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# **AstiVita Limited**

ABN 46 139 461 733

**Annual Report**  
For the Year Ended 30 June 2020

ABN 46 139 461 733  
ASX Code: AIR

**AstiVita Limited**

ABN 46 139 461 733

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## AstiVita Limited

ABN 46 139 461 733

### Chairman's Review

For the Year Ended 30 June 2020

Dear Shareholders,

I am pleased to report that we are close to the final stages of executing the transformation strategy of AstiVita's Board. Despite numerous setbacks and missteps, the significant learnings have been of value and we are now well placed to launch some 8 brands with up to 100 new products over the next 12-18 months, mainly focusing but not limited to our sunscreens and other cosmetic products, including oral hygiene products, and will be progressively introduced on Amazon US and Europe.

The loss for FY20 of \$7.298 million compared to FY19 \$583,000 loss is disappointing.

- The derecognition of the deferred tax asset of \$4.368 million requested by ASIC.
- The derecognition of the intangible brand in New Zealand of \$449,000 requested by ASIC.
- Significant investment in advertising and marketing to launch a range of new brands and products. (All of this has been expensed to avoid any further ASIC queries.)
- A write-down of stock of \$644,000 to avoid any further queries over inventory values.
- Further issues were the result of delays with the introduction of sunscreens and other products in FY20.

	2020	2019	2018	2017	2016	2015
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Trading loss before tax	(3,016)	(833)	(1,200)	(1,444)	(1,520)	(2,170)
Loss After Tax	(7,298)	(583)	(841)	(1,034)	(1,070)	(1,592)

#### Strategic Outlook FY21

The outlook of FY21 is anticipated to be an improvement on FY20, with the month of July delivering a small profit. The investment and hard work over the last 6 months should see increases in sales in FY21. In particular:

- Further sales of sunscreen on Amazon in the US, Europe and Australia. The Antaria sunscreen was already ranked at #43 on Amazon since its launch in April 2020 in the US.
- Launch of 8 brands and release of up to 100 new products in the next 12-18 months subject to regulatory approvals (where required).
- Diversify the product range to include other cosmetic products, including oral hygiene products.
- An increase in sales expected from Tamawood Limited given its recent release of its results with a 26% increase in appointments.
- Further expansion of Dr ZinX product range.

The Company remains free from external debt and I am very pleased to support the Company financially and to continue investing into new brands and products.

The Board has made a decision to appoint me as Executive Chairman to ensure the orderly implementation of the AstiVita Board's transformation strategy.



**L Mizikovsky**

Executive Chairman

Dated: 31 August 2020

## **Directors' Report**

### **For the Year Ended 30 June 2020**

The directors present their report, together with the financial statements of AstiVita Limited, being AstiVita Limited ("AstiVita" or "the Company") and its controlled entities ("Group"), for the financial year ended 30 June 2020.

#### **Directors**

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

<b>Names</b>	<b>Position</b>
Lev Mizikovsky	Executive Chairman
Rade Dudurovic	Non-Executive Director
Geoff Acton	Non-Executive Director

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

#### **Company secretary**

The following person held the position of Company secretary at the end of the financial year:

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

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

AstiVita mainly sells household products which include: -

- Bathroom Products;
- Photovoltaic ("PV") Panels;
- Other Household Products and Consumer Goods.

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

#### **Review of operations and Results**

AstiVita incurred an after-tax loss of \$7.298 million for the year ended 30 June 2020 compared to a loss of \$583,000 in corresponding prior year. A significant proportion of the loss is attributable to ASIC demanding that AstiVita directors derecognise the deferred tax asset as at 31 December 2019 along with the intangible asset for AstiVita's New Zealand brand. As announced on the 24 January 2020, the Board strongly disagrees with this decision. In light of this decision the Board have taken a conservative view on current stock holdings as at 30 June 2020 to avoid any further unnecessary ASIC queries.

#### **Review of financial position**

The net assets of the Company have decreased by \$7.298 million from \$9.072 million at 30 June 2019 to \$1.774 million at 30 June 2020.

The Group adopted AASB 16 Leases from 1 July 2019 which has significantly increased both the assets and liabilities of the Company.

#### **COVID-19 impact to the company**

The business has qualified for Government support from the JobKeeper initiatives. The business witnessed a decrease in sales in the last quarter of FY20, however AstiVita is seeing signs in July of a recovery in sales revenue. The Company's supply chain has not been materially impacted by COVID-19 with AstiVita continuing to be able to source products as required.

## **Directors' Report**

**For the Year Ended 30 June 2020**

### **Dividends paid or recommended**

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

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

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

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

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

### **Future developments and results**

The Board anticipates an increase in sales from its diversified personal care product offering, including oral care hygiene products. Continued further developments in this range of products will be contemplated in FY21.

### **Environmental issues**

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

### **Options**

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

### **Insurance of officers**

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

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

## **Directors' Report**

**For the Year Ended 30 June 2020**

### **Information on directors**

#### **Mr Lev Mizikovsky Executive Chairman FAICD**

Lev Mizikovsky is Executive Chairman and major shareholder of AstiVita. AstiVita was part of the Tamawood Group until it was de merged in December 2009. Lev is the founding Director of Tamawood which started in July 1989 and is still a Non-executive Director and major shareholder. Since 1997, Mr Lev Mizikovsky has been a Fellow of the Australian Institute of Company Directors (FAICD). He is a substantial shareholder in a number of other Queensland companies including Lindsay Australia Limited (LAU), Advance NanoTek Limited (ANO), Tamawood Limited (TWD) and SenterpriSys Limited (NSX:SPS).

#### **Mr Rade Dudurovic - Non-executive Director B Com (Hons), LLB (Hons), MFM**

Rade has an extensive background in private equity with strong exposure to industrial and branded consumer manufacturing and distribution businesses particularly in the Asian region. He has qualifications in commerce and law and is a CPA as well as Senior Fellow of FINSIA. Rade is the Non-executive Director of Advance NanoTek Limited (ANO) and SenterpriSys Limited (NSX:SPS).

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

#### **Mr Geoff Acton - Non-executive Director B.Com, ACA, GAICD**

Geoff brings to AstiVita a vast amount of capabilities in his 21 year history with the Tamawood Group as Chief Financial Officer and Company Secretary. Further, he has an in-depth knowledge of the renewable energy sector as head of the successful Renewable Energy Certificate trading business established in 2004. He has assisted AstiVita in his role as Company Secretary since 2009. He is also a Managing Director of Advanced NanoTek Limited since June 2016.

## Directors' Report

For the Year Ended 30 June 2020

### Meetings of directors

During the financial year, 16 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Audit & Risk Committee		Governance & Remuneration Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
L Mizikovsky (Executive Chairman)	10	10	4	4	2	2
R Dudurovic (Non-executive Director)	10	10	4	4	2	2
G Acton (Non-executive Director)	10	10	4	3	2	2

\* Attended by invitation

### Non-audit services

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

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

The total fees to the external auditors, Econ Audit & Assurance Services Pty Ltd, for non-audit services during the year ended 30 June 2020 was Nil (2019: Nil).

### Remuneration report (audited)

This remuneration report for the year ended 30 June 2020 outlines the remuneration arrangements of the key management personnel of the Group, including the Directors, in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

### Remuneration policy

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

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

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

## Directors' Report

### For the Year Ended 30 June 2020

#### Remuneration report (audited)

##### Remuneration Structure

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

##### Non-executive Director Remuneration

###### Objective

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

###### Structure

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

##### Executives and Other Key Management Personnel

###### Objective

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

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

###### Structure

Remuneration consists of the following key elements:

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

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

	2016	2017	2018	2019	2020
	\$000's	\$000's	\$000's	\$000's	\$000's
Revenue	6,938	6,196	5,677	4,649	4,325
Net Profit/(loss)	(1,070)	(1,034)	(841)	(583)	(7,298)
Share price at year end (not rounded)	\$0.32	\$0.11	\$0.26	\$1.25	\$0.77

## Directors' Report

### For the Year Ended 30 June 2020

#### Remuneration report (audited)

#### Remuneration details for the year ended

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

#### Table of benefits and payments

Year Ended 30 June 2020	Cash salary fees & leave \$	Short term benefits			Post employment	Long term benefits(LSL)	Termination Benefits	TOTAL(\$)
		Bonus \$	Non monetary \$	Other \$	Superannuation \$	\$	\$	
<b>Directors</b>								
- L Mizikovsky (Executive Chairman)	-	-	-	-	-	-	-	-
- R Dudurovic (Non-executive Director)	24,375	-	-	-	-	-	-	24,375
- G Acton (Non-executive Director)	23,400	-	-	-	-	-	-	23,400
<b>Sub-total Directors</b>	<b>47,775</b>	-	-	-	-	-	-	<b>47,775</b>
<b>Other KMP</b>								
- J Mizikovsky (CEO)	31,800	-	-	-	-	-	-	31,800
- S Ison (General Manager)	103,291	-	-	-	-	-	-	103,291
<b>Total</b>	<b>182,866</b>	-	-	-	-	-	-	<b>182,866</b>

Year Ended 30 June 2019	Cash salary fees & leave \$	Short term benefits			post employment	Long term benefits(LSL)	Termination Benefits	TOTAL(\$)
		Bonus \$	Non monetary \$	Other \$	Superannuation \$	\$	\$	
<b>Directors</b>								
- L Mizikovsky (Executive Chairman)	-	-	-	-	-	-	-	-
- R Dudurovic (Non-executive Director)	24,000	-	-	-	-	-	-	24,000
- G Acton (Non-executive Director)	24,000	-	-	-	-	-	-	24,000
<b>Sub-total Directors</b>	<b>48,000</b>	-	-	-	-	-	-	<b>48,000</b>
<b>Other KMP</b>								
- J Mizikovsky (CEO)	20,010	-	-	-	-	-	-	20,010
- S Ison (General Manager)	109,578	-	-	-	-	-	-	109,578
<b>Sub-total other KMP</b>	<b>129,588</b>	-	-	-	-	-	-	<b>129,588</b>
<b>Total</b>	<b>177,588</b>	-	-	-	-	-	-	<b>177,588</b>

#### Cash performance-related bonuses

None of the key management personnel remuneration paid is performance based (2019: Nil).

## Directors' Report

### For the Year Ended 30 June 2020

#### Remuneration report (audited)

#### Key management personnel shareholdings

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

	Balance at beginning of year	Granted as remuneration /exercise of options during the year	Other changes during the year	Balance at end of year
<b>30 June 2020</b>				
<b>Directors</b>				
L Mizikovsky	12,562,793	-	81,778	12,644,571
G Acton	145,157	-	-	145,157
R Dudurovic	310,250	-	-	310,250
<b>Other KMP</b>				
J Mizikovsky	3,213,238	-	14,298	3,227,536
S Ison	336,548	-	(70,000)	266,548
	<b>16,567,986</b>	<b>-</b>	<b>26,076</b>	<b>16,594,062</b>
	Balance at beginning of year	Other changes during the year	Balance after consolidation *	Balance at end of year
<b>30 June 2019</b>				
<b>Directors</b>				
L Mizikovsky	37,766,203	12,484,966	12,562,793	12,562,793
G Acton	580,626	-	145,157	145,157
R Dudurovic	1,241,000	-	310,250	310,250
<b>Other KMP</b>				
J Mizikovsky	2,549,422	10,303,528	3,213,238	3,213,238
S Ison	1,346,190	-	336,548	336,548
	<b>43,483,441</b>	<b>22,788,494</b>	<b>16,567,986</b>	<b>16,567,986</b>

\*On 14 June 2019, the Company completed a conversion of debt to equity and a consolidation of 1 – 4 on shares in the Company. We have provided the new opening balances after the consolidation.

#### Equity Instruments Granted as Share Based Payment

Details of ordinary shares in the Company, issued as a result of the implementation of the Employee Share Scheme are set below:

Share-based payments	\$	Number of shares	Grant date	% vested in period	% forfeited in period	Vesting date
<b>KMP</b>						
S Ison	1,000	15,384	17/10/2017	-	-	17/10/2020

The shares issued under the plan include a non-recourse loan agreement which must be settled before the shares vest and a two year service condition which requires that the recipient must be an employee of the Company at the time the shares vest. The shares are also subject to an escrow arrangement for the duration of the vesting period. The shares were issued at \$0.10 per share, being the value at which shares were issued in the recent rights issue.

## **Directors' Report**

**For the Year Ended 30 June 2020**

### **Remuneration report (audited)**

#### **Service Agreements**

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

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

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

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

#### **End of Remuneration Report**

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

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

#### **Auditor's independence declaration**

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 30 June 2020 has been received and can be found on page 10 of the financial report.

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



**L Mizikovsky**

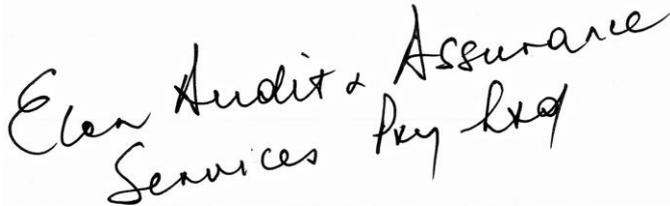
Executive Chairman

Dated: 31 August 2020

## Auditor's Independence Declaration to the Directors of AstiVita Limited

In accordance with the requirement of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of AstiVita Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

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



**ECON AUDIT AND ASSURANCE SERVICES PTY LTD**



**GEORGE VENARDOS**  
Director

Dated in Sydney this 31<sup>st</sup> day of August 2020

## Corporate Governance Statement

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

AstiVita has adopted the recommendations of ASX Corporate Principles Edition 4. AstiVita has completed and lodged an Appendix 4G and its corporate Governance Statement in conjunction with the lodgement of its Annual Report. AstiVita has clearly explained in its governance strategy where principles have been adopted and if not why not.

The Company’s charters, committees and corporate governance policies are available on our website.  
[www.aircorporate.com.au](http://www.aircorporate.com.au)

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## Statement of Profit or Loss and Other Comprehensive Income

### For the Year Ended 30 June 2020

	Note	2020 000's	2019 000's
Revenue	3	4,325	4,649
Other income	3	133	228
Raw materials and consumables used		(4,187)	(3,363)
Employee benefits expense		(340)	(726)
Impairment expense	13	(449)	-
Depreciation and amortisation expenses	12,13	(71)	(113)
Depreciation expense – right-of-use asset		(81)	-
Rental expense		(5)	(96)
Warranty cost		(612)	(423)
Advertising & marketing expense		(75)	(19)
Legal expenses		(44)	(28)
Doubtful debts written back/(off)		(8)	(11)
Directors fees		(48)	(49)
Freight out charges		(163)	(266)
Corporate costs		(126)	(113)
I T Services		(61)	(89)
Product licenses & permit costs		(34)	(56)
Insurance charges		(82)	(110)
Inventory written (down)/back		(644)	195
Other operating expenses		(361)	(294)
Interest expense – right-of-use asset		(8)	-
Finance costs		(75)	(149)
<b>Loss before income tax</b>		<b>(3,016)</b>	<b>(833)</b>
Income tax benefit	6	(4,282)	250
<b>Loss for the year</b>		<b>(7,298)</b>	<b>(583)</b>
<b>Other comprehensive income</b>			
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b>(7,298)</b>	<b>(583)</b>
Profit attributable to:			
Members of the parent entity		(7,298)	(583)
Total comprehensive income attributable to:			
Members of the parent entity		(7,298)	(583)
<b>Earnings per share</b>			
Basic earnings per share (cents)	18	(38.37)	(4.22)
Diluted earnings per share (cents)	18	(38.37)	(4.22)

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

**AstiVita Limited**

ABN 46 139 461 733

**Statement of Financial Position**

As At 30 June 2020

	Note	2020 000's	2019 000's
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	8	74	73
Trade and other receivables	9	551	1,077
Inventories	10	3,613	3,514
Other assets	11	1,142	467
<b>Total Current Assets</b>		<b>5,380</b>	<b>5,131</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	12	51	54
Right-of-use assets	2	195	-
Intangible assets	13	194	542
Deferred tax assets	16	-	4,368
<b>Total Non-Current Assets</b>		<b>440</b>	<b>4,964</b>
<b>TOTAL ASSETS</b>		<b>5,820</b>	<b>10,095</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	14	425	332
Provisions	15	397	181
Lease liabilities	2	147	-
<b>Total Current Liabilities</b>		<b>969</b>	<b>513</b>
<b>Non-Current Liabilities</b>			
Borrowings	22	2,994	369
Provisions	15	19	40
Deferred tax liabilities	16	14	101
Lease liabilities	2	50	-
<b>Total Non-Current Liabilities</b>		<b>3,077</b>	<b>510</b>
<b>TOTAL LIABILITIES</b>		<b>4,046</b>	<b>1,023</b>
<b>NET ASSETS</b>		<b>1,774</b>	<b>9,072</b>
<b>EQUITY</b>			
Issued capital	17	12,878	12,878
Retained earnings		(11,104)	(3,806)
<b>TOTAL EQUITY</b>		<b>1,774</b>	<b>9,072</b>

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

## Statement of Changes in Equity

### For the Year Ended 30 June 2020

2020

	Ordinary Shares	Retained Earnings	Total
Note	000's	000's	000's
<b>Balance at 1 July 2019</b>	12,878	(3,806)	9,072
<b>Comprehensive income for the year</b>			
Profit / (Loss) for the year	-	(7,298)	(7,298)
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(7,298)</b>	<b>(7,298)</b>
<b>Balance at 30 June 2020</b>	<b>12,878</b>	<b>(11,104)</b>	<b>1,774</b>

2019

	Ordinary Shares	Retained Earnings	Total
Note	000's	000's	000's
<b>Balance at 1 July 2018</b>	9,540	(3,223)	6,317
<b>Comprehensive income for the year</b>			
Profit / (Loss) for the year	-	(583)	(583)
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(583)</b>	<b>(583)</b>
Issue of shares	3,338	-	3,338
<b>Balance at 30 June 2019</b>	<b>12,878</b>	<b>(3,806)</b>	<b>9,072</b>

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

## Statement of Cash Flows

### For the Year Ended 30 June 2020

	2020	2019
Note	000's	000's
<b>Cash flows from operating activities</b>		
Receipts from customers (including GST)	4,937	5,582
Payments to suppliers and employees (including GST)	(7,278)	(6,224)
Interest received	-	2
Interest paid	(8)	(149)
Foreign exchange gain	(8)	(1)
Net cash provided by/(used in) operating activities	21 <u>(2,357)</u>	<u>(790)</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	60	8
Purchase of property, plant and equipment	(15)	(2)
Payment for intangible asset	(159)	(37)
Net cash used by investing activities	<u>(114)</u>	<u>(31)</u>
<b>Cash flows from financing activities</b>		
Loans from related parties	2,550	699
Repayment of lease liabilities	(78)	-
Net cash provided by/(used in) financing activities	<u>2,472</u>	<u>699</u>
Net increase/(decrease) in cash and cash equivalents held	1	(122)
Cash and cash equivalents at beginning of year	73	195
<b>Cash and cash equivalents at end of financial year</b>	8 <u><u>74</u></u>	<u><u>73</u></u>

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

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2020**

The financial report covers AstiVita Limited ("AstiVita" or "the Company") and its controlled entities ('Group'). AstiVita is a for-profit Company limited by shares, incorporated and domiciled in Australia.

Each of the entities within AstiVita prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

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

##### **Basis of Preparation**

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

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

The financial statements have been prepared under the historical cost convention.

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

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

##### **(a) Income Tax**

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

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

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

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

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

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

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 1 Summary of Significant Accounting Policies

#### (a) Income Tax

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

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

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

#### (b) Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

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

#### (c) Inventories

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

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

#### (d) Property, Plant and Equipment

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

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

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

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 1 Summary of Significant Accounting Policies

#### (d) Property, Plant and Equipment

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

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

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

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

#### (e) Financial instruments

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

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

##### **Financial assets**

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

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

##### **Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using effective interest method, less any allowance for expected credits losses. Trade receivables are generally due for settlement within 30 days.

##### **Financial liabilities**

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

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

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

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 1 Summary of Significant Accounting Policies

#### (e) Financial instruments (cont)

##### Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12 month expected credit loss allowance is estimated. This presents a portion of the asset's lifetime expected credit losses that is attributable to a default even that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss impairment of financial assets.

#### (f) Intangible Assets

##### Software

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

#### (g) Cash and cash equivalents

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

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

#### (h) Employee benefits

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

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

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2020**

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

#### **(h) Employee benefits (cont)**

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

#### **(i) Provisions**

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

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

#### **(j) Earnings per share**

The company presents basic plus diluted earnings per share information for its ordinary shares.

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

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

#### **(k) Share capital**

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

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2020**

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

##### **(l) Equity-settled compensation**

Astivita operates equity-settled share-based payment employee share schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense immediately, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price.

An Employee Share Plan ('Plan') has been established to enable officers, staff and contractors to participate in the capital growth of the Company. The Group follows this by allowing all Eligible Employees of the Group to be issued shares in the Company. During the year, Eligible employees were issued 150,799 shares in the current financial year.

Offer to participate - The Board may, from time to time, at its absolute discretion, issue written offers to eligible employees, inviting them to accept shares in the Company ('Offer'). The Board must make Offers on a non-discriminatory basis to at least 75% of Australian-resident permanent employees who have completed at least 3 years of service (whether continuous or non-continuous) with the Company.

Restriction on disposal - A participant may not dispose of, deal in, or grant a security interest over, any interest in a share issued under the Plan until the earlier of

- the end of the period of three years commencing on the date of the issue of that share
- the date on which the participant is no longer employed by the company; and
- the end of any other period determined by the Board in accordance with relevant law.

Shares to rank pari passu - Shares issued under the Plan will rank equally in all respects with ordinary shares in the company for the time being on issue except for any rights attached to the shares by reference to a record date prior to the date of issue.

The Plan is in compliance with the Corporations Act and Listing Rules of ASX as amended or waived from time to time.

##### **(m) Revenue and other income**

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

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

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

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2020**

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

#### **(m) Revenue and other income (cont)**

##### **Sale of goods**

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

##### **Interest revenue**

Interest is recognised using the effective interest method.

##### **Other income**

Other income is recognised on an accruals basis when AstiVita is entitled to it.

#### **(n) Goods and Services Tax (GST)**

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

Receivables and payable are stated inclusive of GST.

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

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

#### **(o) Foreign currency transactions and balances**

##### **Functional and presentation currency**

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

##### **Transaction and balances**

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

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 1 Summary of Significant Accounting Policies

#### (o) Foreign currency transactions and balances (cont)

##### Transaction and balances (cont)

- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or where they are deferred directly in equity reserves as "qualifying hedges".

#### (p) Rights of use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

#### (q) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

## Notes to the Financial Statements

### For the Year Ended 30 June 2020

#### 1 Summary of Significant Accounting Policies

##### (r) Critical accounting estimates and judgments

###### (i) General

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

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

###### (ii) Impairment of inventory

A provision of \$447,282 (2019: \$165,431) has been recognised by the Company for excess and slow moving inventory, which has been deemed impaired as at 30 June 2020. The assessment of this provision required a degree of estimation and judgement. The level of the provision was determined after taking into account the sales history of various product lines, the age of product groups and any other factors that may affect inventory obsolescence. The provision was based on product lines, which were unlikely to be sold in the foreseeable future.

###### (iii) Impairment of receivables

An allowance for doubtful debts of \$8,000 (2019: \$48,000) has been recognised by the Group as at 30 June 2020. The assessment of this allowance required a degree of estimation and judgement. The level of the allowance was determined after taking into account historical collection rates, specific knowledge of individual debtors' financial positions and past bad debt experiences and contractual performance against allowed credit terms.

###### (iv) Classification of borrowings

The Company has presented \$2.994 million (2019: \$0.369 million) in borrowings as non-current liabilities (Refer Note 22(c)). The borrowings are documented in a loan agreement, the interpretation of which is fundamental to the classification of borrowings as either current or non-current in accordance with AASB 101 *Presentation of Financial Statements*. The Directors have exercised judgement in the interpretation of the terms and conditions of the loan agreement in determining the classification of debt as current or non-current.

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 1 Summary of Significant Accounting Policies

(r) **Critical accounting estimates and judgments (cont)**

(v) **Warranty provision**

A provision of \$381,000 (2019: \$150,000) at 30 June 2020 has been recognised by the Company for estimated warranty claims in respect of products and services which are still under warranty at the end of the reporting period. Management estimates the provision for future warranty claims based on historical warranty claim information over the past 12 months, as well as recent trends that might suggest that the past cost information may differ from future claims.

(s) **Going concern**

The directors have prepared the financial report on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. This is deemed to be appropriate notwithstanding that the Company has incurred losses of \$7,298,000 (2019: \$583,000). As at 30 June 2020, the Company has net assets of \$1.774 million (2019: \$9.072 million).

The Company's ability to continue as a going concern is dependent on its ability to reverse the currently occurring operating losses by restructuring operations, increasing sales, realising the value inherent in inventory on-hand, recovering trade debtors and, if necessary, obtaining replacement debt or equity funding. Rainrose Pty Ltd, a related party has advanced \$2.994 million (2019: \$0.369 million). Rainrose Pty Ltd has confirmed it will continue to support the Company and advance further funds during FY21 if required.

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

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

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 2 Changes in Accounting Policy

This note explains the impact of the adoption of AASB 16 *Leases* on the Company's financial statements and discloses the new accounting policies that have been applied from 1 July 2019 in the Note 2 (b) below.

#### (a) Impact on the financial statements

The Company has adopted AASB 16 using the modified approach from 1 July 2019 but has not restated the comparatives for the 2019 reporting period as permitted under the specific transitional provision in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019.

#### (b) Adjustments recognised on adoption of AASB 16

On adoption of AASB 16, the Company recognised lease liabilities in relation to the leases which had previously been classified as "operating leases" under the principles of AASB 117 *Leases*. The liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of 1 July 2019. The Company's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 4.93%.

Lease liabilities recognised in the statement of financial position as at the date of initial application are as follows:

	2020 \$
Operating lease commitments disclosed as at 30 June 2019	-
Discounted using the lessee's incremental borrowing rate at the date of initial application	275
Less: short-term leases recognised on a straight-line basis as expense	-
Less: low-value leases recognised on a straight-line basis as expense	-
Add/Less: other adjustments at the date of initial application	(78)
Lease liability recognised as at 30 June 2020	<u>197</u>
Current lease liabilities	147
Non-current lease liabilities	50

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 2 Changes in Accounting Policies (cont)

These associated right-of-use-assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of-use assets were measured at the amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of Financial Position as at 30 June 2019. There were no onerous lease contracts that would have required an adjustment to the right of use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets

	2020 \$
Properties- Warehouse and office space	275
Accumulated depreciation	(80)
Total rights-of-use-assets	<u>195</u>

The change in accounting policy affected the following items in the Statement of Financial Position on 1 July 2019:

- Rights-of-use-assets- increase by \$275k
- Lease liabilities- increased by \$275k

The net impact on retained earnings on 1 July 2019 was \$Nil.

#### (i) Practical expedients applied

In applying AASB 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- the use of single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with remaining lease term of less than 12 months as at 1 July 2019 as short-term leases
- exclusion of initial direct costs for the measurement of right-to-use-asset at the initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

#### (c) The Company's leasing activities and how these are accounted for

Until the 2019 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight line basis over the period of the lease. There has been no change to the accounting for finance leases.

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 2 Changes in Accounting Policies (cont)

#### (d) The Company's leasing activities and how these are accounted for (continued)

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which leased asset is available for use by the Company. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any incentives receivable

The lease payments are discounted using the interest rate implicit on the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

*Rights-of-use assets are measured at cost comprising the following:*

- the amount of the initial measurement of lease liability;

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the profit or loss. Short-term leases are leases with a lease term of twelve (12) months or less.

#### (i) Extension and termination options

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the profit or loss. Short-term leases are leases with a lease term of twelve (12) months or less. Low-value assets comprise IT Equipment and small items of office equipment.

#### (ii) Critical judgements in determining the lease term

The current lease agreement does not contain options for renewal after the initial lease term.

## Notes to the Financial Statements

For the Year Ended 30 June 2020

## 3 Revenue and Other Income

Revenue from continuing operations

	2020 000's	2019 000's
<b>Sales revenue</b>		
- Bathroom products and Kitchen appliances	1,693	2,681
- Solarpower products and REC's income	1,713	1,846
- Sales on Amazon and sale of other products	919	120
<b>Other revenue</b>		
- Interest	-	2
<b>Total Revenue</b>	<u>4,325</u>	<u>4,649</u>
<b>Other Income</b>		
Gain (Loss) on exchange differences	5	(1)
Government grants - Job keeper	53	-
Other income	20	229
Gain / (Loss) on disposal of assets	55	-
<b>Total other income</b>	<u>133</u>	<u>228</u>

## 4 Expenses

The result for the year includes the following specific expenses:

	2020 000's	2019 000's
Bad and doubtful debts	8	11
Superannuation contributions defined contribution superannuation expense	31	60
Minimum lease payments	5	96
Property, plant and equipment - Depreciation	13	17
Intangible assets - Amortisation	58	95
Stock impairment / (reversal of impairment)	644	(165)

## Notes to the Financial Statements

For the Year Ended 30 June 2020

## 5 Remuneration of Auditors

	2020	2019
	\$	\$
Econ Audit & Assurance Services Pty Ltd for:		
- auditing or reviewing the financial statements	39,900	39,900
<b>Total</b>	<b>39,900</b>	<b>39,900</b>

## 6 Income Tax Expense

## (a) Components of tax expense

The major components of income tax expense comprise:

	2020	2019
	000's	000's
<b>Deferred tax expense</b>		
Relating to the origination and reversal of temporary differences	4,282	(250)
<b>Total income tax expense (benefit)</b>	<b>4,282</b>	<b>(250)</b>

## (b) Reconciliation of income tax to accounting profit:

	2020	2019
	000's	000's
Loss before income tax	(3,016)	(833)
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2019: 30%)	30%	30%
	(904)	(250)

The following items have affected income tax expense for the period:

Add / (less) the tax effect of:

- Permanent differences	5,186	-
	<b>4,282</b>	<b>(250)</b>

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 7 Dividends

Franking account

	2020 000's	2019 000's
Balance of franking account at year end	1,497	1,497

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

- (a) Franking credits that will arise from the payment of the current tax liabilities;
- (b) Franking debits that will arise from the payment of dividends recognised as a liability at the year end;
- (c) Franking credits that will arise from the receipt of dividends recognised as receivables at the end of the year.

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

### 8 Cash and cash equivalents

	2020 000's	2019 000's
Cash at bank	74	73
Other cash and cash equivalents	-	-
	<u>74</u>	<u>73</u>

## Notes to the Financial Statements

For the Year Ended 30 June 2020

## 9 Trade and other receivables

	2020 000's	2019 000's
CURRENT		
Trade receivables	559	1,125
Provision for impairment	8(a) (8)	(48)
<b>Total current trade and other receivables</b>	<b>551</b>	<b>1,077</b>

## (a) Impairment of receivables

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

	2020 000's	2019 000's
Balance at beginning of the year	(8)	(48)
<b>Balance at end of the year</b>	<b>(8)</b>	<b>(48)</b>

## (b) Aged analysis

The ageing analysis of receivables is as follows:

	2020 000's	2019 000's
<b>60 Days Accounts</b>		
0-60 days	487	707
61-90 days	28	345
91-120 days	1	66
121+ days (considered not impaired)	-	-
121+ days (considered impaired)	43	7
<b>90 Days Accounts</b>		
151+ days (considered not impaired)	-	-
151+ days (considered impaired)	-	-
	<b>559</b>	<b>1,125</b>

Current trade receivables are non interest bearing and are generally on 60 day terms. An impaired amount is provided for any customers who are facing financial difficulties and may not be able to pay the outstanding account. Management reviews the financial status of new account applicants prior to granting credit trading terms. Management assess credit applicants by reference to their payment history with other suppliers and will only grant credit trading terms to those applicants with a sound payment background. The Company does not take security as part of any payment arrangements with customers. Based on the past payment history of the Company's customers, the Directors believe that the amounts past due date but not impaired are those customers with sound credit history and are therefore not impaired.

## Notes to the Financial Statements

For the Year Ended 30 June 2020

## 10 Inventories

	2020 000's	2019 000's
CURRENT		
At net realisable value:		
Finished goods	4,032	3,674
Less: Provision for obsolescence	(447)	(165)
Goods in transit	28	5
	<u>3,613</u>	<u>3,514</u>

## (a) Inventory expense

Inventories recognised as expense during the year ended 30 June 2020 and included in 'raw materials and consumables used' and 'changes in inventories of finished goods' amounted to \$4,187,000 (2019: \$3,363,000).

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

The entire amount of inventories is presented as current, since the Company expects to realise the assets in its normal operating cycle. However, based on past experience and after adjusting for events occurring after reporting date (note 25), the Company does not expect approximately \$Nil (2019: \$12,898) of inventories to be realised within the next 12 months. The directors and management are of the view that the stock will be realised in the future and realised for a value greater than cost in the normal course of the business.

## 11 Other non-financial assets

	2020 000's	2019 000's
CURRENT		
Prepayments	1,142	467
	<u>1,142</u>	<u>467</u>

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

## Notes to the Financial Statements

For the Year Ended 30 June 2020

## 12 Property, plant and equipment

	2020 000's	2019 000's
<b>Plant and equipment</b>		
At cost	450	543
Accumulated depreciation	(438)	(535)
Total plant and equipment	<u>12</u>	<u>8</u>
<b>Motor vehicles</b>		
At cost	77	77
Accumulated depreciation	(45)	(35)
Total motor vehicles	<u>32</u>	<u>42</u>
<b>Office equipment</b>		
At cost	114	109
Accumulated depreciation	(107)	(105)
Total office equipment	<u>7</u>	<u>4</u>
<b>Total property, plant and equipment</b>	<u><u>51</u></u>	<u><u>54</u></u>

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

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

	Plant and Equipment 000's	Motor Vehicles 000's	Office Equipment 000's	Total 000's
<b>Year ended 30 June 2020</b>				
Balance at the beginning of year	8	42	4	54
Additions	10	-	5	15
Disposals - written down value	(5)	-	-	(5)
Depreciation expense	(1)	(10)	(2)	(13)
<b>Balance at the end of the year</b>	<u>12</u>	<u>32</u>	<u>7</u>	<u>51</u>
	Plant and Equipment 000's	Motor Vehicles 000's	Office Equipment 000's	Total 000's
<b>Year ended 30 June 2019</b>				
Balance at the beginning of year	19	51	8	78
Additions	-	-	2	2
Disposals - written down value	(2)	-	-	(2)
Depreciation expense	(9)	(9)	(6)	(24)
<b>Balance at the end of the year</b>	<u>8</u>	<u>42</u>	<u>4</u>	<u>54</u>

## Notes to the Financial Statements

For the Year Ended 30 June 2020

## 13 Intangible Assets

	2020 000's	2019 000's
<b>Computer software</b>		
Cost	771	763
Accumulated amortisation and impairment	(728)	(670)
<b>Net carrying value</b>	<b>43</b>	<b>93</b>
<b>AstiVita NZ Brand Name</b>		
Cost	449	449
Accumulated amortisation and impairment	(449)	-
<b>Net carrying value</b>	<b>-</b>	<b>449</b>
Development cost	150	-
<b>Total Intangibles</b>	<b>193</b>	<b>542</b>

(a) Movements in carrying amounts of intangible assets

	Development Cost	AstiVita NZ Brand Name 000's	Computer software 000's	Total 000's
<b>Year ended 30 June 2020</b>				
Balance at the beginning of the year	-	449	93	542
Additions	150	-	-	150
Amortisation	-	(449)	(50)	(499)
<b>Closing value at 30 June 2020</b>	<b>150</b>	<b>-</b>	<b>43</b>	<b>193</b>

	AstiVita NZ Brand Name 000's	Computer software 000's	Total 000's
<b>Year ended 30 June 2019</b>			
Balance at the beginning of the year	449	153	602
Additions	-	-	-
Amortisation	-	(60)	(60)
<b>Closing value at 30 June 2019</b>	<b>449</b>	<b>93</b>	<b>542</b>

## Notes to the Financial Statements

For the Year Ended 30 June 2020

## 14 Trade and other payables

	2020 000's	2019 000's
CURRENT		
Unsecured liabilities		
Trade and other payables	425	332
	<u>425</u>	<u>332</u>

## 15 Provisions

	2020 000's	2019 000's
CURRENT		
Warranties	381	150
Employee benefits	16	31
	<u>397</u>	<u>181</u>
NON-CURRENT		
Employee benefits	19	40
	<u>19</u>	<u>40</u>
	<b>Warranties</b>	<b>Total</b>
	<b>000's</b>	<b>000's</b>
Balance at 1 July 2019	150	150
Additional provisions	231	231
Less reversal of costs	-	-
<b>Balance at 30 June 2020</b>	<u><b>381</b></u>	<u><b>381</b></u>
Balance at 1 July 2018	150	150
Additional provisions	-	-
Less reversal of costs	-	-
<b>Balance at 30 June 2019</b>	<u><b>150</b></u>	<u><b>150</b></u>

## Provision for Warranties

A provision of \$381,000 at 30 June 2020 (2019: \$150,000) has been recognised for estimated warranty claims in respect of products and services which are still under warranty at the end of the reporting period. The provision was assessed by reference to the actual warranty costs incurred over the prior 12 months, this amount was then adjusted to reflect the anticipated future group warranty costs.

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 15 Provisions

#### Provision for Warranties

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

#### Provisions for Employee Benefits

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

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

### 16 Tax

#### (a) Recognised deferred tax assets

	<b>Note</b>	<b>2020</b>	<b>2019</b>
		<b>000's</b>	<b>000's</b>
Deferred tax assets	16(c)	-	4,368
		<u>-</u>	<u>4,368</u>

#### (b) Recognised deferred tax liabilities

Deferred tax liabilities	16(d)	<b>14</b>	101
		<u><b>14</b></u>	<u>101</u>

## Notes to the Financial Statements

For the Year Ended 30 June 2020

## 16 Tax

## (c) Deferred Tax Assets

	Opening Balance 000's	Charged to Income 000's	Closing Balance 000's
<b>Deferred tax assets</b>			
Provisions	109	(109)	-
Provisions - employee benefits	21	(21)	-
Accrued expenses	-	-	-
Unused tax losses	4,229	(4,229)	-
Other	9	(9)	-
<b>Balance at 30 June 2020</b>	<b>4,368</b>	<b>(4,368)</b>	<b>-</b>

## (d) Deferred Tax Liabilities

	Opening Balance 000's	Charged to Income 000's	Closing Balance 000's
<b>Deferred tax liabilities</b>			
Property, plant and equipment	43	(26)	17
Intangibles	83	(86)	(3)
<b>Balance at 30 June 2020</b>	<b>126</b>	<b>(112)</b>	<b>14</b>

## 17 Issued Capital

	2020 000's	2019 000's
19,019,357 (2019: 19,019,357) Ordinary shares fully paid	12,878	12,878
	<b>12,878</b>	<b>12,878</b>

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

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

## (a) Movements in ordinary shares

	2020 No.	2019 No.	2020 \$000's	2019 \$000's
At the beginning of the reporting period	53,837,027	53,837,027	9,540	9,540
<b>Shares bought back during the year</b>				
Redemption in share capital a 1 for 4 consolidation	-	(40,377,770)	-	-
<b>Shares issued during the year</b>	-	-	-	-

## Notes to the Financial Statements

For the Year Ended 30 June 2020

## 17 Issued Capital

## (a) Movements in ordinary shares

	2020 No.	2019 No.	2020 \$000's	2019 \$000's
Conversion of loan	-	5,560,000	-	3,336
<b>At the end of the reporting period</b>	<b>19,019,257</b>	<b>19,019,257</b>	<b>9,540</b>	<b>12,876</b>

During the year, AstiVita Limited completed a consolidation of its shares on a 1 for 4 basis.

## (b) Capital Management

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

The capital structure of the Company comprises of issued share capital and retained earnings as disclosed in the statement of financial position.

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

There are no externally imposed capital requirements.

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

## (c) Options

At 30 June 2020 there were no share options on issue (2019: Nil)

## 18 Earnings per Share

## (a) Earnings used to calculate overall earnings per share

	2020 000's	2019 000's
Profit for the year used to calculate the basic and diluted EPS	<u>(7,298)</u>	<u>(583)</u>

## (b) Weighted average number of shares used

	2020 No.	2019 No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic & diluted EPS	<u>19,019,257</u>	<u>13,809,619</u>

## Notes to the Financial Statements

For the Year Ended 30 June 2020

## 19 Controlled Entities

	Country of Incorporation	Percentage owned (%) 2020	Percentage owned (%) 2019
<b>Parent Entity:</b>			
AstiVita Limited	Australia		
<b>Subsidiaries</b>			
AstiVita Bathrooms and Kitchens Pty Ltd	Australia	100	100
Solarpower Pty Ltd	Australia	100	100
Indent Manufacturing Pty Ltd	Australia	100	100
Thermasol Pty Ltd	Australia	100	100

## 20 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2020 (30 June 2019: Nil).

## 21 Cash Flow Information

Reconciliation of loss for the year to net cash provided by operating activities:

	2020 000's	2019 000's
Loss for the year	(3,016)	(833)
Adjustments for non-cash items in profit:		
- amortisation expense	58	95
- depreciation expense	93	18
- doubtful debt expense	(40)	-
- employee entitlements	(36)	-
- impairment of intangible asset	449	-
- profit on sale of property, plant & equipment	(55)	-
Changes in operating assets and liabilities:		
- (increase)/decrease in trade and other receivables	566	411
- (increase)/decrease in prepayments	(675)	(258)
- (increase)/decrease in inventories	(99)	(362)
- increase/(decrease) in trade and other payables	167	129
- increase/(decrease) in provisions	231	10
Cashflow from operations	<u>(2,357)</u>	<u>(790)</u>

## Notes to the Financial Statements

For the Year Ended 30 June 2020

## 22 Related Parties

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

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

(i) Key management personnel:

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

For details of remuneration disclosures relating to key management personnel, refer to Note 22: Interests of Key Management Personnel (KMP) and the remuneration report in the Directors' Report.

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

Tamawood Ltd and its controlled entities ("Tamawood"), SenterpriSys Limited ("SenterpriSys") and Advanced NanoTek Ltd ("ANO") are deemed to be a related party to AstiVita by virtue of Mr L Mizikovsky, the Executive Chairman of AstiVita, having a controlling interest in Tamawood, SenterpriSys and ANO. Transactions with ANO, SenterpriSys and Tamawood are disclosed below.

(b) Transactions with related parties

(i) Sale of goods and services

	2020	2019
	\$	\$
<b>Tamawood</b>		
- Sales to Tamawood Limited	1,133,606	908,313
<b>ANO</b>		
- Provision of accounting & logistics services	180,925	139,000
<b>Mr L Mizikovsky</b>		
- Sales to an entity controlled by Mr L Mizikovsky	37,400	50,592
<b>SenterpriSys</b>		
- Provision of IT services	300	-

(ii) Purchase of goods and services

	2020	2019
	\$	\$
<b>Tamawood</b>		
- Advertising, IT and accounting services	12,842	15,722
<b>Mr L Mizikovsky</b>		
- Rent and outgoings payments for premises leased from an entity controlled by Mr L Mizikovsky	5,162	95,533
<b>Mr Geoff Acton</b>		
- Administration and payroll processing services provided by an entity controlled by Mr Acton	15,392	12,518
<b>SenterpriSys</b>		
- IT Maintenance services	31,591	28,749

## Notes to the Financial Statements

For the Year Ended 30 June 2020

## 22 Related Parties (cont)

	2020	2019
	\$	\$
<b>CyberGuardAU Pty Ltd</b>		
- Payment for cyber security services	14,983	15,857
<b>Winothai Pty Ltd</b>		
- Payment for professional services	14,400	9,825
(iii) Outstanding balances		
	2020	2019
	\$	\$
<b>Mr L Mizikovsky</b>		
- Amounts receivable for sales	1,689	12,877
- Amounts payable for purchases	-	-
<b>Tamawood</b>		
- Amounts receivable from Tamawood for sales	127,054	299,642
- Amounts payable to Tamawood for purchases	1,723	488
<b>ANO</b>		
- Amounts receivable from ANO	35,216	52,544
- Amounts payable to ANO	23,012	40,331
<b>Senterprisys</b>		
- Amounts receivable from Senterprisys for sales	300	-
- Amounts payable to SenterpriSys for purchases	-	8,943
<b>CyberGuardAU Pty Ltd</b>		
- Amounts receivable from CyberGuardAU for sales	-	-
- Amounts payable to CyberGuardAU for purchases	-	5,966

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

## (c) Loans from related parties

At the Annual General Meeting in November 2013, shareholders unanimously approved an unsecured loan facility of up to \$2,000,000 with further advances available at the discretion of Rainrose Pty Ltd, an entity controlled by the Non-executive Chairman. As at 30 June 2020 the loan amounted to \$ 2,993,779. The loan with Rainrose Pty Ltd (an entity of Mr Lev Mizikovsky) has been provided to AstiVita and under the loan agreement is due for repayment in July 2022.

	Opening balance \$'000s	Closing balance \$'000s	Interest not charged \$'000s	Interest paid/payable \$'000s	Impairment \$'000s
<b>Loans from Rainrose Pty Ltd</b>					
2020	369	2,994	-	75	-
2019	3,006	369	-	149	-

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 23 Key Management Personnel Disclosures

(a) Key management personnel remuneration

	2020	2019
	\$	\$
Short-term employee benefits	182,866	158,577
Long-term benefits	11,724	10,067
Post-employment benefits	12,833	13,032
	<u>207,423</u>	<u>181,676</u>

Detailed remuneration disclosures are provided in the remuneration report on page 7.

Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 22: Related Party Transactions.

### 24 Financial Risk Management

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

The Company does not speculate in financial assets.

The Company is primarily exposed to the following financial risks:

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

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

#### Objectives, policies and processes

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

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

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

## Notes to the Financial Statements

### For the Year Ended 30 June 2020

#### 24 Financial Risk Management (cont)

##### (a) Credit risk

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

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

The utilisation of credit limits by customers is regularly monitored by management. Trade receivables consist of a large number of customers. The Company has two large debtors which represent 61% (2019: 2 debtors at 56%) of the AstiVita trade debtors which at 30 June 2020 had a total amount outstanding of \$111,111 (2019: \$760,531). The Directors believe all outstanding amounts will be received. The Company has identified slow paying customers and is satisfied that the \$7,681 (2019: \$48,000) allowance for doubtful debts is adequate in the event the customers may not be able to meet their repayment commitment to the Company.

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

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

##### (b) Liquidity risk

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

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

Liquidity risk is further mitigated due to the loan facility provided by Mr Lev Mizikovsky, the Non-executive Chairman and substantial shareholder of the Company, as disclosed in Note 1(s).

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

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

	Not later than 6 months		1 to 5 years		Total
	2020	2019	2020	2019	2020
	000's	000's	000's	000's	000's
Borrowings	-	-	2,994	369	2,994
Trade and other payables	425	332	-	-	425
<b>Total contractual outflows *</b>	<b>425</b>	<b>332</b>	<b>2,994</b>	<b>369</b>	<b>3,419</b>

\* Contractual cashflows approximate the carrying amounts as presented in the consolidated statement of

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 24 Financial Risk Management (cont)

financial position.

(c) Market risk

**(i) Interest rate risk**

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

The Company adopts a policy of minimising exposure to interest rate risk. A +/-1% change in interest rates would change the net interest expense by +/--\$29,940 p.a. (2019: +/--\$16,100) on cash held and borrowings at year end.

**(ii) Foreign currency risk**

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

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

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

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

	2020	2019
	\$	\$
<b>Financial assets</b>		
US Dollar bank account (cash at bank)	-	-
Euro bank account (cash at bank)	-	-
USD monies on deposit	247	315
Euro monies on deposit	840	7
<b>Financial liabilities</b>		
<b>Net exposure</b>	<b>1,087</b>	<b>322</b>
<b>Spot rate at year end</b>		
US Dollar	0.6863	0.7813
Euro	0.6111	0.6171

## Notes to the Financial Statements

### For the Year Ended 30 June 2020

#### 24 Financial Risk Management (cont)

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

It assumes a +/- 5% change of the Australian Dollar / US Dollar exchange rate for the year ended 30 June 2020 (30 June 2019: 5%). A +/- 5% change is considered for the Australian Dollar / Euro exchange rate (30 June 2019: 5%). Both of these percentages have been determined based on the historical market volatility in exchange rates.

2020	USD	Euro	Total AUD
<b>Net result for the year</b>			
Australian dollar weakened 5%	1	1	2
Australian dollar strengthened 5%	1	1	2
<b>Equity</b>			
Australian dollar weakened 5%	1	1	2
Australian dollar strengthened 5%	1	1	2
<b>2019</b>			
<b>Net result for the year</b>			
Australian dollar weakened 5%	1	1	2
Australian dollar strengthened 5%	1	1	2
<b>Equity</b>			
Australian dollar weakened 5%	1	1	2
Australian dollar strengthened 5%	1	1	2

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

(d) Fair value estimation

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

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

#### 25 Events Occurring After the Reporting Date

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

## Directors' Declaration

The directors of the Company declare that:

1. the financial statements and notes for the year ended are in accordance with the Corporations Act 2001, the *Corporations Regulations 2001*, other mandatory professional reporting requirements and:
  - a. comply with Accounting Standards, which, as stated in accounting policy note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
  - b. give a true and fair view of the financial position and performance of the consolidated group;
2. the General Manager has given the declarations required by Section 295A that:
  - a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
  - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
  - c. the financial statements and notes for the financial year give a true and fair view.
3. in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
4. The remuneration disclosures in the Remuneration Report in the Director's Report comply with Section 300A of the *Corporations Act 2001*.

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



**L Mizikovsky**  
Executive Chairman

Dated: 31 August 2020

## Independent Auditor's Report to the members of AstiVita Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of AstiVita Limited (the "Company") which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2020 and of its performance for the year ended; and
- (ii) complying with Australian Accounting Standards and *Corporations Act 2001*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirement of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### Emphasis of Matter- Going Concern

We draw attention to Note 1(s) in the financial report, which indicates that the Company incurred a total comprehensive loss of \$7,298K (2019: \$583K) and had net cash outflows from operations of \$2,357K (2019: \$790K) during the year ended 30 June 2020. The Company's ability to continue as a going concern is dependent upon the successful outcome of strategic initiatives for the next financial year as outlined in the Directors' Report, in addition to the continued financial support of Rainrose Pty Ltd, a company associated with the majority shareholder. Our opinion is not modified in respect of this matter.

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### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. In addition to the matter described in the *Going Concern note*, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the Matter was addressed in our audit
<p><b>Revenue recognition</b> (<i>Refer to Notes 1(m), 3</i>)</p> <p>The recognition of revenue in accordance with AASB 15 <i>Revenue from Contracts with Customers</i> is considered a material risk in Australian Auditing Standards. As a result of the guidance included in Australian Auditing Standards, we consider that the recognition of revenue is a Key Audit Matter which needs to be addressed in the course of our audit.</p>	<p>In this regard, our audit procedures included:</p> <ul style="list-style-type: none"> <li>- Understanding the policies and procedures applied to revenue recognition;</li> <li>- Carrying out substantive analytical procedures including analysis of revenue, cost of sales and rebates</li> <li>- Performing cut-off procedures for a sample of revenue transactions at year end in order to conclude on whether they were recognised at the moment the related goods or services were provided;</li> <li>- Performing analytical procedures on posted transactions. This procedure was carried out paying special attention to entries recorded close to year-end closing or subsequently, as well as those deemed unusual due, among other reasons, to their nature, amount, date of recording or its balancing entry;</li> <li>- Reviewing disclosures included in the notes to the financial statements.</li> </ul>

## Other Information

The directors are responsible for the other information. The “Other Information” comprises the information included in the Company’s annual report for the year ended 30 June 2020, but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report the fact. We have nothing to report in this regard.

## Responsibilities of Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## Auditor’s Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

### **Auditor's Responsibility for the Audit of the Financial Report (*continued*)**

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by the directors.
- Conclude on the appropriateness of director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation,

We communicate with directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on the Remuneration Report**

#### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 5 to 9 of the Directors' Report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of AstiVita Limited, for the year ended 30 June 2020, complies with section 300A of *Corporations Act 2001*.



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Sydney NSW 1230

## Report on the Remuneration Report (*continued*)

### *Responsibilities*

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

A handwritten signature in black ink that reads "Econ Audit &amp; Assurance Services Pty Ltd".

**ECON AUDIT AND ASSURANCE SERVICES PTY LTD**

A handwritten signature in black ink that reads "G. Venardos".

**GEORGE VENARDOS**  
**Director**

Dated in Sydney this 31<sup>st</sup> day of August 2020

## AstiVita Limited

ABN 46 139 461 733

# Shareholder Information

## For the Year Ended 30 June 2020

### ASX Additional Information

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 21 August 2020.

### Voting rights

#### Ordinary Shares

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

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

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

### Distribution of equity security holders

Holding	No. of Shares	No. of Holders
1 – 1,000	100,819	236
1,001 – 5,000	319,183	139
5,001 – 10,000	191,341	26
10,001 – 100,000	1,510,293	53
100,001 and over	16,897,721	11
	<b>19,019,357</b>	<b>465</b>

There were 162 holders of less than a marketable parcel of ordinary shares.

## AstiVita Limited

ABN 46 139 461 733

## Shareholder Information

### For the Year Ended 30 June 2020

#### Substantial shareholders

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

#### Twenty largest shareholders

	Number held	% of issued shares
RAINROSE PTY LTD	10,942,990	57.54
ODALREACH PTY LTD	2,500,000	13.14
SUNSTAR AUSTRALIA PTY LTD	1,640,169	8.62
MR LEV MIZIKOVSKY	865,081	4.55
MR SCOTT RONALD ISON <ISON FAMILY ACCOUNT>	262,646	1.38
MR RADE DUDUROVIC + MRS JACQUELINE JEANETTE DUDUROVIC <R&J SUPERANNUATION FUND A/C>	230,000	1.21
GEOFF ACTON	174,447	0.92
STODDART BUILDING PRODUCTS PTY LTD	165,295	0.87
K R KHATRI (DENTAL) PTY LTD <R K & K R KHATRI S/F A/C>	125,000	0.66
THE L AND R SUPER FUND PTY LTD <THE L & R SUPER FUND A/C>	115,690	0.61
MR ROBERT PATRICK LYNCH	109,081	0.57
MIZI SUPERANNUATION PTY LTD <MIZI SUPER FUND A/C>	96,267	0.51
BEOWULF PTY LTD <BEOWULF INVESTMENT A/C>	89,330	0.47
MR RADE DUDUROVIC	80,250	0.42
MR STUART KEITH ANDERSON	52,500	0.28
MR SCOTT GILCHRIST	52,261	0.27
MR RICHARD JOHN HOPSICK + MRS WENDY LAURA HOPSICK <HOPSICK SUPER FUND A/C>	46,000	0.24
NARELLE LYNCH	41,750	0.22
MR RAYMOND LAW	41,346	0.22
ANDREW THOMAS	38,813	0.20
	<b>17,668,916</b>	<b>92.90</b>

#### Securities exchange

The Company is listed on the Australian Securities Exchange (ASX code: AIR).

#### Share registry

The register of security holders of the Company is kept at the office of Computershare Investor Services Pty Limited.

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