** associated with continence management.

## Features and Benefits that add value for customers

Feature	assessPLUS	Benefit	Value
Simple selling solution	✓	Shortened sales cycle	End user decision making quicker assisting in up-take of innovative technology
Takes out the Guesswork	✓	Automated Schedule provides realistic care routines to follow	Evidence - based data provides improved dignity and independence
Cost effective Medical Device	✓	Affordable evidence based continence assessments reducing overall pad consumption and cost	More assessments completed
Reliable	✓	Set up in four easy steps using a simplified workflow	Engages end user to continue to assess
Portable	✓	Use in any setting: Rehab Community, Hospital, Aged Care and Disability sectors	Increases potential customer base
Minimal/no IT requirement	✓	Minimise on - site deployment. No down time	Reduced customer support, lowering network and computing costs
Embedded Help function	✓	Intuitive built-in training and education	Low, to no training requirements easy to rollout
No user Log-In for carers observation	✓	Entries not dependent on remembering passwords	Quick and easy recording of observations, allowing time for other care activities
Events and Observations recorded in real time	✓	Evidence based Bladder chart is created	Greater accuracy of the recommended care plan to restore and, or improve continence management
Automated, editable care plans	✓	Recommends the toileting/pad changes times and pad volume to manage	Reduced time spent creating continence care plans
Integrated, automatic report generation	✓	Smart software generates the report for the end user. Reduced paperwork	Minimise the time/effort required to create reports and optimising clinical care

# Board of Directors and Senior Management

## Directors



**Mr Michael Spooner**  
Non-Executive Chairman

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

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

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

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



**Dr Gary W Pace**  
Non-Executive Director

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

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

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



**Mr Warren R. Bingham**  
Non-Executive Director

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

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

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

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

## Executive Team



**Peter J. Curran**  
Chief Technology Officer

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



**Peta Jurd**  
Chief Commercial Officer/  
Company Secretary

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

Peta holds qualifications in Commerce, Law and Corporate Management.

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



**Christopher R. Southerland**  
Vice President,  
US Sales & Marketing

Chris was appointed executive VP of Sales and Marketing in the US in March 2015. He has worked for over 25 years in sales and marketing, serving in senior leadership roles with large global multi-national companies including iDexx Laboratories, Sysmex and Molnlycke Healthcare, as well as early phase diagnostic and digital technology companies. Chris is a graduate of the University of Georgia and resides in Atlanta, Georgia, where he leads the Company's growth initiatives in the North American market.



**Wessel Van Dijk**  
Vice President,  
EU Sales & Marketing

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

# Management Discussion and Analysis

(Form 51-102F1)

for the year ended 30 June 2016

The following Management Discussion and Analysis ("MD&A") of the results and financial position of the Group for the year ended 30 June 2016 should be read in conjunction with the information provided in the Group's financial statements for the year ended 30 June 2016 ("Financial Statements") and the material contained herein.

Unless otherwise noted, all currency amounts contained in this MD&A and in the Financial Statements are stated in Australian dollars. The information presented in the Financial Statements is prepared in accordance with International Financial Reporting Standards ("IFRS").

## DATE

This MD&A is dated 30 August 2016.

## Overall performance and discussion of operations

### Highlights

#### Financial year ended 30 June 2016

- Total revenue from the sale of SIM™ of \$793,181 (\$778,574 year ended June 2015) represents an increase of 2% from prior year.
- Consolidated loss after income tax was \$11,457,221, an increase of 21%, from prior year.
- Additional equity capital of \$9,128,000 before associated costs was raised during the 2016 financial year.
- Cash and cash equivalents at 30 June 2016 of \$6,172,770 are 32% lower than the balance at 30 June 2015.
- Cost reduction program has resulted in approximately 40% reduction in monthly cash spend from March to June 2016.

#### Fourth quarter ended 30 June 2016

- Revenue from the sale of SIM™ of \$264,176 represents an increase of 65% over the same prior year period.
- Revenue in the quarter included sales to a recently appointed distributor for The Netherlands and Sweden.
- Additional equity capital of \$7,353,000, before associated costs, was raised during the quarter.

### Overview

The Simavita Group of companies (the "Group") was established to deliver innovative continence solutions for our customers developed in ethical collaboration with healthcare professionals.

Simavita's patented and leading assessment tool is designed to dramatically improve the quality of life for those suffering from incontinence. For aged care operators, hospitals, rehabilitation centres, home care and disability care providers the Simavita assessment tool enables users to significantly lower their continence product costs and reduce the time required to manage incontinence in patients whilst at the same time improving clinical outcomes.

Simavita operates in Australia, Europe and North America where conducting assessments is mandatory in aged care facilities and incontinence assessment creates an influential element of care of each individual.

### Australia

The Company's customer base in Australia continues to expand with the SIM™ technology contracted for use by 60 residential aged care facilities as at the date of this MD&A. In addition during the year Queensland Department of Health awarded Simavita a 2 year contract totalling \$469,450 to supply the SIM™ technology to 2 large public hospitals in Brisbane for use in their geriatric rehabilitation units and continence clinic. Implementation of the project is close to finalisation.

Early in 2016 Simavita successfully completed the first phase of integration of its SIM™ technology into Health Metrics' eCase® electronic care plan solution. Clinicians with eCase® will be prompted to run the instrumented SIM™ assessment. Simavita is committed to integrating its products with a broad range of Electronic Health Record systems so as to promote the safe and efficient management of data.

During the 2nd half of the financial year Simavita broadened its focus to include the home care and disability markets. Several of the Company's existing aged care customers who also have home care businesses asked for the opportunity to use the technology in the home environment. The trial delivered very positive clinical results as well as considerable cost savings in incontinence products for the patients and home care.

This area will be a major focus for Simavita in the 2017 financial year. This aligns with the Federal Government's strategies to encourage ageing in place. Early trials with disability participants have also shown considerable cost savings in incontinence products and detailed care planning information to assist with continence management.



## Overall performance and discussion of operations (continued)

### Overview (continued)

#### North America

In February 2016, to further expand its US presence, Simavita entered into an agreement with PointClickCare, a leading electronic healthcare records (EHR) provider to the US long term, post-acute care healthcare market, where its EHR solution is currently deployed across more than 12,000 aged care facilities. Under this agreement, the parties are collaborating to jointly develop an integrated solution to effect interoperability between SIM™ and PointClickCare's EHR solution. The ability of SIM™ to integrate seamlessly with such systems represents a major opportunity to gain widespread acceptance of its technology in that market.

As at the date of this MD&A, the Group's technology is being used, or is contracted to be used, by 88 skilled nursing and assisted living facilities in North America representing 6769 beds. Included in the 88 facilities is 11 Continuing Care Retirement Communities (CCRC's). CCRC's comprise of Skilled Nursing, Assisted Living and Independent Living on one campus. The CCRC concept is growing in the U.S. in order to provide various levels of clinical support based on a resident's needs as they age.

Key sales during the year included Vivage Senior Living group with 22 skilled facilities and over 2,000 beds now utilising SIM™ technology; RFMS in the Illinois region with 7 skilled facilities and over 700 beds and Responsive Management in Canada with 9 skilled facilities and over 1,300 beds. In the assisted living market segment, The Cottages contracted to use SIM™ in their 10 homes covering 450 beds. The Group also signed its first adult day care customer which provides day care to the elderly as well as other patients living at home.

Our North American operations have focused on appointing distributors and during the year appointed one of Canada's largest companies in the field so as to gain access to expand sales, marketing and distribution network in the Canadian market.

#### Europe

Following the appointment of a VP Sales and Marketing Europe in late 2015, expansion in Europe has continued with Simavita's Danish distributor, Abena signing a 2-year contract with the Municipality of Aarhus, Denmark to supply the SIM™ incontinence assessment system, to care homes across the Municipality.

Also in Q4 2016 Simavita signed a distribution agreement with a distributor in The Netherlands to supply care homes in The Netherlands and Sweden.

Further expansion into other European countries is envisaged during the 2017 financial year with distributors identified in Germany and Spain.

#### Changes to the Board of Directors

During the year ended 30 June 2016, the following changes to the Company's Board of Directors occurred:

- On 29 February 2016 Mr. Ari Bergman and Mr. Damien Haakman resigned as Directors.
- On 27 April 2016 Mr. Michael Spooner was appointed as a Director of the Company and as its Chairman.
- On 27 April 2016 Dr. Gary Pace was appointed as a Director of the Company.
- On 27 April 2016 Mr. Michael Brown resigned as Director and Chairman.
- On 27 April 2016 Mrs. Philippa Lewis resigned as a Director.
- On 6 May 2016 Mr. Craig Holland resigned as a Director.

#### Shareholder meetings

Three meetings of the Company's shareholders were held during the 2016 financial year. All resolutions that were put before the shareholders at these three meetings were passed.

#### Tax incentive scheme payment

On 15 January 2016, the Company announced the receipt of \$1,340,253 under the Australian Government's R&D Tax Incentive Scheme in respect of the year ended 30 June 2015. The amount received was consistent with the estimate of \$1,339,584 that was included in the Company's financial statements for the year ended 30 June 2015.

#### Likely developments

During the 2017 financial year, the Group will focus on significantly increasing the sales of its products in Australia, North America and Europe. Importantly, Simavita is committed to expanding its range of products into new and potentially significant markets and sectors. New products will leverage the Group's underlying platform technology.

#### Changes to capital structure

During the period from 1 July 2015 up to the date of this MD&A, the Company completed various transactions that have resulted in additional securities being issued and further capital being raised by the Company, as detailed below:

- On 7 July 2015, the Company granted a total of 193,000 unlisted stock options pursuant to the Company's stock option plan to three employees of the Company. Each option, which was granted at no cost, entitles the holder to acquire one common share in the Company at a price of \$0.70 per share. The options vested immediately upon the date of grant and have an expiry date of 30 June 2019.
- On 18 September 2015, the Company granted a total of 250,000 unlisted stock options pursuant to the Company's stock option plan to a consultant of the Company, as part of a pre-existing obligation. Each option, which was granted at no cost and entitles the holder to acquire one common share in the Company at a price of \$0.50 per share. The options vested immediately upon the date of grant and have an expiry date of 18 September 2018.

# Management Discussion and Analysis

(Form 51-102F1)

for the year ended 30 June 2016

## Overall performance and discussion of operations (continued)

### Changes to capital structure (continued)

- On 28 January 2016 the Company issued a total of 4,000,000 CDIs (represented by 4,000,000 common shares) to institutional and sophisticated investors in Hong Kong, Germany and Australia (the “Placement”). The issue of the securities under the Placement, at the issue price of \$0.15 per security, raised a total of \$600,000, before the payment of associated expenses. In addition, 800,000 Placement Options were issued on the basis of one attaching Placement Option for every five CDIs issued. Each Placement Option will entitle the holder to acquire one common share/ CHES Depository Interests (CDIs) in the Company at an issue price of AUD\$0.15 for a period of 12 months from the date on which the Placement Option is granted. The Placement Options will not be listed on either the ASX or the TSX-V.
- On 19 February 2016 the Company issued a total of 1,225,000 CDIs (represented by 1,225,000 common shares) to existing shareholders under a Share Purchase Plan. The subscription price was AUD\$0.15 per CDI, with one additional CDI being allotted for every 20 CDIs that were applied for.
- At the Special General Meeting held on 25 February 2016 shareholder approval was received to issue to Dussman Pty Ltd (an entity associated with Mr. Damien Haakman, a past Director of the Company) 6,666,667 common shares at an issue price of \$0.15 per share and 1,333,333 Placement Options.

- On 27 April 2016 the Company issued secured notes totalling \$3,063,000. The terms of the secured note issue provided that the secured notes would automatically convert into CDIs on the Company obtaining shareholder approval. A Special General Meeting was held on 23rd June, 2016 where the conversion was approved. The conversion price under the secured notes was AUD\$0.05 and the conversion into 61,260,000 CDIs (represented by 61,260,000 common shares) was finalised on 29 June 2016.
- On 29 June 2016 the Company issued a total of 85,800,000 CDIs (represented by 85,800,000 common shares) to institutional and sophisticated investors in Hong Kong, Germany and Australia (the “Placement”). The issue of the securities under the Placement, at the issue price of \$0.05 per security, raised a total of \$4,290,000, before the payment of associated expenses.

## Discussion of operations

### Statement of comprehensive loss Overview

The Group reported a consolidated loss after income tax for the year ended 30 June 2016 of \$11,457,221, which was \$1,994,012, or 21%, more than the loss incurred during the previous year ended 30 June 2015 of \$9,463,209. The increase in the current year loss is principally attributable to:

- The establishment of a small team in Europe to support the Company’s European customers and to expand into other countries (\$388,912);
- Together with increases in sales, marketing and distribution expenses (\$1,515,545) excluding Europe detailed above, research and development expenses (\$397,937); and
- Offset by the income tax benefit \$170,885.

The consolidated loss after income tax for the quarter ended 30 June 2016 was \$2,563,170, which was \$719,077, or 22%, less than the loss incurred during the previous corresponding period ended 30 June 2015 of \$3,282,247. The decrease in the current quarter loss is principally attributable to:

- A reduction in research and development expenses for the quarter from \$735,347 in 2015 to \$610,085 in 2016.
- An increase of the income tax benefit for the quarter from \$312,084 in 2015 to \$691,582 in 2016.
- A reduction in share-based payments expense from \$291,850 during the June 2015 quarter while there was no corresponding expense in the 2016 quarter.

### Revenues

Revenues generated by the Group from the sale of its SIM™ solution increased by \$14,607, or 2%, to \$793,181 during the year ended 30 June 2016 as compared to \$778,574 for the previous corresponding year despite the previous year’s revenue having included the receipt of Simavita’s first and only significant order of \$207,639 from its US distributor, Medline.

Total revenues generated during the quarter ended 30 June 2016 were \$264,176, representing an increase of \$104,428, or 65% over the revenue generated during the corresponding period in 2015 of \$159,748.

Whilst the full revenues were flat there was strong growth across all markets in the June quarter including sales to distributors in The Netherlands and Sweden.

Importantly, the Group is committed to the introduction of new products so as to address large and expanding markets associated with Community and Disability markets. These new product initiatives will be significantly easier for carers to use and will be repriced to appeal to a far larger target audience.



## Overall performance and discussion of operations (continued)

The Group anticipates that sales of SIM™ in Australia will continue to grow as sales and marketing efforts result in further aged care facilities adopting the technology. Furthermore, the Group intends to aggressively expand into Community and Disability markets.

Our North American business will focus on the appointment of new and strong non-exclusive marketing partners as well as the introduction of a simpler product range at a lower price point. We believe these initiatives will reduce costs associated with implementation and management of users. Furthermore, the Group believes that the lower cost and simpler nature of our product will deliver stronger growth in new markets.

Development of the European market is proceeding solidly with distributors appointed for Denmark, The Netherlands and Sweden. At the same time, negotiations with potential distributors of the Group's product in certain other European countries are underway. As with other markets, the Group believes that its new product offering will open much greater opportunities whilst reducing overall costs associated with delivery and maintenance.

### Cost of sales

The Group's cost of sales was 41% of revenue compared to 39% of revenue for the previous corresponding year.

The gross margin remained flat during the year with a margin of 59.3% in 2016 compared with 61.1% in 2015.

### Finance costs

During the year ended 30 June 2016 the Group incurred finance costs of \$39,182 in respect of interest-bearing liabilities held by the Group during that year. This related to the Convertible Notes which were converted to equity in June 2016. As at 30 June 2016 the Company has no interest bearing debt. During the year ended 30 June 2015 no finance costs were incurred by the Group.

### General and administration

General and administration ("G&A") costs increased by \$529,241, or 12% to \$4,938,885 during the year ended 30 June 2016 as compared to \$4,409,644 for the previous corresponding year.

Included within the category of G&A for the year ended 30 June 2016 are the following specific expenses:

- **Employee benefit expenses** increased by \$88,836, or 4%, due to an increase in Group employee-related on-costs of \$60,640, an increase in Director-related costs of \$291,285, an increase of bonuses cost of \$62,660. These increases were partially offset by reductions in Executive salaries of \$223,036, a reduction in long service leave entitlements of \$35,549, a reduction in casual staff of \$45,283 and a reduction in commissions of \$24,581.
- **A provision for write-off of inventory** of \$80,359 for inventory that had been superseded and had less than 6 months of useful life. There was no inventory write-off in the year 2015.
- **Other expenses** increased by \$268,883 or 43%, due to expenses incurred in relation to bad debts \$30,033, increase in stock exchange listing fees of \$118,898, provision for obsolete stock of \$37,140 and increased recruitment costs of \$82,148.

G&A costs incurred during the quarter ended 30 June 2016 increased by \$723,226, or 94% to \$1,492,938, as compared to \$769,712 for the corresponding quarter in 2015. This was due to an increase of \$85,000 in employees' bonuses accrual in Quarter 4 of 2016 and a reclassification of G&A expenses to Sales & Marketing of approximately \$635,500 in the corresponding quarter of 2015.

### Occupancy costs

Occupancy costs increased by \$30,773 or 8%, to \$410,979 during the year ended 30 June 2016, as compared to \$380,206 for the previous corresponding year. Occupancy costs incurred during the quarter ended 30 June 2016 increased by \$28,240, or 31%, to \$118,951, as compared to \$90,711 for the corresponding quarter in 2015.

It is expected that occupancy costs will reduce in coming periods as the Group has terminated its office accommodation arrangement in Melbourne and is actively seeking smaller premises in North Sydney.

### Research and development

Research and development ("R&D") costs increased by \$259,415 or 11% to \$2,713,351 during the year ended 30 June 2016 as compared to \$2,453,936 for the previous corresponding year. During the year costs were incurred for language translations to support the expansion into further European countries. R&D costs incurred during the quarter ended 30 June 2016 however decreased by \$125,261 or 17%, to \$610,086, as compared to \$735,347 for the corresponding quarter in 2015 as part of the Group's commitment to cost reductions.

The Group is committed to the development and introduction of new product to increase significant sales opportunities as well as easier and simpler to use systems that will which leverages existing technologies. The Group firmly believes that new product opportunities will significantly increase market opportunities whilst decreasing its own costs associated with sales and maintenance.

Importantly, the Group qualifies for an R&D tax incentive payment each year from the Australian Commonwealth Government that reduces the net overall cost incurred by the Group in respect of its R&D activities. It is anticipated that the Group will receive \$1,266,862 under the relevant scheme for the 2016 financial year (2015 \$1,266,862).

# Management Discussion and Analysis

(Form 51-102F1)

for the year ended 30 June 2016

## Overall performance and discussion of operations (continued)

### Discussion of operations (continued)

#### *Sales, marketing and distribution*

Sales, marketing and distribution ("SM&D") costs are reported on a geographical segment basis.

#### **Australia**

SM&D costs in Australia increased by \$375,735, or 14%, to \$3,084,999 during the year ended 30 June 2016 as compared to \$2,709,264 for the previous corresponding year. The increase resulted from a shift from a sales consultant strategy to a directly employed sales resource strategy during the 2016 year. As part of the Group's commitment to a sustained and material reduction in operating expenses, SM&D costs incurred during the quarter ended 30 June 2016 decreased by \$703,096 or 52% to \$642,409 as compared to \$1,345,505 for the corresponding quarter in 2015. As part of this cost reduction process, sales support resources were reduced in the fourth quarter of 2016. In the corresponding quarter in 2015, there was also a reclassification of G&A expenses to SM&D of approximately \$661,200.

It is anticipated that, as the Group continues to market its SIM™ solution to secure further sales, these SM&D costs will continue to be incurred.

#### **North America**

SM&D costs in North America increased by \$1,169,694 or 122%, to \$2,103,530 during the year ended 30 June 2016 as compared to \$957,950 for the previous corresponding year. The increase was due to the North American team being in place for the full year together with increased advertising and promotion expenses. SM&D costs incurred during the quarter ended 30 June 2016 decreased by \$43,123 or 9% to \$446,997 as compared to \$490,120 for the corresponding quarter in 2015. The decrease in quarter 4 was due to the reduction of one staff member.

#### **Europe**

SM&D costs in Europe were \$388,912 as compared to \$29,885 for the previous corresponding year. This was due to the establishment of a small team in Europe during the 2016 financial year. SM&D costs incurred during the quarter ended 30 June 2016 increased by \$151,096 or 505% to \$180,981 as compared to \$29,885 for the corresponding quarter in 2015.

#### *Share-based payments expense*

Share-based payments ("SBP") expense decreased by \$626,528 or 88%, to \$89,235 during the year ended 30 June 2016, as compared to \$715,763 for the previous corresponding year. SBP expense incurred during the quarter ended 30 June 2016 was \$NIL as compared to \$291,850 for the corresponding quarter in 2015.

#### *Income tax benefit*

The Group's income tax benefit increased by \$170,885, or 11%, to \$1,666,582 during the year ended 30 June 2016 as compared to \$1,495,697 for the previous corresponding year. The income tax benefit recognised during the quarter ended 30 June 2016 increased by \$379,498 or 122% to \$691,582, as compared to \$312,084 for the corresponding quarter in 2015.

The Group qualifies for an R&D tax incentive payment each year from the Australian Commonwealth Government which is recognised as an income tax benefit. On 15 January 2016 the Group received an amount of \$1,266,862 in respect of the 2015 financial year. As at 30 June 2016, a receivable of \$1,665,911 was recognised as a receivable in respect of the estimated amount due under the scheme in respect of the 2016 financial year.

## Statement of financial position

### *Cash and cash equivalents*

The Group's cash and cash equivalents at the end of the year ended 30 June 2016 decreased by \$2,854,952 or 32% to \$6,172,770 as compared to \$9,027,722 at the end of the previous corresponding year. This decrease resulted from a larger cash outflows from operations during 2016.

### *Trade and other receivables*

The Group's trade and other receivables at the end of the year ended 30 June 2016 increased by \$305,158 or 19% to \$1,917,772 as compared to \$1,612,614 at the end of the previous corresponding year. In addition to regular trade receivables, the Group recognised a receivable of \$1,665,911 as at 30 June 2016 in respect of its 2016 R&D tax incentive claim from the Australian Commonwealth Government. As at 30 June 2015, an amount of \$1,339,584 was recognised in respect of the Group's estimated claim due in respect of the 2015 financial year.

### *Inventories*

The Group's inventories at the end of the year ended 30 June 2016 increased by \$136,111 or 39%, to \$482,023 as compared to \$345,912 at the end of the previous corresponding year. This increase was consistent with the Group's increased sales during the 2016 financial year.

### *Other assets*

The Group's other assets at the end of the year ended 30 June 2016 decreased by \$28,487 or 18%, to \$131,047 as compared to \$159,534 at the end of the previous corresponding year. This decrease was principally attributable to a decrease in insurance policies prepayment as at 30 June 2016.

## Overall performance and discussion of operations (continued)

### Discussion of operations (continued)

#### Property, plant and equipment

The Group's net property, plant and equipment at the end of the year ended 30 June 2016 decreased by \$72,031 or 35% to \$132,457 as compared to \$204,488 at the end of the previous corresponding year.

#### Trade and other payables

The Group's trade and other payables at the end of the year ended 30 June 2016 increased by \$128,640 or 15%, to \$986,610 as compared to \$857,970 at the end of the previous corresponding year. The increase as at 30 June 2016 was mainly due to \$36,000 higher in trade payables, \$228,200 higher in bonuses accruals which were granted to staff as part of contractual employment obligation following a significant reduction in staff numbers, as well as recognition of performance as the Group transitioned through a significant change in Board and operations of the Group. These costs were offset by a reduction in other payroll-related expenses of \$157,072 compared to 30 June 2015.

#### Share capital

As a result of the Group's capital raising activities during the year ended 30 June 2016, which resulted in the issue of a total of 158,951,667 common shares and CDIs, the Group's share capital increased by \$8,752,976 (net of equity transaction costs of \$375,024) from \$55,330,848 at 30 June 2015 to \$64,083,824 at 30 June 2016, representing an increase of approximately 16%.

New equity was issued during the year ended 30 June 2016. The net funds raised by the Group have been added to the existing cash reserves and will be used to (i) accelerate the roll-out of the Group's current technologies in Australia, the US and European markets; (ii) accelerate the development of SIM™ Generation 5 product which will support a SIM™ Community Care (home-based) product; (iii) negotiate the appointment of additional distributors to roll-out SIM™ in Europe; and (iv) for general working capital purposes.

#### Reserves

The Group's reserves at the end of the year ended 30 June 2016 increased by \$160,230, or 22%, to \$3,638,297, as compared to \$3,478,067 at the end of the previous corresponding year. This movement comprised an increase in the share-based payments reserve of \$89,235 arising from the issue of options during the year, and an increase in foreign currency reserve resulting from the revaluation of the current assets and liabilities of foreign subsidiaries of \$70,995 compared to an increase of \$12,774 in revaluation of current assets and liabilities of foreign subsidiaries and a shared based payment of \$715,763 during the year ended June 2015.

### Selected financial data

The following selected financial data covers the three financial years ended 30 June 2016. The data has been extracted from the financial statements that have been prepared in accordance with IFRS and is reported in Australian dollars.

Year ended	Total revenues \$	Net loss \$	Total assets \$	Total non-current liabilities \$
30 June 2016	793,181	(11,457,221)	8,896,657	60,177
30 June 2015	778,574	(9,463,209)	11,416,809	69,386
30 June 2014	349,895	(10,491,790)	8,789,924	43,041

### Statement of cash flows

#### Operating activities

Net cash flows used in operating activities during the year ended 30 June 2016 increased by \$2,520,671 or 28%, to \$11,538,002 as compared to \$9,017,331 during the previous corresponding year. This increase was largely attributable to an increase in sales, marketing and distribution outflows during the year.

#### Investing activities

Net cash flows used in investing activities during the year ended 30 June 2016 decreased by \$147,232 or 71%, to \$59,709 as compared to \$206,941 in net cash flows from investing activities during the previous corresponding year. The purchase of plant and equipment in 2016 was largely reduced from the previous year.

#### Financing activities

Net cash flows from financing activities decreased by \$2,641,920 or 23%, to \$8,752,976 as compared to \$11,394,896 during the previous corresponding year. This decrease related to a reduction in the amount of new capital raised from the issue of common shares and CDIs during the 2016 financial year.

# Management Discussion and Analysis

(Form 51-102F1)

for the year ended 30 June 2016

## Selected financial data (continued)

### Analysis of current year movements

#### Total revenues

Revenues generated by the Group from the sale of its SIM™ solution increased by \$14,607, or 2%, to \$793,181 during the year ended 30 June 2016 as compared to \$778,574 for the previous corresponding year, despite the previous year's revenue having included the receipt of Simavita's first and only significant order from its US distributor, Medline.

#### Net loss

The Group reported a consolidated loss after income tax for the year ended 30 June 2016 of \$11,457,221, which was \$1,994,012, or 21%, more than the loss incurred during the previous year ended 30 June 2015 of \$9,463,209. The increase in the current year loss is principally attributable to:

- the establishment of a small team in Europe to support the Group's European customers and to expand into other countries (\$388,912);
- together with increased in sales, marketing and distribution expenses (\$1,515,545) excluding Europe detailed above, research and development expenses (\$397,937); and
- other income, which included the income tax benefit of \$170,885.

#### Total assets

The Group's total assets at the end of the year ended 30 June 2016 decreased by \$2,520,152 or 22%, to \$8,896,657 as compared to \$11,416,809 at the end of the previous corresponding year. This decrease was principally attributable to a decrease in the cash and cash equivalents of \$2,854,952 which resulted from the net funds raised from the issue of common shares and CDIs in the Group, offset by the net cash outflows from operations. In addition, the Group's trade and other receivables increased by \$305,158 which was principally attributable to an increase in the amount due under the R&D tax incentive claim from the Australian Commonwealth Government.

#### Total non-current liabilities

The Group's total non-current liabilities at the end of the year ended 30 June 2016 decreased by \$9,209 or 13%, to \$60,177 as compared to \$69,386 at the end of the previous corresponding year. This increase was attributable to a decrease in the Group's long service leave provision.

### Analysis of prior year movements

#### Total revenues

Revenues generated by the Group from the sale of its SIM™ solution increased by \$428,679, or 122%, to \$778,574 during the year ended 30 June 2015, as compared to \$349,895 for the previous corresponding year. The majority of the current year's growth in revenue came from the Company's initial sales of SIM™ in the US to the US distributor, Medline; from early sales of the Group's products in Europe and from the initial sales to one of its newly-appointed Australian distributors.

#### Net loss

The Group reported a consolidated loss after income tax for the year ended 30 June 2015 of \$9,463,209, which was \$1,028,581, or 10%, less than the loss incurred during the previous year ended 30 June 2014 of \$10,491,790. The decrease in the current year loss is principally attributable to:

- The absence of transaction costs (\$1,221,125) and a loss on acquisition (\$792,397) associated with the acquisition of Simavita Holdings Limited that were both incurred during the 2014 financial year;
- The absence of finance costs (\$320,603) that were incurred during the 2014 financial year, prior to the repayment of the related interest-bearing liabilities during that year;
- A reduction in the share-based payments expense (\$586,570) incurred due to a reduction in the number of unlisted stock options that were granted during the 2015 financial year;

- Together with increases in sales, marketing and distribution expenses (\$1,715,764), research and development expenses (\$432,705) and the income tax benefit (\$281,342) as detailed below.

#### Total assets

The Group's total assets at the end of the year ended 30 June 2015 increased by \$2,626,885, or 30%, to \$11,416,809, as compared to \$8,789,924 at the end of the previous corresponding year. This increase was principally attributable to an increase in the cash and cash equivalents of \$2,183,525 which resulted from the net funds raised from the issue of common shares and CDIs in the Group, offset by the net cash outflows from operations. In addition, the Group's trade and other receivables increased by \$215,605 which was principally attributable to an increase in the amount due under the R&D tax incentive claim from the Australian Commonwealth Government.

#### Total non-current liabilities

The Group's total non-current liabilities at the end of the year ended 30 June 2015 increased by \$26,345, or 61%, to \$69,386, as compared to \$43,041 at the end of the previous corresponding year. This increase was attributable to an increase in the Group's long service leave provision.

## Summary of quarterly results

The following is a comparison of revenue and earnings for the previous twelve quarters ended 30 June 2016, which includes the information contained in the first set of financial statements prepared by the Group since the reverse takeover of Simavita Holdings Limited on 3 December 2013. The results have been extracted from the financial statements that have been prepared in accordance with IFRS and is reported in the Group's functional currency, the Australian dollar.

Quarter ended	Total revenue \$	Net profit/ (loss) \$	Net loss per share \$
30 June 2016	264,176	(2,563,167)	(0.01)
31 March 2016	178,174	(3,177,600)	(0.03)
31 December 2015	147,017	(3,039,853)	(0.03)
30 September 2015	203,814	(2,676,601)	(0.03)
Totals – year ended 30 June 2016	793,181	(11,457,221)	(0.10)
30 June 2015	159,748	(3,282,247)	(0.04)
31 March 2015	160,744	(2,113,438)	(0.03)
31 December 2014	359,390	(1,702,796)	(0.02)
30 September 2014	98,692	(2,364,728)	(0.03)
Totals – year ended 30 June 2015	778,574	(9,463,209)	(0.12)
30 June 2014	95,774	(867,099)	(0.03)
31 March 2014	102,838	(4,406,615)	(0.15)
31 December 2013	75,957	(2,865,887)	(0.09)
30 September 2013	75,326	(2,352,189)	(0.07)
Totals – year ended 30 June 2014	349,895	(10,491,790)	(0.34)

Revenues from the sale of SIM™ in Australia are trending upwards and it is anticipated that sales in that market will continue this trend. The timing and quantum of sales of SIM™ from the North American market, and potentially other markets in Europe, however, will be less predictable, as the Group's international distributors order inventory to service their domestic customers in fewer, but significantly larger, orders.

During the year ended 30 June 2016 the Group made progress towards achieving its milestones. In addition to Australian sales, sales of SIM™ were generated in the US, Canada, Denmark and The Netherlands. Distribution arrangements to sell SIM™ in The Netherlands, Denmark and Sweden are now in place and negotiations underway to extend the distribution of SIM™ into other European countries during the 2017 financial year. Negotiations to appoint additional distributors in the US are also underway.

# Management Discussion and Analysis

(Form 51-102F1)

for the year ended 30 June 2016

## Liquidity

The Group has incurred total loss before tax of \$11,457,221 during the year ended 30 June 2016 and net cash flows used in operations during the same period of \$11,538,002. Capital raising activities undertaken by Simavita during the year raised \$8,752,976 net of transaction costs. The Group's cash reserves as at 30 June 2016 were \$6,172,770 and its working capital (defined to be current assets less total liabilities) was \$7,453,297. On 15 January 2016, the Group received a payment of \$1,266,862 under the Australian Commonwealth Government's research and development tax incentive scheme and the Directors expect the Group will receive a payment of \$1,665,911 in respect of the 2016 financial year during the next 12 months.

During the year ended 30 June 2017 the Group plans to materially grow revenue. The product range is being expanded to address additional market sectors of home based care and disability care. This initiative is in response to the global trend to allow the elderly and disabled to take ownership of their care which drives increased incentive for economical expenditure in continence management. The Group will also appoint additional distributors to address the long term care and rehabilitation markets in North America.

In light of the planned investment in new sales opportunities, the Directors plan, if required, to raise additional capital through the issuance of new equity during the next 12 months.

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

- Successfully raising further capital from the issue of new shares;
- Materially and rapidly address new market opportunities and to grow revenue; and
- Continuing cost containment strategies.

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

The Group's auditor has included an emphasis matter paragraph in the Audit Report relating to the Group's ability to continue as a going concern (refer Note 2(a) Going concern).

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

## Off-balance sheet arrangements

The Group had no off-balance sheet arrangements in place as at 30 June 2016.

## Capital resources

As detailed above, the Group believes it has sufficient funds to meet its current working capital requirements. The Group currently has no external debt and modest contractual commitments, as detailed below. As sales of SIM™ progressively increase, our net cash outflows from operating activities should reduce. However, the Group anticipates that it will continue to generate net outflows from operating activities for at least the next twelve months from the date of this MD&A. The Group will closely monitor its capital resources (predominantly cash and cash equivalents), to ensure it continues to have sufficient funds to meet its working capital requirements.

As at the date of this MD&A, the Group had the following contractual commitments:

### Operating lease expenditure commitments

Minimum operating lease payments	\$
– not later than one year	154,217
– later than one year but not later than five years	154,217
– later than five years	–
<b>Total minimum operating lease payments</b>	<b>308,434</b>

As at the above date, the Group continued with its operating lease relating to the following premises:

Location	Landlord	Use	Date of expiry of lease	Minimum payments (\$)
Level 13, 54 Miller Street North Sydney, NSW 2060 Australia	54 Miller Street Pty. Ltd.	Office	30 June 2018	308,434



## Transactions between related parties

### Details of Directors and Named Executive Officers (“NEOs”) as at balance date

#### Directors

Michael R. Spooner (*Non-Executive Chairman*)

Gary W. Pace (*Non-Executive*)

Warren R. Bingham (*Non-Executive*)

#### Named Executive Officers

Peta C. Jurd (*Chief Commercial Officer/Company Secretary*)

Peter J. Curran (*Chief Technology Officer*)

Christopher R. Southerland (*Vice President, US Sales and Marketing*)

Wessel Van Dijk (*Vice President Sales & Marketing Europe*)

Paul Won (*Vice President, Manufacturing and Supply Chain*)

### Payments made to Directors and NEOs during the year ended 30 June 2016

Name and title of Directors	Period	Short-term			Long-term		Totals \$
		Salary/fees \$	Other \$	Post-employment Superannuation \$	Long service leave \$	Share-based Options \$	
Michael R. Spooner <sup>1</sup>	<b>2016</b>	<b>24,462</b>	–	<b>2,323</b>	–	–	<b>26,785</b>
<i>Non-Executive Chairman</i>	2015	–	–	–	–	–	–
Gary W. Pace <sup>2</sup>	<b>2016</b>	<b>17,857</b>	–	–	–	–	<b>17,857</b>
<i>Non-Executive Director</i>	2015	–	–	–	–	–	–
Michael W. Brown <sup>3</sup>	<b>2016</b>	<b>91,324</b>	<b>120,000</b>	<b>8,676</b>	–	–	<b>220,000</b>
<i>Former Non-Exec. Chair.</i>	2015	54,795	–	5,205	–	–	60,000
Philippa M. Lewis <sup>4</sup>	<b>2016</b>	<b>340,417</b>	<b>368,354</b>	<b>35,000</b>	<b>40,896</b>	–	<b>784,667</b>
<i>Former Director &amp; CEO</i>	2015	350,000	197,191	33,250	21,008	–	601,449
Ari B. Bergman <sup>5</sup>	<b>2016</b>	<b>34,697</b>	–	<b>921</b>	–	–	<b>35,618</b>
<i>Former Non-Exec. Dir.</i>	2015	50,139	2,917	4,763	–	–	57,819
Warren R. Bingham <sup>6</sup>	<b>2016</b>	<b>50,000</b>	–	–	–	–	<b>50,000</b>
<i>Non-Executive Director</i>	2015	–	25,000	–	–	–	25,000
Damien M. Haakman <sup>7</sup>	<b>2016</b>	<b>33,333</b>	<b>142,251</b>	–	–	–	<b>175,584</b>
<i>Former Non-Exec. Dir.</i>	2015	45,689	165,000	–	–	–	210,689
Craig J. Holland <sup>8</sup>	<b>2016</b>	<b>50,658</b>	–	–	–	–	<b>50,658</b>
<i>Former Non-Exec. Dir.</i>	2015	–	37,667	–	–	–	37,667
Peter C. Cook <sup>9</sup>	<b>2016</b>	–	–	–	–	–	–
<i>Former Non-Exec. Chair.</i>	2015	28,787	–	2,735	–	–	31,522
Sub-totals for Directors	<b>2016</b>	<b>642,748</b>	<b>630,605</b>	<b>46,920</b>	<b>40,896</b>	–	<b>1,361,169</b>
	2015	529,410	427,775	45,953	21,008	–	1,024,146

# Management Discussion and Analysis

(Form 51-102F1)

for the year ended 30 June 2016

## Transactions between related parties (continued)

### Payments made to Directors and NEOs during the year ended 30 June 2016 (continued)

Name and title of NEOs	Period	Short-term		Long-term			Totals
		Salary/fees	Other	Post-employment Superannuation	Long service leave	Share-based Options	
Peta C. Jurd <sup>10</sup> <i>Chief Commercial Officer/ Company Secretary</i>	<b>2016</b>	<b>228,365</b>	–	<b>21,695</b>	–	–	<b>250,060</b>
	2015	–	–	–	–	–	–
Thomas G. Howitt <sup>11</sup> <i>Former CFO/Co. Sec.</i>	<b>2016</b>	<b>149,864</b>	<b>8,754</b>	<b>10,557</b>	–	–	<b>169,175</b>
	2015	243,417	10,919	18,783	–	100,050	373,169
Peter J. Curran <sup>16</sup> <i>Chief Technology Officer</i>	<b>2016</b>	<b>266,900</b>	<b>35,000</b>	<b>28,680</b>	–	–	<b>330,580</b>
	2015	254,527	–	24,180	15,239	136,950	430,896
Christopher R. Southerland <sup>12</sup> <i>VP, US Sales and Market.</i>	<b>2016</b>	<b>366,682</b>	<b>50,457</b>	–	–	–	<b>417,139</b>
	2015	116,227	14,296	–	–	75,800	206,323
Wessel Van Dijk <sup>13</sup> <i>VP, Europe Sales and Market.</i>	<b>2016</b>	<b>160,803</b>	–	<b>8,930</b>	–	–	<b>169,733</b>
	2015	–	–	–	–	–	–
Charles B. Cornish <sup>14</sup> <i>Former Dir., Sales and Market. ANZ</i>	<b>2016</b>	–	<b>115,000</b>	–	–	–	<b>115,000</b>
	2015	–	126,500	–	–	14,500	141,000
Edward W. Nixey <i>Former General Counsel</i>	<b>2016</b>	<b>198,662</b>	–	<b>19,519</b>	–	–	<b>218,181</b>
	2015	36,837	–	3,500	–	–	40,337
Paul Won <sup>15</sup> <i>VP, Man. and Supply Chain</i>	<b>2016</b>	<b>220,000</b>	<b>19,564</b>	<b>22,759</b>	–	–	<b>262,323</b>
	2015	133,339	–	12,667	–	58,000	204,006
Sub-totals for NEOs	<b>2016</b>	<b>1,591,276</b>	<b>228,775</b>	<b>112,140</b>	–	–	<b>1,932,191</b>
	2015	784,347	151,715	59,130	15,239	385,300	1,395,731
Total payments made to	<b>2016</b>	<b>2,234,024</b>	<b>859,380</b>	<b>159,060</b>	<b>40,896</b>	–	<b>3,293,360</b>
Directors and NEOs	2015	1,313,757	579,490	105,083	36,247	385,300	2,419,877

The amounts included in the tables above in respect of the year ended 30 June 2016 and the prior year include amounts paid by the Group and its subsidiaries to the individuals named and/or parties related to them, as disclosed below.

- Mr. Spooner was appointed as a Non-Executive Director of the Group and as the Non-Executive Chairman of the Board on 27 April 2016.
- Dr Pace was appointed as a Non-Executive Director of the Group on 27 April 2016.
- Payments made to Mr. Brown during the year ended 30 June 2016 totalling \$120,000 (as disclosed above under the heading "Other") comprised of fees paid to Integrated Equity Pty. Ltd., a company associated with Mr. Brown, for providing consultancy services. In respect of the year ended 30 June 2015, during the period from 1 July 2014 up to the date on which Mr. Brown was appointed as a Non-Executive Director of the Group, certain payments totalling \$117,000 were paid by the Group to Integrated Equity Pty. Ltd., a company associated with Mr. Brown, in respect of consulting services provided to the Group in relation to its capital raising in July 2014 and other corporate matters. In addition to these payments, during the same period, a total of 500,000 options were granted to Integrated Equity Pty. Ltd. which had a total share-based payments expense of \$93,500. The consulting arrangement between the Group and Integrated Equity Pty. Ltd. was terminated with effect from 31 December 2014. Mr. Brown resigned as the Chairman and Director of the Group effective 27 April 2016.
- Payments made to Mrs. Lewis during the year ended 30 June 2016 totalling \$368,354 (as disclosed above under the heading "Other") comprised a short-term annual incentive of \$101,250 and termination payment of \$267,104. In respect of the year ended 30 June 2015, payments made to Mrs. Lewis totalling \$197,191 (as disclosed above under the heading "Other") comprised a dislocation and hardship allowance of \$70,000 and fringe benefits totalling \$67,411 (together with the associated fringe benefits tax of \$59,780). Mrs. Lewis resigned as the CEO and the director of the Group effective 27 April 2016.
- Payments made to Mr. Bergman during the year ended June, 2016 totalling \$35,618. Mr. Bergman resigned as the Director of the Group effective 29 February 2016.



## Transactions between related parties (continued)

### Payments made to Directors and NEOs during the year ended 30 June 2016 (continued)

6. Payments made to Mr. Bingham during the year ended June, 2016, 2015 totalling \$50,000 comprised fees paid to MedTech International Pty. Ltd., a company associated with Mr. Bingham (2015: \$25,000 as disclosed under the heading "Other"), in respect of services provided to the Group by Mr. Bingham as a Director.
7. Payments made to Mr. Haakman during the year ended 30 June 2016 totalling \$100,000 (as disclosed above under the heading "Other") comprised fees of \$33,333 paid to Dussman Pty. Ltd., a company associated with Mr. Haakman, in respect of services provided to the Group by Mr. Haakman as a Director and \$66,667 paid to Dussman Pty. Ltd., a company associated with Mr. Haakman, in respect of consulting services provided to the Group in relation to its capital raising in April 2016. Payments made to Mr. Haakman during the year ended 30 June 2015 totalling \$165,000 (as disclosed above under the heading "Other") comprised fees paid to Dussman Pty. Ltd., a company associated with Mr. Haakman, in respect of services provided to the Group in relation to its capital raising in July 2014. Mr. Haakman resigned as the Director of the Group effective 29 February 2016.
8. Payments made to Mr. Holland during the year ended 30 June 2016 totalling \$50,658 comprised fees paid to Jackabbey Road Pty. Ltd., a company associated with Mr. Holland (2015: \$37,667), in respect of services provided to the Group by Mr. Holland as a Director. Mr. Holland resigned as the Director of the Group effective 6 May 2016.
9. Mr. Cook was appointed as the Non-Executive Chairman of the Board on 31 January 2014. He resigned from the Board on 12 September 2014.
10. Ms. Jurd was appointed as Chief Commercial Officer on 8 September 2015.
11. Payments made to Mr. Howitt during the year ended 30 June 2016 totalling \$8,754 (as disclosed above under the heading "Other") comprised of performance bonus (2015: \$10,919). Mr. Howitt resigned as Chief Financial Officer and Company Secretary effective 15 January 2016.
12. Payments made to Mr. Southerland during the year ended 30 June 2016 totalling \$50,457 (as disclosed above under the heading "Other") comprised of performance bonus of \$22,997 and car allowance of \$27,459. Payments made to Mr. Southerland during the year ended 30 June 2015 totalling \$14,296 (as disclosed above under the heading "Other") comprised social security payments and reimbursement of medical insurance premiums. All payments to Mr. Southerland were made in American dollars and converted to Australian dollars.
13. Mr. Dijk was appointed as Vice President, Europe Sales & Marketing on 30 November 2015.
14. Payments made to Mr. Cornish during the year ended 30 June 2016 totalling \$115,000 (as disclosed above under the heading "Other") comprised fees paid to Healthy Holdings Pty. Ltd., a company associated with Mr. Cornish, in respect of sales and marketing services provided to the Group by Mr. Cornish (2015: \$126,500). Mr. Cornish resigned as Director, Sales and Marketing Australia and New Zealand on 1 October 2015.
15. Payments made to Mr. Won during the year ended 30 June 2016 totalling \$19,564 (as disclosed above under the heading "Other") comprised of performance bonus. Mr. Won subsequently left the Group on 16 August 2016.
16. Payments made to Mr. Curran during the year ended 30 June 2016 totalling \$35,000 (as disclosed above under the heading "Other") comprised of performance bonus.

All options for departed employees and consultants expire 90 days after their cessation of employment.

Apart from the above, there were no other transactions between the Group and any related parties during the year ended 30 June 2016.

# Management Discussion and Analysis

(Form 51-102F1)

for the year ended 30 June 2016

## Critical accounting estimates and judgements

### Critical accounting estimates and assumptions

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

#### Share-based payments transactions

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

### Critical judgements in applying the Group's accounting policies

#### Research and development costs

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

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

## Changes in accounting policies

The following standards and amendments to standards and interpretations are effective for annual periods beginning after 1 July 2016 and have not been applied in preparing these consolidated financial statements:

- IFRS 15 *Revenue from Contracts with Customers* provides clarification for recognising revenue from contracts with customers and establishes a single revenue recognition and measurement framework that applies to contracts with customers. The new standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Management is currently assessing the potential impact of the adoption of IFRS 15 on the Group's financial statements.
- IFRS 9 *Financial Instruments* is intended to replace IAS 39 *Financial Instruments: Recognition and Measurement* and uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the multiple rules in IAS 39. For financial liabilities designated at fair value through profit or loss, a Group can recognise the portion of the change in fair value related to the change in the Group's own credit risk through other comprehensive income rather than profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39, and incorporates new hedge accounting requirements. The new standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

- IFRS 16 *Leases* will primarily affect the accounting by lessees and will result in the recognition of almost all leases on the balance sheet. The standard removes the current distinction between operating & financing leases and requires recognition of an asset (the right to use the leased item) and financial liability to pay rentals for almost all of the lease contracts. The accounting by lessors, however, will not significantly change. The new standard will result in extended disclosures in the financial statements. The new standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted. The Group has decided not to early adopt IFRS 16.

## Financial instruments and other instruments

The Group only invests in cash deposits with large banks that are considered to be low risk.

## Other MD&A requirements

### Additional Disclosure for Venture Issuers without Significant Revenue

Details pertaining to the expenses incurred by the Group during the year ended 30 June 2016 are provided above under the heading *Discussion of Operations*. Prior to its acquisition of Simavita Holdings Limited, no external investor relations activities were carried out by the Group.

The Group maintains a web site at [www.simavita.com](http://www.simavita.com) which provides shareholders with the opportunity to review published financial reports, news releases, corporate profiles, project details and other information.

The material expenses incurred by the Group during the years ended 30 June 2016 and 30 June 2015, as disclosed in the Statement of Comprehensive Loss, contain the following items:

## Other MD&A requirements (continued)

### Additional Disclosure for Venture Issuers without Significant Revenue (continued)

	2016 (\$)	2015 (\$)
<b>General and administration</b>		
Employee benefits	(2,418,094)	(2,329,258)
Travel	(350,331)	(415,253)
Consultants fees	(424,675)	(432,708)
Audit and tax fees	(131,495)	(164,960)
Insurance	(165,493)	(166,366)
Legal expenses	(338,683)	(147,163)
Depreciation and amortisation	(137,154)	(130,216)
Write off of inventory	(80,359)	–
Other	(892,601)	(623,720)
	<b>(4,938,885)</b>	<b>(4,409,644)</b>
<b>Research and development</b>		
Employee benefits	(1,951,932)	(1,553,999)
Patent and R&D support and development fees	(761,419)	(899,937)
	<b>(2,713,351)</b>	<b>(2,453,936)</b>
<b>Sales, marketing and distribution</b>		
Employee benefits	(4,070,931)	(2,321,465)
Travel	(541,888)	(450,109)
Consultants fees	(153,888)	(269,825)
Marketing and advertising	(582,756)	(324,500)
Other	(252,653)	(331,200)
	<b>(5,601,556)</b>	<b>(3,697,099)</b>

# Management Discussion and Analysis

(Form 51-102F1)

for the year ended 30 June 2016

## Outstanding share data

### Summary of shares issued and outstanding

	Number of shares	Amount \$
Balance at 1 July 2013	7,964,337	18,602,287
Issue of ordinary shares by Simavita Holdings for cash (pre-acquisition)	20,928,675	2,000,000
Conversion of borrowings into equity (pre-acquisition)	49,589,520	7,885,514
Share consolidation by Simavita Holdings (1 for 3.543)	(56,331,098)	–
Issue of ordinary shares by Simavita Holdings for cash (pre-acquisition)	33,902,338	13,899,963
Elimination of shares in legal acquiree (Simavita Holdings)	(56,053,772)	–
Issue of common shares on acquisition of Simavita Holdings	56,053,772	–
Fair value of common shares held by pre-acquisition shareholders of Gtech	1,722,722	706,316
Issue of common shares for cash	34,468,739	15,471,335
Equity transaction costs	–	(3,234,567)
Balance at 1 July 2015	92,245,233	55,330,848
Issue of common shares for cash	96,466,667	5,890,000
Issue of common shares for cash under Share Purchase Plan	1,225,000	175,000
Issue of common shares on conversion of Convertible Notes	61,260,000	3,063,000
Equity transaction costs	–	(375,024)
Balance at 30 June 2016	<b>251,196,900</b>	<b>64,083,824</b>

As of the date of this MD&A, being 30 August 2016, there was a total of 251,196,900 common shares in the Group on issue, of which a total of 32,649,281 were held in the form of common shares and 218,547,619 were held in the form of CDIs.

### Summary of warrants outstanding

As of the date of this MD&A, being 30 August 2016, the following warrants had been granted in respect of the Group's previous capital raisings:

Number	Exercise price	Grant date	Expiry date	Fair value/warrant
1,154,245	\$0.41	31 January 2014	3 December 2016	\$0.167

As of the date of this MD&A, being 30 August 2016, the warrants that had been previously granted to Medline Industries, Inc. ("Medline") have been cancelled.

## Outstanding share data (continued)

### Summary of options outstanding

As of the date of this MD&A, being 30 August 2016, the following options were outstanding:

Number	Exercise price	Grant date	Expiry date	Fair value/ option Black/Scholes
718,000	\$0.70	19 August 2014	31 August 2018	\$0.267
70,000	\$0.68	9 April 2015	31 March 2019	\$0.145
100,000	\$0.51	9 April 2015	31 March 2019	\$0.190
200,000	\$0.63	9 April 2015	31 March 2019	\$0.156
200,000	\$0.76	9 April 2015	31 March 2019	\$0.128
250,000	\$0.50	18 September 2015	18 September 2018	\$0.109
193,000	\$0.70	7 July 2015	30 June 2019	\$0.183
800,000	\$0.15	28 January 2016	28 January 2017	\$0.02
1,333,333	\$0.15	2 March 2016	1 March 2017	\$0.008
12,559,844	\$0.05	14 July 2016	23 June 2023	\$0.056

### Directors and officers

As of the date of this MD&A, being 30 August 2016, the names of the Directors and Officers of the Group are set out below. Dr. Pace was appointed as a Director of the Group and Mr. Spooner was appointed as a Director of the Group and as its Chairman of the Board on 27 April 2016. Ms. Jurd was appointed Secretary on 15 January 2016 and Mr. Bartrop was appointed Co-Secretary on 13 July 2016.

Michael R. Spooner	Chairman
Gary W. Pace	Director
Warren R. Bingham	Director
Peta C. Jurd	Chief Commercial Officer and Company Secretary
Nathan Bartrop	Co- Company Secretary

The Group is dependent on a number of key Directors and Officers. Loss of any of those persons could have an adverse effect on the Group.

# Management Discussion and Analysis

(Form 51-102F1)

for the year ended 30 June 2016

## Forward-looking statements

This MD&A contains “forward-looking information” within the meaning of the Canadian securities laws. Forward-looking statements in this document include statements regarding possible future acquisitions, spending plans, possible financing plans, current strategies and ongoing adjustments to these strategies providing the potential for revenue opportunities such as potential new products leveraging off the Group’s underlying platform technology; revenue growth in the next fiscal year; the use of proceeds from the recent financings; the Group’s strategy, future operations, prospects and plans of management; and estimates of the length of time the Group’s business will be funded by anticipated financial resources. In connection with the forward-looking information contained in this MD&A, the Group has made numerous assumptions, regarding, among other things, the timing and quantum of revenue generated through sales of the Group’s products; the outcome of the collaborations with third parties, the sufficiency of budgeted expenditures in carrying out planned activities; the availability and cost of labour and services; the use of pilot sites of the Group’s SIM™ solution leading to further negotiations with a number of potential users of the Group’s products; and expected growth of sales. Although the Group believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in the forward-looking statements.

Additionally, there are known and unknown risk factors which could cause the Group’s actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information contained herein. Factors that could cause actual results to differ materially from those in forward-looking statements include general economic, market or business conditions; the partnerships and collaborations with third parties may not benefit the Group as currently anticipated, or at all; the Group may not be able to sustain or increase revenues achieved during the current reporting period; the Group may not adopt successful distribution strategies or marketing methods; the need to obtain additional financing and uncertainty as to the availability and terms of future financing; unpredictability of the commercial success of our products; competition in the global economic market; reliance on a number of key employees; limited operating history; the possibility of claims against the intellectual property rights of the Group; the possibility of infringements upon the intellectual property rights of the Group; the Group may not have sufficiently budgeted for expenditures necessary to carry out planned activities; future operating results are uncertain and likely to fluctuate; the Group may not have the ability to raise additional financing required to carry out its business objectives on commercially acceptable terms, or at all; and volatility of the market price of the Group’s shares. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Forward-looking statements are based on the beliefs, estimates and opinions of the Group’s management on the date the statements are made.

A more complete discussion of the risks and uncertainties facing the Group is disclosed in the Group’s continuous disclosure filings with Canadian securities regulatory authorities at [www.sedar.com](http://www.sedar.com). All forward-looking information herein is qualified in its entirety by this cautionary statement, and the Group disclaims any obligation to revise or update any such forward-looking information or to publicly announce the result of any revisions to any of the forward-looking information contained herein to reflect future results, events or developments, except as required by law.

The Board of Directors of the Group has approved the disclosure contained in this MD&A. Additional information relating to the Group is available on the System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).

## BY ORDER OF THE BOARD



**Michael R. Spooner**  
(Chairman)



**Warren R. Bingham**  
(Director)

# Consolidated Statement of Comprehensive Loss

for the year ended 30 June 2016

	Notes	Consolidated	
		June 30, 2016 \$	June 30, 2015 \$
Revenue		<b>793,181</b>	778,574
Cost of sales		<b>(322,809)</b>	(302,576)
Gross profit		<b>470,372</b>	475,998
Other revenue	4	<b>1,865,595</b>	1,717,411
Expenses			
Finance costs		<b>(39,182)</b>	–
General and administration		<b>(4,938,885)</b>	(4,409,644)
Occupancy costs		<b>(410,979)</b>	(380,176)
Research and development		<b>(2,713,351)</b>	(2,453,936)
Sales, marketing and distribution		<b>(5,601,556)</b>	(3,697,099)
Share-based payments expense		<b>(89,235)</b>	(715,763)
Loss before income tax		<b>(11,457,221)</b>	(9,463,209)
Income tax	7	–	–
Loss for the year		<b>(11,457,221)</b>	(9,463,209)
Other comprehensive income			
Items that may be subsequently reclassified to profit/(loss)			
Translation of foreign operations		<b>70,995</b>	12,774
Total comprehensive loss for the year		<b>(11,386,226)</b>	(9,450,435)
Basic and diluted loss per common share	6	<b>(0.05)</b>	(0.12)

The accompanying notes form an integral part of these Consolidated Financial Statements

# Consolidated Statement of Financial Position

as at 30 June 2016

	Notes	Consolidated	
		June 30, 2016 \$	June 30, 2015 \$
<b>Assets</b>			
Current Assets			
Cash and cash equivalents	9	6,172,770	9,027,722
Trade and other receivables	10	1,917,772	1,612,614
Inventories	11	482,023	345,912
Other assets	14	131,047	159,534
Total Current Assets		8,703,612	11,145,782
<b>Non-Current Assets</b>			
Property, plant and equipment	12	132,457	204,488
Intangible assets	13	60,588	66,539
Total Non-Current Assets		193,045	271,027
Total Assets		8,896,657	11,416,809
<b>Liabilities and Shareholders' Equity</b>			
<b>Liabilities</b>			
Current Liabilities			
Trade and other payables	15	986,610	857,970
Provisions	16	202,898	298,466
Total Current Liabilities		1,189,508	1,156,436
Non-Current Liabilities			
Provisions	16	60,177	69,386
Total Non-Current Liabilities		60,177	69,386
Total Liabilities		1,249,685	1,225,822
<b>Shareholders' Equity</b>			
Share capital	17	64,083,824	55,330,848
Reserves	18	3,638,297	3,478,067
Retained losses	19	(60,075,149)	(48,617,928)
Total Shareholders' Equity		7,646,972	10,190,987
Total Liabilities and Shareholders' Equity		8,896,657	11,416,809

Approved and authorised by the Board on 30 August 2016




**Michael R. Spooner**  
(Chairman)

**Warren R. Bingham**  
(Director)

The accompanying notes form an integral part of these Consolidated Financial Statements.



# Consolidated Statement of Changes in Equity

for the year ended 30 June 2016

	Share capital \$	Reserves \$	Retained losses \$	Totals \$
<b>Balance at 1 July 2014</b>	43,935,952	2,749,530	(39,154,719)	7,530,763
Net loss for the year	–	–	(9,463,209)	(9,463,209)
Share-based payments reserve	–	715,763	–	715,763
Other comprehensive income, net of tax	–	12,774	–	12,774
Total comprehensive loss for the year	–	728,537	(9,463,209)	(8,734,672)
<b>Transactions with owners</b>				
Issue of common shares for cash	11,966,367	–	–	11,966,367
Equity transaction costs	(571,471)	–	–	(571,471)
Total transactions with owners	11,394,896	–	–	11,394,896
<b>Balance at 30 June 2015</b>	55,330,848	3,478,067	(48,617,928)	10,190,987
Net loss for the year	–	–	(11,457,221)	(11,457,221)
Other comprehensive income, net of tax	–	70,995	–	70,995
Movement in share-based payments reserve	–	89,235	–	89,235
Total comprehensive income/(loss) for the year	–	160,230	(11,457,221)	(11,296,991)
<b>Transactions with owners</b>				
Issue of common shares for cash	9,128,000	–	–	9,128,000
Equity transaction costs	(375,024)	–	–	(375,024)
Total transactions with owners	8,752,976	–	–	8,752,976
<b>Balance at 30 June 2016</b>	<b>64,083,824</b>	<b>3,638,297</b>	<b>(60,075,149)</b>	<b>7,646,972</b>

The accompanying notes form an integral part of these Consolidated Financial Statements.

# Consolidated Statement of Cash Flows

for the year ended 30 June 2016

	Notes	Consolidated	
		June 30, 2016 \$	June 30, 2015 \$
<b>Cash flows from/(used in) operating activities</b>			
Loss for the year		(11,457,221)	(9,463,209)
<b>Non-cash items</b>			
Depreciation and amortization		137,154	130,216
Share-based payments expense		89,235	715,763
Net (gain)/loss on sale of plant and equipment		530	(10,109)
Unrealised foreign exchange movements		81,210	(127)
Bad debts written-off		8,000	–
Interest accrued on convertible notes		51,230	–
<b>Changes in assets and liabilities</b>			
(Increase)/decrease in receivables		(325,205)	(215,605)
(Increase)/decrease in inventories		(136,111)	(32,103)
(Increase)/decrease in other assets		28,487	(108,818)
Increase/(decrease) in payables		89,458	(164,853)
Increase/(decrease) in provisions		(104,769)	131,514
<b>Net cash flows from/(used in) operating activities</b>		(11,538,002)	(9,017,331)
<b>Cash flows from/(used in) investing activities</b>			
Purchases of plant and equipment		(44,335)	(191,526)
Purchases of intangible assets		(17,738)	(25,524)
Proceeds from the sale of plant and equipment		2,364	10,109
<b>Net cash flows from/(used in) investing activities</b>		(59,709)	(206,941)
<b>Cash flows from/(used in) financing activities</b>			
Proceeds from the issue of shares by the Company		6,065,000	11,966,367
Proceeds from conversion of borrowings into equity		3,063,000	–
Proceeds from the issue of shares by Simavita Holdings Limited		–	–
Equity transaction costs		(375,024)	(571,471)
Repayment of borrowings		–	–
<b>Net cash flows from financing activities</b>		8,752,976	11,394,896
Net increase in cash and cash equivalents held		(2,844,735)	2,170,624
<b>Cash and cash equivalents at the beginning of year</b>		9,027,722	6,844,197
Net foreign exchange differences on cash and cash equivalents		(10,217)	12,901
<b>Cash and cash equivalents at the end of year</b>	9	6,172,770	9,027,722

The accompanying notes form an integral part of these Consolidated Financial Statements.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2016

## 1. Nature and continuance of operations

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

These consolidated financial statements of the Group as at and for the year ended 30 June 2016 comprise Simavita Limited and its subsidiaries (together referred to as the "Group" and individually as "Group Entities") and have been prepared in accordance with IFRS, as applicable to the preparation of interim financial statements including IAS 34 "Interim Financial Reporting", and should be read in conjunction with the financial statements for the year ended 30 June 2014 which have been prepared in accordance with IFRS, as issued by the IASB. Simavita Limited is the ultimate parent entity of the Group.

The Group's operations focus on the sale and distribution of an expanding range of innovative products derived from its proprietary incontinence assessment and management technology, SIM™, with an initial emphasis on the US and European marketplaces, through existing distribution arrangements, and also in Australia. Simavita's operations are head-quartered in North Sydney, Australia.

## 2. Summary of significant accounting policies

### (a) Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The preparation of these consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires Management to make judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

### Going concern

The Group has incurred total loss before tax of \$11,457,221 during the year ended 30 June 2016 and net cash flows used in operations during the same period of \$11,538,002. Capital raising activities undertaken by Simavita during the year raised \$8,752,976 net of transaction costs. The Group's cash reserves as at 30 June 2016 were \$6,172,770 and its working capital (defined to be current assets less total liabilities) was \$7,453,297. On 15 January 2016, the Group received a payment of \$1,266,862 under the Australian Commonwealth Government's research and development tax incentive scheme and the Directors expect the Group will receive a payment of \$1,665,911 in respect of the 2016 financial year during the next 12 months.

During the year ended 30 June 2017 the Group plans to materially grow revenue. The product range is being expanded to address additional market sectors of home based care and disability care. This initiative is in response to the global trend to allow the elderly and disabled to take ownership of their care which drives increased incentive for economical expenditure in continence management. The Group will also appoint additional distributors to address the long term care and rehabilitation markets in North America.

In light of the planned investment in new sales opportunities, the Directors plan, if required, to raise additional capital through the issuance of new equity during the next 12 months.

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

- Successfully raising further capital from the issue of new shares;
- Materially and rapidly address new market opportunities and to grow revenue; and
- Continuing cost containment strategies.

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

The Group's auditor has included an emphasis matter paragraph in the Audit Report relating to the Group's ability to continue as a going concern.

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

### (b) Basis of consolidation

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

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2016

## 2. Summary of significant accounting policies (continued)

### (c) Changes in accounting policies

The following standards and amendments to standards and interpretations are effective for annual periods beginning after 1 July 2016 and have not been applied in preparing these consolidated financial statements:

- IFRS 15 *Revenue from Contracts with Customers* provides clarification for recognising revenue from contracts with customers and establishes a single revenue recognition and measurement framework that applies to contracts with customers. The new standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Management is currently assessing the potential impact of the adoption of IFRS 15 on the Group's financial statements.
- IFRS 9 *Financial Instruments* is intended to replace IAS 39 *Financial Instruments: Recognition and Measurement* and uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the multiple rules in IAS 39. For financial liabilities designated at fair value through profit or loss, a Group can recognise the portion of the change in fair value related to the change in the Group's own credit risk through other comprehensive income rather than profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39, and incorporates new hedge accounting requirements. The new standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.
- IFRS 16 *Leases* will primarily affect the accounting by lessees and will result in the recognition of almost all leases on the balance sheet. The standard removes the current distinction between operating & financing leases and requires recognition of an asset (the right to use the leased item) and financial liability to pay rentals for almost all of the lease contracts. The accounting by lessors, however, will not significantly change. The new standard will result in extended disclosures in the financial statements. The new standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted. The Group has decided not to early adopt IFRS 16.

### (d) Earnings per share ("EPS")

Basic EPS is calculated by dividing the profit attributable to owners of the Group, excluding any costs of servicing equity other than common shares, by the weighted average number of common shares outstanding during the financial year. Diluted EPS adjusts the figures used in the determination of basic EPS to take into account the after income tax effect of interest and other financing costs associated with dilutive potential common shares and the weighted average number of common shares that would have been outstanding assuming the conversion of all dilutive potential common shares.

### (e) Foreign currency translation

The functional and presentation currency of Simavita Limited and its Australian subsidiaries is the Australian dollar (AUD). Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities which are denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate ruling at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates ruling at the date when the fair value was determined.

As at the reporting date, where appropriate, the assets and liabilities of these subsidiaries are translated into the presentation currency of Simavita Limited at the rate of exchange ruling at the balance sheet date and the statement of comprehensive income is translated at the weighted average exchange rates for the period. The exchange differences arising on the retranslation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the statement of comprehensive income.

### (f) Revenue

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

#### Sale of goods

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

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

#### Rendering of services

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

- Installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period; and

## 2. Summary of significant accounting policies (continued)

### (f) Revenue (continued)

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

### Interest revenue

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

### (g) Share-based payments

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

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

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

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

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

### (h) Income tax

#### Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or taxable loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date.

Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable). The tax rate adopted in the calculation of all tax balances is the tax rate applicable in Australia as that is deemed to be the most meaningful rate based on the nature of the Group's activities.

#### Deferred tax

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

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

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

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

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

#### Current and deferred tax for the period

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

#### Tax consolidation

Simavita Holdings Limited (the "Head Entity") and its wholly-owned Australian controlled entities have formed an income tax consolidated group under the tax consolidation regime. As at 30 June 2016, the Group had not yet generated a profit from the commercialisation of its intellectual property. Accordingly, no deferred tax assets arising from carried forward losses and temporary differences have yet been recognised.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2016

## 2. Summary of significant accounting policies (continued)

### (i) Government grants

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

### (j) Cash and cash equivalents

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

### (k) Trade and other receivables

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

### (l) Inventories

Inventories principally comprise finished goods and raw materials and are valued at the lower of cost and net realizable value. Inventory costs are recognised as the purchase price of items from suppliers plus freight inwards and any applicable landing charges. Costs are assigned on the basis of weighted average cost.

### (m) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on either a straight-line or diminishing value basis over the estimated useful life of the respective asset as follows:

Office equipment – 2.5 years

Equipment under lease – 3 years

Testing equipment – 3.33 years

Motor vehicles – 3.33 years

Furniture and fittings – 5 years

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

### (n) Intangible assets

#### Patents

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

#### Research and development costs

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

### (o) Impairment of assets

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



## 2. Summary of significant accounting policies (continued)

### (o) Impairment of assets (continued)

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

### (p) Trade and other payables

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

### (q) Leases

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

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

### (r) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave. Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled.

All other employee benefit liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Expenses for non-accumulating sick leave are recognised when the leave is taken during the year and are measured at rates paid or payable.

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

### (s) Provisions

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

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

### (t) Contributed equity

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

## 3. Critical accounting estimates and judgements

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

### (a) Critical accounting estimates and assumptions

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

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2016

## 3. Critical accounting estimates and judgements (continued)

### (a) Critical accounting estimates and assumptions (continued)

#### Share-based payments transactions

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

### (b) Critical judgements in applying the Group's accounting policies

#### Research and development costs

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

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

## 4. Other revenue

	Consolidated	
	30 June 2016	30 June 2015
	\$	\$
Interest revenue	77,869	191,386
R&D tax incentive	1,666,582	1,495,697
Foreign currency gain/(loss)	–	20,249
Net gain/(loss) on sale of plant and equipment	(530)	10,109
Miscellaneous revenue	2,419	–
Government grant	119,255	–
<b>Total other revenue</b>	<b>1,865,595</b>	<b>1,717,441</b>

Note: The prior year comparative numbers have been reclassified to include R&D tax incentive that was previously reported separately within income tax expense. Furthermore the foreign currency loss of \$122,557 in the current year has been reclassified to General and Administration. This treatment aligns with common industry practice.

## 5. Expenses

Amortization of intangible assets	113,469	28,742
Depreciation of fixed assets	23,685	101,474
Total depreciation and amortization	137,154	130,216
Employee benefits expenses	8,385,456	6,204,721
Research and development expenses (excluding employee benefits)	761,419	899,937

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

## 6. Loss per share

The following reflects the income and share data used in the calculations of basic and diluted loss per share:

Loss for the year attributable to the owners of Simavita Limited	(11,457,221)	(9,463,209)
Weighted average number of shares used in calculating loss per share	109,788,428	77,214,107

Note: None of the 17,578,422 (2015: 14,781,531) options and warrants over the Group's ordinary shares that were outstanding as at the reporting date are considered to be dilutive for the purposes of calculating diluted earnings per share.



## 7. Income tax

	Consolidated	
	30 June 2016 \$	30 June 2015 \$
<b>Reconciliation of income tax expense to prima facie tax payable</b>		
Loss before income tax expense	(11,457,221)	(9,463,209)
Tax at the Australian tax rate of 28.5% (2015: 30%)	(3,265,308)	(2,838,963)
<b>Tax effect of adjustments relating to non-temporary differences</b>		
Research and development income	(474,976)	(448,709)
Research and development expenses	1,055,077	893,056
Share-based payments expense	25,432	214,729
Foreign exchange differences	(4,184)	–
Other	5,314	–
	(2,658,645)	(2,179,887)
<b>Tax effect of adjustments relating to temporary differences</b>		
Deductible equity transaction costs	(292,717)	(290,949)
Net movements in provisions and payables	20,063	96,470
Accrued interest receivable	3,420	3,600
Unrealised foreign exchange gain	29,637	(1,403)
Net non-deductible transaction and interest expenses	–	–
	(2,898,242)	(2,372,169)
Tax rate differential due to other tax jurisdictions	(226,628)	(77,384)
	(3,124,870)	(2,449,553)
Tax losses not recognised	3,124,870	2,449,553
<b>Deferred tax assets/(liabilities)</b>		
Equity transaction costs	617,324	860,277
Provisions and payables	142,326	129,724
Accrued expenses	14,891	94,747
Patents	137,959	–
Other	–	6,712
	912,500	1,091,460
Deferred tax assets on temporary differences not brought to account	(912,500)	(1,091,460)
Total net deferred tax assets	–	–
<b>Tax losses</b>		
Australia	11,058,949	9,528,430
Canada	393,180	462,669
United States of America	1,385,922	468,447
Total deferred tax assets on tax losses not recognised	12,838,051	10,459,546

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2016

## 7. Income tax (continued)

Subject to the Group continuing to meet the relevant statutory tests, tax losses are available for offset against future taxable income. As at balance date, there are unrecognised tax losses with a benefit of approximately \$12,838,051 (2015: \$10,459,546) that have not been recognised as a deferred tax asset to the Group. These unrecognised deferred tax assets will only be obtained if:

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

## Tax consolidation legislation

Simavita Holdings Limited (the “Head Entity”) and its wholly owned Australian controlled entities have formed an income tax consolidated group under the tax consolidation regime. As at 30 June 2016, the Group had not yet generated a profit from the commercialisation of its intellectual property. Accordingly, no deferred tax assets arising from carried forward losses and temporary differences have yet been recognised.

## 8. Dividends and distributions

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

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

## 9. Cash and cash equivalents

	Consolidated	
	30 June 2016 \$	30 June 2015 \$
Cash at bank and on hand	6,172,770	4,027,722
Short-term deposits	–	5,000,000
Total cash and cash equivalents	6,172,770	9,027,722

## 10. Trade and other receivables

Trade receivables	200,903	169,459
Less provision for doubtful debts	(30,033)	–
GST receivable	80,991	91,571
Accrued interest receivable	–	12,000
Research and development tax concession receivable	1,665,911	1,339,584
Total trade and other receivables	1,917,772	1,612,614

Note: All trade and other receivables for the Group include amounts due in Australian dollars of \$1,706,460 (2015: \$1,584,806), United States dollars of \$7,536 (2015: Nil) and European Euros of EUR 26,222 (2015: EUR 19,192). Refer Note 30 for details of aging, interest rate and credit risks applicable to trade and other receivables for which, due to their short-term nature, their carrying value approximates their fair value.

## 11. Inventories

Finished goods and raw materials	568,207	345,912
Less provision for obsolescence	(86,184)	–
Total inventories	482,023	345,912

## 12. Property, plant and equipment

	Consolidated	
	30 June 2016 \$	30 June 2015 \$
Office equipment, at cost	342,756	314,544
Less: accumulated depreciation	(273,967)	(204,350)
Net office equipment	68,789	110,194
Furniture and fittings, at cost	84,679	84,679
Less: accumulated depreciation	(78,337)	(73,143)
Net furniture and fittings	6,342	11,536
Leasehold improvements, at cost	80,117	78,217
Less: accumulated depreciation	(38,005)	(18,054)
Net leasehold improvements	42,112	60,163
Testing equipment, at cost	47,217	42,108
Less: accumulated depreciation	(37,967)	(28,373)
Net testing equipment	9,250	13,735
Rental assets, at cost	59,737	55,288
Less: accumulated depreciation	(53,773)	(46,428)
Net rental assets	5,964	8,860
Total property, plant and equipment	132,457	204,488

## 13. Intangible assets

Patents, at cost	63,714	67,690
Less: accumulated amortisation	(31,138)	(31,929)
Total net patents	32,576	35,761
Software, at cost	138,029	120,291
Less: accumulated amortisation	(110,017)	(89,513)
Total net software	28,012	30,778
Total intangible assets	60,588	66,539

## 14. Other assets

Prepayments	44,240	116,314
Deposits	86,807	43,220
Total other assets	131,047	159,534

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2016

## 15. Trade and other payables

	Consolidated	
	30 June 2016 \$	30 June 2015 \$
Trade payables	309,346	273,313
GST payable	15,652	9,494
Accrued expenses	394,049	165,854
Payroll-related payables	212,063	369,135
Other payables	55,500	40,174
<b>Total trade and other payables</b>	<b>986,610</b>	<b>857,970</b>

Note: Trade payables and other payables for the Group include amounts due in Australian dollars of \$612,596 (2015: \$814,784), US dollars of USD 198,256 (2015: USD 16,657), Canadian dollars of CAD 92,361 (2015: CAD 17,322) and European euros of EUR 83,397 (2015: EUR 2,210). Refer Note 30 for details of contractual maturity and management of interest rate, foreign exchange and liquidity risks applicable to trade and other payables for which, due to their short-term nature, their carrying value approximates their fair value.

## 16. Provisions

Annual leave	202,894	298,446
Long service leave	60,181	69,386
<b>Total provisions</b>	<b>263,075</b>	<b>367,852</b>
<b>Reconciliation of annual leave provision</b>		
Balance at the beginning of the year	298,466	193,297
Add: obligation accrued during the year	173,459	284,049
Less: balance utilised during the year	(269,031)	(178,880)
<b>Balance at the end of the year</b>	<b>202,894</b>	<b>298,466</b>
<b>Reconciliation of long service leave provision</b>		
Balance at the beginning of the year	69,386	43,041
Add: obligation accrued during the year	50,211	26,345
Less: balance utilised during the year	(59,416)	–
<b>Balance at the end of the year</b>	<b>60,181</b>	<b>69,386</b>

## 17. Share capital

### Summary of common shares issued and outstanding

	Number of common shares	Amount \$
Balance at 1 July 2014	65,653,326	43,935,952
Issue of common shares for cash	25,019,706	11,258,867
Issue of common shares for cash under Share Purchase Plan	1,572,201	707,500
Equity transaction costs	–	(571,471)
Balance at 1 July 2015	92,245,233	55,330,848
Issue of common shares for cash	157,726,667	8,953,000
Issue of common shares for cash under Share Purchase Plan	1,225,000	175,000
Equity transaction costs	–	(375,024)
Balance at 30 June 2016	251,196,900	64,083,824

As of the date of these financial statements, being 30 August 2016, there was a total of 251,196,900 common shares in the Group on issue, of which a total of 32,649,281 were held as common shares and 218,547,619 were held as CDIs.

### Summary of warrants outstanding

As of the date of these financial statements, being 30 August 2016, the following warrants had been granted as part of the Group's capital raisings:

Number	Exercise price	Grant date	Expiry date	Fair value
1,154,245	\$0.41	31 January 2014	3 December 2016	\$0.167

As of the date of this MD&A, being 30 August 2016, the warrants that had been previously granted to Medline Industries, Inc. ("Medline") have been cancelled.

### Summary of options outstanding

As at 30 June 2016, a total of 9,043,164 options over common shares in the Group were outstanding.

The movements in the number of options outstanding during the year ended 30 June 2016 are as follows:

	2016	Weighted ave. exercise price	2015	Weighted ave. exercise price
Balance at the beginning of the year	10,390,164	\$0.62	6,876,664	\$0.59
Add: options granted during the year	443,000	\$0.58	3,727,500	\$0.68
Add: Placement options granted during the year	2,133,333	\$0.008	–	–
Less: options exercised during the year	–	–	–	–
Less: options forfeited/expired during the year	1,790,000	\$0.59	(214,000)	\$0.70
Balance at the end of the year	11,176,497	\$0.53	10,390,164	\$0.62
Exercisable at the end of the year	–	–	3,513,500	\$0.67

The numbers of options outstanding as at 30 June 2015, including the respective dates of expiry and exercise prices, are tabled below (refer Note 22 for further information). The options are not listed on the TSX-V or the ASX.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2016

## 17. Share capital (continued)

Number	Exercise price	Grant date	Expiry date	Fair value
1,469,166	\$0.41	31 January 2014	3 December 2016	\$0.167
1,469,166	\$0.52	31 January 2014	3 December 2016	\$0.137
1,469,166	\$0.65	31 January 2014	3 December 2016	\$0.110
1,469,166	\$0.82	31 January 2014	3 December 2016	\$0.086
500,000	\$0.62	28 October 2014	1 July 2017	\$0.187
1,023,500	\$0.70	19 August 2014	31 July 2018	\$0.267
700,000	\$0.68	9 April 2015	31 March 2019	\$0.145
100,000	\$0.51	9 April 2015	31 March 2019	\$0.190
200,000	\$0.63	9 April 2015	31 March 2019	\$0.156
200,000	\$0.76	9 April 2015	31 March 2019	\$0.128
250,000	\$0.50	18 September 2015	18 September 2018	\$0.109
193,000	\$0.70	7 July 2015	30 June 2017	\$0.183
800,000	\$0.15	28 January 2016	28 January 2017	\$0.02
1,333,333	\$0.15	2 March 2016	1 March 2017	\$0.008

## 18. Reserves

	Consolidated	
	30 June 2016 \$	30 June 2015 \$
Share-based payments reserve	<b>3,081,911</b>	2,992,676
Share capital reserve	<b>499,445</b>	499,445
Foreign currency reserve	<b>56,941</b>	(14,054)
Total reserves	<b>3,638,297</b>	3,478,067

## 19. Retained losses

Balance at the beginning of the year	<b>(48,617,928)</b>	(39,154,719)
Add: net loss attributable to owners of Simavita Limited	<b>(11,457,221)</b>	(9,463,209)
Balance at the end of the year	<b>(60,075,149)</b>	(48,617,928)

## 20. Employee benefits

### Options

On 20 November 2013, the shareholders of the Group approved changes to the Group's Stock Option Plan (the "Plan"). Under the terms of the Plan, the Directors may, at their discretion, grant options over the common shares in Simavita Limited to Directors, executives, consultants and employees. On 15 December 2015, the shareholders of the Group approved further changes to the Plan pursuant to which the maximum number of options that can be issued under the Plan was increased to 18,449,047.

During the period from the date of acquisition of Simavita Holdings Limited, being 3 December 2013, up to 30 June 2014, a total of 6,876,664 options over common shares in the Group were granted, at no cost, to three Directors of the Group. Each option, which vested immediately on the date of grant, entitles the holder to acquire one common share at a cost of between \$0.41 and \$0.82.

During the year ended 30 June 2016, a total of 443,000 options over common shares in the Group were granted, at no cost, to various employees and a Consultant of the Group. Each option, which vested immediately on the date of grant, entitles the holder to acquire one common share at a cost of between \$0.50 and \$0.70. Also during the year ended 30 June 2015, a total of 1,790,000 options that had been granted to former employees, A Consultant and a Director were forfeited and cancelled.

The fair value of each option granted under the Plan is estimated by an external valuer using a Black-Scholes option-pricing model with the following assumptions used for grants made during the years ended 30 June 2016 and 2015:

	2016	2015
Historic volatility and expected volatility	50%	50% to 75%
Option exercises prices	\$0.50 to \$0.70	\$0.51 to \$0.76
Weighted average exercise price	\$0.58	\$0.68
Risk-free interest rate	1.89% to 1.91%	1.73% to 3.12%
Expected life of an option	2.75 years to 3.5 years	2.5 years to 4.5 years

### Superannuation commitments

In respect of the year ended 30 June 2016, the Group made statutory contributions to various superannuation funds on behalf of all employees in Australia at a rate of up to 9.5% per annum, in addition to making other superannuation contributions as part of salary packaging arrangements with staff. All contributions are expensed when incurred. Contributions made by the Group of up to 9.5% per annum of employees' salaries are legally enforceable in Australia.

## 21. Related party transactions

### Details of Directors and Key Management Personnel ("KMP") as at balance date

Directors	Key Management Personnel
<b>Michael R. Spooner</b> (Non-Executive Chairman)	<b>Peta C. Jurd</b> (Chief Commercial Officer/Company Secretary)
<b>Gary W. Pace</b> (Non-Executive)	<b>Peter J. Curran</b> (Chief Technology Officer)
<b>Warren R. Bingham</b> (Non-Executive)	<b>Christopher R. Southerland</b> (Vice President, US Sales and Marketing)
	<b>Wessel Van Dijk</b> (Vice President, Europe Sales and Marketing)
	<b>Paul Won</b> (Vice President, Manufacturing and Supply Chain)

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2016

## 21. Related party transactions (continued)

Payments made to Directors and NEOs during the year ended 30 June 2016

Name and title of Directors	Period	Short-term		Long-term			Totals \$
		Salary/fees \$	Other \$	Post-employment Superannuation \$	Long service leave \$	Share-based Options \$	
Michael R. Spooner <sup>1</sup>	<b>2016</b>	<b>24,462</b>	–	<b>2,323</b>	–	–	<b>26,785</b>
<i>Non-Executive Chairman</i>	2015	–	–	–	–	–	–
Gary W. Pace <sup>2</sup>	<b>2016</b>	<b>17,857</b>	–	–	–	–	<b>17,857</b>
<i>Non-Executive Director</i>	2015	–	–	–	–	–	–
Michael W. Brown <sup>3</sup>	<b>2016</b>	<b>91,324</b>	<b>120,000</b>	<b>8,676</b>	–	–	<b>220,000</b>
<i>Former Non-Exec. Chair.</i>	2015	54,795	–	5,205	–	–	60,000
Philippa M. Lewis <sup>4</sup>	<b>2016</b>	<b>340,417</b>	<b>368,354</b>	<b>35,000</b>	<b>40,896</b>	–	<b>784,667</b>
<i>Former Director &amp; CEO</i>	2015	350,000	197,191	33,250	21,008	–	601,449
Ari B. Bergman <sup>5</sup>	<b>2016</b>	<b>34,697</b>	–	<b>921</b>	–	–	<b>35,618</b>
<i>Former Non-Exec. Dir.</i>	2015	50,139	2,917	4,763	–	–	57,819
Warren R. Bingham <sup>6</sup>	<b>2016</b>	<b>50,000</b>	–	–	–	–	<b>50,000</b>
<i>Non-Executive Director</i>	2015	–	25,000	–	–	–	25,000
Damien M. Haakman <sup>7</sup>	<b>2016</b>	<b>33,333</b>	<b>142,251</b>	–	–	–	<b>175,584</b>
<i>Former Non-Exec. Dir.</i>	2015	45,689	165,000	–	–	–	210,689
Craig J. Holland <sup>8</sup>	<b>2016</b>	<b>50,658</b>	–	–	–	–	<b>50,658</b>
<i>Former Non-Exec. Dir.</i>	2015	–	37,667	–	–	–	37,667
Peter C. Cook <sup>9</sup>	<b>2016</b>	–	–	–	–	–	<b>220,000</b>
<i>Former Non-Exec. Chair.</i>	2015	28,787	–	2,735	–	–	31,522
Sub-totals for Directors	<b>2016</b>	<b>642,748</b>	<b>630,605</b>	<b>46,920</b>	<b>40,896</b>	–	<b>1,361,169</b>
	2015	529,410	427,775	45,953	21,008	–	1,024,146



## 21. Related party transactions (continued)

### Payments made to Directors and NEOs during the year ended 30 June 2016 (continued)

Name and title of NEOs	Period	Short-term		Long-term			Totals
		Salary/fees	Other	Post-employment Superannuation	Long service leave	Share-based Options	
Peta C. Jurd <sup>10</sup>	<b>2016</b>	<b>228,365</b>	–	<b>21,695</b>	–	–	<b>250,060</b>
Chief Commercial Officer/ Company Secretary	2015	–	–	–	–	–	–
Thomas G. Howitt <sup>11</sup>	<b>2016</b>	<b>149,864</b>	<b>8,754</b>	<b>10,557</b>	–	–	<b>169,175</b>
Former CFO/Co. Sec.	2015	243,417	10,919	18,783	–	100,050	373,169
Peter J. Curran <sup>16</sup>	<b>2016</b>	<b>266,900</b>	<b>35,000</b>	<b>28,680</b>	–	–	<b>330,580</b>
Chief Technology Officer	2015	254,527	–	24,180	15,239	136,950	430,896
Christopher R. Southerland <sup>12</sup>	<b>2016</b>	<b>366,682</b>	<b>50,457</b>	–	–	–	<b>417,139</b>
VP, US Sales and Market.	2015	116,227	14,296	–	–	75,800	206,323
Wessel Van Dijk <sup>13</sup>	<b>2016</b>	<b>160,803</b>	–	<b>8,930</b>	–	–	<b>169,733</b>
VP, Europe Sales and Market.	2015	–	–	–	–	–	–
Charles B. Cornish <sup>14</sup>	<b>2016</b>	–	<b>115,000</b>	–	–	–	<b>115,000</b>
Former Dir., Sales and Market. ANZ	2015	–	126,500	–	–	14,500	141,000
Edward W. Nixey	<b>2016</b>	<b>198,662</b>	–	<b>19,519</b>	–	–	<b>218,181</b>
Former General Counsel	2015	36,837	–	3,500	–	–	40,337
Paul Won <sup>15</sup>	<b>2016</b>	<b>220,000</b>	<b>19,564</b>	<b>22,759</b>	–	–	<b>262,323</b>
VP, Man. and Supply Chain	2015	133,339	–	12,667	–	58,000	204,006
Sub-totals for NEOs	<b>2016</b>	<b>1,591,276</b>	<b>228,775</b>	<b>112,140</b>	–	–	<b>1,932,191</b>
	2015	784,347	151,715	59,130	15,239	385,300	1,395,731
Total payments made to	<b>2016</b>	<b>2,234,024</b>	<b>859,380</b>	<b>159,060</b>	<b>40,896</b>	–	<b>3,293,360</b>
Directors and NEOs	2015	1,313,757	579,490	105,083	36,247	385,300	2,419,877

The amounts included in the tables above in respect of the year ended 30 June 2016 and the prior year include amounts paid by the Group and its subsidiaries to the individuals named and/or parties related to them, as disclosed below.

1. Mr. Spooner was appointed as a Non-Executive Director of the Group and as the Non-Executive Chairman of the Board on 27 April 2016.
2. Dr Pace was appointed as a Non-Executive Director of the Group on 27 April 2016.
3. Payments made to Mr. Brown during the year ended 30 June 2016 totalling \$120,000 (as disclosed above under the heading "Other") comprised of fees paid to Integrated Equity Pty. Ltd., a company associated with Mr. Brown, for providing consultancy services. In respect of the year ended 30 June 2015, during the period from 1 July 2014 up to the date on which Mr. Brown was appointed as a Non-Executive Director of the Group, certain payments totalling \$117,000 were paid by the Group to Integrated Equity Pty. Ltd., a company associated with Mr. Brown, in respect of consulting services provided to the Group in relation to its capital raising in July 2014 and other corporate matters. In addition to these payments, during the same period, a total of 500,000 options were granted to Integrated Equity Pty. Ltd. which had a total share-based payments expense of \$93,500. The consulting arrangement between the Group and Integrated Equity Pty. Ltd. was terminated with effect from 31 December 2014. Mr. Brown resigned as the Chairman and Director of the Group effective 27 April 2016.
4. Payments made to Mrs. Lewis during the year ended 30 June 2016 totalling \$368,354 (as disclosed above under the heading "Other") comprised a short-term annual incentive of \$101,250 and termination payment of \$267,104. In respect of the year ended 30 June 2015, payments made to Mrs. Lewis totalling \$197,191 (as disclosed above under the heading "Other") comprised a dislocation and hardship allowance of \$70,000 and fringe benefits totalling \$67,411 (together with the associated fringe benefits tax of \$59,780). Mrs. Lewis resigned as the CEO and the director of the Group effective 27 April 2016.
5. Payments made to Mr. Bergman during the year ended June, 2016 totalling \$35,618. Mr. Bergman resigned as the Director of the Group effective February 29, 2016.
6. Payments made to Mr. Bingham during the year ended June, 2016, 2015 totalling \$50,000 comprised fees paid to MedTech International Pty. Ltd., a company associated with Mr. Bingham (2015: \$25,000 as disclosed under the heading "Other"), in respect of services provided to the Group by Mr. Bingham as a Director.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2016

## 21. Related party transactions (continued)

### Payments made to Directors and NEOs during the year ended 30 June 2016 (continued)

7. Payments made to Mr. Haakman during the year ended 30 June 2016 totalling \$100,000 (as disclosed above under the heading "Other") comprised fees of \$33,333 paid to Dussman Pty. Ltd., a company associated with Mr. Haakman, in respect of services provided to the Group by Mr. Haakman as a Director and \$66,667 paid to Dussman Pty. Ltd., a company associated with Mr. Haakman, in respect of consulting services provided to the Group in relation to its capital raising in April 2016. Payments made to Mr. Haakman during the year ended 30 June 2015 totalling \$165,000 (as disclosed above under the heading "Other") comprised fees paid to Dussman Pty. Ltd., a company associated with Mr. Haakman, in respect of services provided to the Group in relation to its capital raising in July 2014. Mr. Haakman resigned as the Director of the Group effective 29 February 2016.
8. Payments made to Mr. Holland during the year ended 30 June 2016 totalling \$50,658 comprised fees paid to Jackabbey Road Pty. Ltd., a company associated with Mr. Holland (2015: 37,667), in respect of services provided to the Group by Mr. Holland as a Director. Mr. Holland resigned as the Director of the Group effective 6 May 2016.
9. Mr. Cook was appointed as the Non-Executive Chairman of the Board on 31 January 2014. He resigned from the Board on 12 September 2014.
10. Ms. Jurd was appointed as Chief Commercial Officer on 8 September 2015.
11. Payments made to Mr. Howitt during the year ended 30 June 2016 totalling \$8,754 (as disclosed above under the heading "Other") comprised of performance bonus (2015: \$10,919). Mr. Howitt resigned as Chief Financial Officer and Company Secretary effective 15 January 2016.
12. Payments made to Mr. Southerland during the year ended 30 June 2016 totalling \$50,457 (as disclosed above under the heading "Other") comprised of performance bonus of \$22,997 and car allowance of \$27,459. Payments made to Mr. Southerland during the year ended 30 June 2015 totalling \$14,296 (as disclosed above under the heading "Other") comprised social security payments and reimbursement of medical insurance premiums. All payments to Mr. Southerland were made in American dollars and converted to Australian dollars.
13. Mr. Dijk was appointed as Vice President, Europe Sales & Marketing on 30 November 2015.
14. Payments made to Mr. Cornish during the year ended 30 June 2016 totalling \$115,000 (as disclosed above under the heading "Other") comprised fees paid to Healthy Holdings Pty. Ltd., a company associated with Mr. Cornish, in respect of sales and marketing services provided to the Group by Mr. Cornish (2015: \$126,500). Mr. Cornish resigned as Director, Sales and Marketing Australia and New Zealand on 1 October 2015.
15. Payments made to Mr. Won during the year ended 30 June 2016 totalling \$19,564 (as disclosed above under the heading "Other") comprised of performance bonus. Mr. Won subsequently left the Group on 16 August 2016.
16. Payments made to Mr. Curran during the year ended 30 June 2016 totalling \$35,000 (as disclosed above under the heading "Other") comprised of performance bonus.

All options for departed employees and consultants expire 90 days after their cessation of employment.

Apart from the above, there were no other transactions between the Group and any related parties during the year ended 30 June 2016.

### Shares and CHESS Depositary Interests ("CDIs") held by Directors.

Shares/CDIs held in Simavita Group	Number of shares			Number of shares			Balance 30 June 2016
	Balance 1 July 2014	Acquired	Sold	Balance 30 June 2015	Acquired	Sold	
<b>Director</b>							
Michael W. Brown	210,000	–	–	210,000	420,000	–	<b>625,000</b>
Philippa M. Lewis	425,835	111,112	–	536,947	–	–	<b>536,947</b>
Ari B. Bergman	676,310	111,112	–	787,442	–	–	<b>787,442</b>
Warren R. Bingham	–	–	–	–	420,000	–	<b>420,000</b>
Damien M. Haakman	24,553,070	6,168,880	–	30,721,950	46,666,667	–	<b>77,388,617</b>
Craig J. Holland	–	30,000	–	30,000	420,000	–	<b>450,000</b>
<b>Totals</b>	<b>25,865,215</b>	<b>6,421,104</b>	<b>–</b>	<b>32,286,339</b>	<b>47,926,667</b>	<b>–</b>	<b>80,208,006</b>

Note: The securities listed include those held by associates of the parties named and as such represent the securities in which the party had a direct and indirect beneficial interest.

## 21. Related party transactions (continued)

### Options and warrants held by Directors and members of KMP

As at 30 June 2016, the following options had been granted to Directors and members of KMP and/or parties associated with them. Please note that under the option scheme, options expire 3 months post departure.

Name of holder	Quantity	Exercise price	Grant date	Expiry date	Fair value
Michael W. Brown	500,000	\$0.62	28 October 2014	1 July 2017	\$0.187
Philippa M. Lewis	1,469,166	\$0.41	31 January 2014	3 December 2016	\$0.167
	1,469,166	\$0.52	31 January 2014	3 December 2016	\$0.137
	1,469,166	\$0.65	31 January 2014	3 December 2016	\$0.110
	1,469,166	\$0.82	31 January 2014	3 December 2016	\$0.086
Peter J. Curran	350,000	\$0.70	19 August 2014	31 July 2018	\$0.267
	300,000	\$0.68	9 April 2015	31 March 2019	\$0.145
Christopher R. Southerland	100,000	\$0.51	9 April 2015	31 March 2019	\$0.190
	200,000	\$0.63	9 April 2015	31 March 2019	\$0.156
	200,000	\$0.76	9 April 2015	31 March 2019	\$0.128
Paul Won	400,000	\$0.68	9 April 2015	31 March 2019	\$0.145
<b>Total</b>	9,716,664				

As at 30 June 2016, the following warrants had been granted to a Director and/or parties associated with him:

Name of holder	Quantity	Exercise price	Grant date	Expiry date	Fair value
Michael W. Brown	519,410	\$0.41	31 January 2014	3 December 2016	\$0.167

## 22. Commitments and contingencies

	Consolidated	
	30 June 2016 \$	30 June 2015 \$
<b>Operating lease expenditure commitments</b>		
Minimum operating lease payments		
– not later than one year	154,217	192,134
– later than one year but not later than five years	154,217	299,785
– later than five years	–	–
<b>Total minimum operating lease payments</b>	<b>308,434</b>	491,919

As at 30 June 2016 the Group continued with its operating leases relating to the following premises:

Location	Landlord	Use	Date of expiry of lease	Minimum payments (\$)
Level 13, 54 Miller Street North Sydney, NSW 2060 Australia	54 Miller Street Pty. Ltd.	Office	30 June 2018	308,434

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2016

## 23. Auditors' remuneration

Name of Auditor	Year	Audit services \$	Other assurance services \$	Other services \$	Totals \$
PricewaterhouseCoopers	2016	115,000	–	–	115,000
	2015	128,480	–	–	128,480
Total auditors' remuneration	2016	115,000	–	–	115,000
	2015	128,480	–	–	128,480

## 24. Exploration agreements

### Canada; Yukon Territory

#### Aurex Property-Mayo Mining District

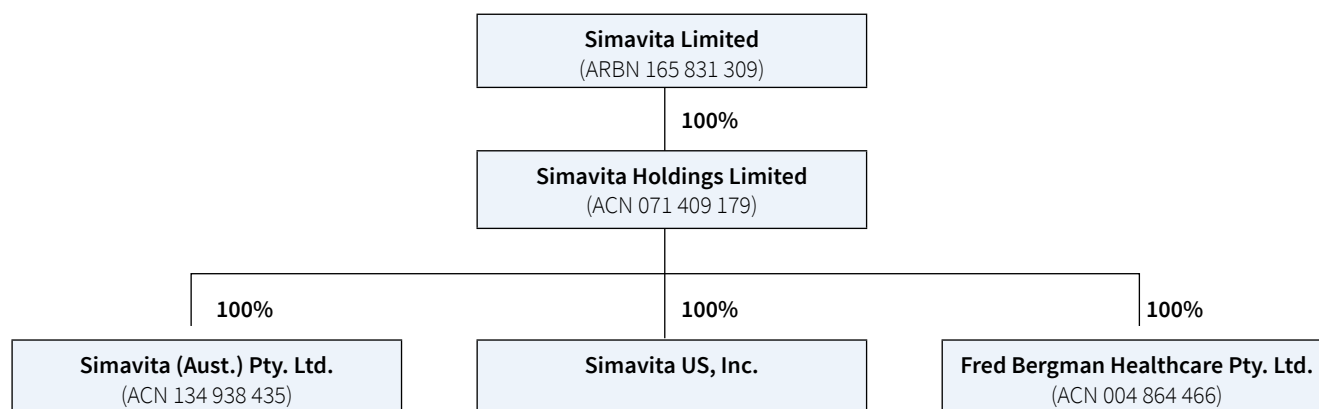
The Group previously had a 100% interest in this property, which consisted of 155 mineral claims. On 16 August 2001, the Group agreed with Yukon Zinc Corp. ("Yukon Zinc") to accept CAD 84,000, to be paid by the issue of 600,000 common shares in Yukon Zinc, as final settlement for the sale of the property. The property was subsequently sold to StrataGold Corporation which was purchased by Victoria Gold Corp. in June 2009. Simavita retains a 1.5% royalty on the project which Victoria Gold Corp. may purchase from the Group for CAD\$1,000,000.

#### Revenue Creek Area-Whitehorse Mining District

The Company previously owned 69 mineral claims which it sold to ATAC Resources Limited ("ATAC"), a Canadian public company, on 16 January 2002. The Company agreed to accept 200,000 common shares in ATAC and a cash payment of CAD\$5,000 in final settlement for the transfer of the project. Simavita retains a 1.5% net smelter royalty which ATAC may purchase from the Company for CAD\$600,000.

## 25. Group structure

The following diagram is a depiction of the Group structure as at 30 June 2015.



Name of Group company	Incorporation details	Group interest (%)	
		2016	2015
Simavita Limited	28 May 1968; Yukon, Canada (continued into British Columbia, Canada on 3 December 2013)	N/A	N/A
Simavita Holdings Limited	11 October 1995; Victoria, Australia	100%	100%
Simavita (Aust.) Pty. Ltd.	15 January 2009; NSW, Australia	100%	100%
Simavita US, Inc.	11 August 2012; Delaware, USA	100%	100%
Fred Bergman Healthcare Pty. Ltd.	28 January 1971; Victoria, Australia	100%	100%

## 26. Financial risk management

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

Risk management is managed by the Group's Audit and Risk Committee (the "Committee") under guidance provided by the Board of Directors. The Committee identifies and evaluates financial risks in close cooperation with the Group's operating units. A detailed Enterprise Risk Plan was developed during the year ended 30 June 2015 and approved by the Board. This Plan is reviewed by the Committee and revised on a regular basis, as required.

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

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

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

The Group holds the following financial instruments:

	Consolidated	
	30 June 2016	30 June 2015
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	6,172,770	9,027,722
Trade and other receivables	1,917,772	1,612,614
Performance bond and deposits	131,047	159,534
Total financial assets	8,221,589	10,799,870
<b>Financial liabilities</b>		
Trade and other payables	986,610	857,970
<b>Total financial liabilities</b>	986,610	857,970

### Credit risk

The Group's credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. If there is no independent rating, the Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings. The compliance with credit limits by customers is regularly monitored by Management. The maximum exposures to credit risk as at 30 June 2016 in relation to each class of recognised financial assets is the carrying amount of those assets, as indicated in the balance sheet.

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

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2016

## 26. Financial risk management (continued)

### Credit risk (continued)

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. As at 30 June 2016, the Group had raised no provision for doubtful debts. In certain circumstances, the Group may also obtain security in the form of guarantees, deeds of undertaking or letters of credit from customers which can be called upon if the counterparty is in default under the terms of the agreement.

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

	Consolidated	
	30 June 2016 \$	30 June 2015 \$
<b>Trade receivables</b>		
Current (less than 30 days)	145,470	180,944
31 days to 60 days	16,947	23,536
61 days to 90 days	15,630	275
Greater than 90 days	22,856	68,275
<b>Total trade receivables (refer note)</b>	<b>200,903</b>	<b>273,030</b>
<b>Trade and other payables</b>		
Current (less than 30 days)	973,172	857,004
31 days to 60 days	323	132
61 days to 90 days	1,258	–
Greater than 90 days	11,857	834
<b>Total trade and other payables</b>	<b>986,610</b>	<b>857,970</b>

Note: Trade receivables above do not include the R&D tax concession receivable of \$1,665,911 (2015: \$1,339,583).

### Market risk

#### Foreign currency risk

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

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

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

## 26. Financial risk management (continued)

### Market risk (continued)

As at 30 June 2016, the Group held the following financial assets and liabilities that were denominated in the following currencies:  
AUD – Australian dollars; USD – United States dollars; CAD – Canadian dollars; EUR – European euros.

	Year	AUD	USD	CAD	EUR	Totals (AUD)
<b>Financial assets</b>						
Cash and cash equivalents	<b>2016</b>	<b>5,500,735</b>	<b>346,622</b>	<b>214,152</b>	<b>111,261</b>	<b>6,172,770</b>
	2015	8,472,078	317,563	210,208	27,873	9,027,722
Trade and other receivables	<b>2016</b>	<b>1,884,014</b>	<b>7,536</b>	–	<b>26,222</b>	<b>1,917,772</b>
	2015	1,584,806	–	–	27,808	1,612,614
Performance bond and deposits	<b>2016</b>	–	–	–	–	–
	2015	116,289	23,285	19,960	–	159,534
Total financial assets	<b>2016</b>	<b>7,384,749</b>	<b>354,158</b>	<b>214,152</b>	<b>137,483</b>	<b>8,090,542</b>
	2015	10,173,173	340,848	230,168	55,681	10,799,870
<b>Financial liabilities</b>						
Trade and other payables	<b>2016</b>	<b>729,567</b>	<b>103,665</b>	<b>92,361</b>	<b>61,017</b>	<b>986,610</b>
	2015	814,784	21,711	18,273	3,202	857,970
Total financial liabilities	<b>2016</b>	<b>729,567</b>	<b>103,665</b>	<b>92,361</b>	<b>61,017</b>	<b>986,610</b>
	2015	814,784	21,711	18,273	3,202	857,970

During the year ended 30 June 2016, the Australian dollar/US dollar exchange rate decreased by 18.7%, from 0.9420 at the beginning of the year to 0.7655 at the end of the year.

During the same period, the Australian dollar/Canadian dollar exchange rate decreased by 6.0%, from 1.0057 at the beginning of the year to 0.9458 at the end of the year.

Also, during the same period, the Australian dollar/Euro exchange rate decreased marginally, from 0.6902 at the beginning of the year to 0.6900 at the end of the year.

Based on the financial instruments held at 30 June 2016, had the Australian dollar weakened/strengthened by 10% against the US dollar, with all other variables held constant, the Group's consolidated loss for the year would have been \$19,000 lower/\$35,000 higher (2015: movement immaterial), due to changes in the values of cash and cash equivalents which are denominated in US dollars, as detailed in the above tables.

Based on the financial instruments held at 30 June 2016, had the Australian dollar weakened/strengthened by 10% against the Canadian dollar, with all other variables held constant, the Group's equity, relating solely to the movement in profit and loss for the year, would have been \$35,000 lower/\$8,000 higher (2015: loss \$22,000 lower/\$18,000 higher), due to changes in the values of cash and cash equivalents which are denominated in Canadian dollars, as detailed in the above tables.

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

### Interest rate risk

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

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

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2016

## 26. Financial risk management (continued)

### Market risk (continued)

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

At 30 June 2016, if interest rates had changed by +/- 50 basis points from the year-end rates, with all other variables held constant, the Group's equity, relating solely to the movement in profit and loss for the year, would not have changed materially. The Group's main interest rate risk during the years ended 30 June 2015 and 2016 arose in respect of fixed rate borrowings with interest rates that did not fluctuate.

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

Consolidated	Year	Floating rate \$	Fixed rate \$	Carrying amount \$	Weighted- average rate %	Maturity period days
<b>Financial assets</b>						
Cash and cash equivalents	<b>2016</b>	<b>6,172,770</b>	–	<b>6,172,770</b>	<b>1.05%</b>	<b>At call</b>
	2015	4,027,722	5,000,000	9,027,722	2.30%	At call
Performance bond/deposits	<b>2016</b>	–	–	–	–	<b>At call</b>
	2015	–	159,534	159,534	–	At call
Totals	<b>2016</b>	<b>6,172,770</b>	–	<b>6,172,770</b>		
	2015	4,027,722	5,159,534	9,187,256		
<b>Financial liabilities</b>						
Interest-bearing liabilities	<b>2016</b>	–	–	–		
	2015	–	–	–		
<b>Totals</b>	<b>2016</b>	–	–	–		
	2015	–	–	–		

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

### Liquidity risk

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



## 26. Financial risk management (continued)

### Liquidity risk (continued)

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

Consolidated	Year	< 6 months \$	6 to 12 months \$	1 to 5 years \$	> 5 years \$	Totals \$
<b>Financial liabilities</b>						
Trade and other payables	<b>2016</b>	<b>986,610</b>	–	–	–	<b>986,610</b>
	2015	857,970	–	–	–	857,970
Interest-bearing liabilities	<b>2016</b>	–	–	–	–	–
	2015	–	–	–	–	–
<b>Total financial liabilities</b>	<b>2016</b>	<b>986,610</b>	–	–	–	<b>986,610</b>
	2015	957,970	–	–	–	857,970

### Classification of financial instruments

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

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

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

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

The fair values of the Group's financial assets and liabilities as at 30 June 2015 (as set out above) approximate their carrying values due to the short term nature of these instruments.

### Borrowing facilities

The Group had access to the following borrowing facilities as at 30 June 2016:

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

### Capital management

The Group's objective when managing capital is to ensure its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. Refer to Note 9 for details of cash reserves of the Group as at the end of the financial reporting period.

## 27. Subsequent events

On 14 July 2016, the Group granted a total of 12,559,884 unlisted stock options equally to Directors Mr. Michael Spooner and Dr Gary Pace pursuant to the resolutions passed at the Special General Meeting of shareholders held on 23 June 2016. Each option, which was granted at no cost, entitles the holder to acquire one common share in the Group at a price of \$0.05 per share. The options vest on 31 December 2017 and have an expiry date of 23 June 2023.

The Company delisted from the TSX-V effective at the close of business on 3 August 2016. This decision was taken in light of the fact that the vast majority of the Group's investors are Australian based and there was minimal transaction volume associated with share movements on the TSX-V. It also supports the Group's cost reduction strategy.

Apart from this transaction, there were no events that have occurred subsequent to balance date that have not been disclosed elsewhere in these financial statements.

# Independent Auditor's Report

for the year ended 30 June 2016



## Independent Auditor's Report

### To the Shareholders of Simavita Limited

We have audited the accompanying consolidated financial statements of Simavita Limited and its subsidiaries, which comprise the consolidated statements of financial position as at 30 June 2016 and 30 June 2015 and the consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

### Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Simavita Limited and its subsidiaries as at 30 June 2016 and 30 June 2015 and its financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

---

**PricewaterhouseCoopers, ABN 52 780 433 757**

Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001  
T: 61 3 8603 1000, F: 61 3 8603 1999, [www.pwc.com.au](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.



**Emphasis of matter**

Without qualifying our opinion, we draw attention to note 2(a) in the consolidated financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the corporation's ability to continue as a going concern.

**(Signed) “PricewaterhouseCoopers”**

PricewaterhouseCoopers  
Chartered Accountants

30 August 2016  
Melbourne

## ASX Additional Information

The following additional information is required by the Listing Rules of the Australian Securities Exchange and is not disclosed elsewhere in this Annual Report. The information provided is current as at 5 October, 2016.

The Company's common shares are not quoted on an exchange. The Company's common shares are traded in the form of CHESS Depositary Instruments ("CDIs") are quoted on the Australian Securities Exchange. The ASX code for the Company's CDIs is SVA. Each CDI comprises one common share.

### Distribution of Equity Securities

The numbers of security holders as 5 October, 2016, ranked by size of holding in each range of securities, are as follows:

Range	Total holders	Units	% of Issued Capital
0 - 1,000	58	31,593	0.01
1,001 - 5,000	188	665,970	0.27
5,001 - 10,000	109	917,549	0.37
10,001 - 100,000	266	10,120,977	4.03
100,001 - 10,000,000	107	239,460,811	95.33
<b>Total</b>	<b>728</b>	<b>251,196,900</b>	<b>100.00</b>

The number of holders of common shares and CDIs holding less than a "marketable parcel" of securities (being 9,804) on 5 October 2016 was 247.

## Twenty Largest Security Holders

The names of the twenty largest registered security holders as at 5 October 2016, are:

Rank	Holder Name	Holding	%
1	DUSSMAN PTY LTD (all Holdings)	77,388,617	30.81
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	41,215,275	16.41
3	J P MORGAN NOMINEES AUSTRALIA LIMITED	16,843,461	6.71
4	JOLIMONT LODGE PTY LTD <POWELL FAMILY SUPER FUND A/C>	11,612,267	4.62
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	10,458,125	4.16
6	GEORGE TAUBER MANAGEMENT PTY LTD	10,000,000	3.98
7	ROBERT JAMES HUTCHISON + MARYANN MCKENZIE <INSPIRATION SUPER FUND A/C>	10,000,000	3.98
8	VANEW PTY LTD <G M TAUBER FAMILY A/C>	10,000,000	3.98
9	NATIONAL NOMINEES LIMITED	6,495,000	2.59
10	UBS NOMINEES PTY LTD	5,000,000	1.99
11	SIM FINANCE PTY LTD	3,519,617	1.40
12	DYSPO PTY LTD <HENTY SUPER FUND A/C>	3,000,000	1.19
13	DENZIL SELDON + SARAH SELDON	2,137,570	0.85
14	MUTUAL TRUST PTY LTD	2,025,354	0.81
15	CITICORP NOMINEES PTY LIMITED	1,781,200	0.71
16	CARLUKE PASTORAL PTY LTD <CARLUKE SUPERFUND A/C>	1,774,865	0.71
17	SHEN WEI LI	1,555,314	0.62
18	PHILIP JOHN PEARCE	1,224,556	0.49
19	MR JOHN KENDALL PERRETT	1,060,000	0.42
20	AGGREGATED CAPITAL LIMITED	1,000,000	0.40
<b>Total</b>		<b>217,091,221</b>	<b>86.82</b>
<b>Outside Top 20</b>		<b>34,105,679</b>	<b>13.18</b>
<b>Issued Capital</b>		<b>251,196,900</b>	<b>100.00</b>

# ASX Additional Information

continued

## Substantial Security Holders

As at 5 October 2016, the names of the only substantial shareholders holding shares representing more than 5% of the Company's total issued capital, who have notified the Company in accordance with section 671B of the *Corporations Act 2001*, are:

Name	Number of Shares	Current Interest	Notice Date
Dussman Group	38,160,131	31.09%	4/07/16
WF Asian Reconnaissance Fund Limited	24,402,222	9.7%	29/06/16
Daniel Hegglin	16,800,000	6.68%	5/07/16

## Restricted Securities

There are currently no restricted securities on issue.

## Voting Rights

The Company is governed by the *Business Corporations Act* (British Columbia). Pursuant to Article 12 of the Company's articles, subject to any special rights and restrictions attached to any shares and to the restrictions imposed on joint shareholders:

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

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a personal or other legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

If there are joint shareholders registered in respect of any share:

- Any one of the joint shareholders may vote at any meeting of shareholders, personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or
- If more than one of the joint shareholders is present at any meeting, personally or by proxy, and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders may, by proxy, appoint one or more proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

# Corporate Information

## Directors

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

## Company Secretary

Peta C. Jurd  
Nathan Bartrop (Co-Company Secretary)

## Registered Office

26<sup>th</sup> Floor, 700 West Georgia Street  
Vancouver BC V7Y 1B3  
Canada

## Head Office

Level 13, 54 Miller Street  
North Sydney NSW 2060  
Australia

Telephone: +61 2 8405 6300  
Facsimile: +61 2 8088 1301  
Email: [customerservice@simavita.com](mailto:customerservice@simavita.com)

## Group website

[www.simavita.com](http://www.simavita.com)

## Australian Registered Business Number

165 831 309

## Banker (Canada)

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

## Banker (Australia)

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

## Banker (USA)

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

## Auditor

PricewaterhouseCoopers  
Chartered Accountants  
Freshwater Place  
2 Southbank Boulevard  
Southbank Vic. 3006  
Australia

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

## Common Share Register

Computershare Investor Services Inc.  
Level 2, 510 Burrard Street  
Vancouver BC V6C 3B9  
Canada

Telephone: +1 604 661 9400  
Facsimile: +1 604 661 9549  
Website: [www.computershare.com](http://www.computershare.com)

## CDI Register

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

Telephone: +61 3 9415 5000  
Facsimile: +61 3 9473 2500  
Website: [www.computershare.com.au](http://www.computershare.com.au)

