

Vita Life Sciences Limited

ACN 003 190 421 ABN 35 003 190 421

Corporate Office

1/102 Bath Road, Kirrawee NSW 2232 P.O. Box 3143 Kirrawee NSW 2232

T/Free: 1800 852 222 T: 02 9545 2633 F: 02 9545 1311 vitalifesciences.com

24 August 2018

Market Announcements Australian Securities Exchange Limited

Dear Sir/ Madam,

APPENDIX 4D for Half Year Ended 30 June 2018

Please see attached the 30 June 2018 Half Yearly Report for Vita Life Sciences Limited (ASX Code:-VLS).

This announcement is made pursuant to Listing rule 4.2A.3. For all enquiries please contact the undersigned.

Vita Life Sciences Limited

Chin L Khoo Company Secretary

Tel: 02 9545 2633

Email: enquiries@vitalifesciences.com.au



1. Reporting Period

The information contained in this report is to be read in conjunction with Vita Life Sciences Limited (ABN: 35 003 190 421) 2017 Annual Report and any announcements to the market by Vita Life Sciences Limited during the half year ended 30 June 2018 (current period). All comparisons to previous period ended 30 June 2017.

2. Results for announcement to the market

			Percentage Change* %	2018 A\$'000	2017* A\$'000
2.1	Revenue	Up	13.7	20,079	17,660
	Profit before income tax	Up	47.0	2,805	1,908
2.2	Net profit after tax	Up	91.3	2,055	1,074
2.3	Net profit attributable to members	Up	90.5	2,065	1,084

^{*}Based on restated Prior Corresponding Period

4	Dividends (distributions)			Amount per security	Franked amount per security
5	Interim 2018 dividend	Ex-Dividend Record Date	24 September 2018 25 September 2018		
		To Be Paid	8 October 2018	1.5 cents	1.5 cents
	Final 2017 dividend	Paid	29 March 2018	2.25 cents	2.25 cents

2.6. Brief explanation of any of the figures in 2.1 to 2.4 above necessary to enable the figures to be understood.

As outlined previously, management has set a growth agenda for the organisation over the next two years which includes, a higher level of investment in brand equity, expanded market reach and greater product diversification. Pleasingly the first half performance demonstrates a commencement of the process with improved sales, however we are yet to see the full investment in branding and expanding our markets which will impact costs. Furthermore, our growth agenda is being undertaken across various business units in different locations and the strategies for each vary, thus impacting revenues and costs to varying levels.

The Directors report that revenue for the six months to 30 June 2018 was \$20.1 million, up 14%, delivering a net profit after tax attributable to Vita Life Science shareholders of \$2.0 million, up 91% compared to the previous corresponding period (PCP) profit (restated to \$1.084 million). Excluding the non-recurring share options expenses, the increase in the net profit after tax attributable to shareholders would have been 38% against PCP.

The Group delivered two quarters of consistent sales growth with improved profitability coming from our core markets in Australia. The business remains focused on increasing market penetration by investing in its brand equity and expanded market reach across the region.



The Group's balance sheet remains in a strong position at 30 June 2018 and our cash conversion to EBITDA was 100%. The increase in gross operating cashflow conversion is due to higher sales, working capital and income tax payment timing.

A summary of the Group's individual business units' performance follows:

Australia

Revenue in Australia increased by 12% (or \$0.91 million) against prior corresponding period (PCP) to \$8.5 million. The primary selling channel for the Herbs of Gold brand performed amongst strong domestic competition. Base business revenues increased by 6%, whilst the balance of its sales contributions flowed through from export customers. The EBIT contribution increased by 57% (or \$0.60 million) after accounting for share options expense. Excluding the non-recurring share options expenses, the underlying EBIT contribution increased by 14% (or \$0.20 million) against the PCP. An increase in brand investment initiatives will occur in the second half to support the broader distribution strategy, set for 2019.

Malaysia

The Malaysian business demonstrated solid sales growth. Revenue increased by 21%, however EBIT contributions decreased 13.0% against PCP as increased advertising and promotional investment within major Pharmacy customers occurred in the first half of the year. This deliberate channel strategy has stimulated sales growth in line with expectations, with advertising and promotional costs expected to normalise for the remainder of the year.

Singapore

Singapore revenue of \$3.2 million was steady against PCP. The market remains highly competitive with EBIT contributions in line with PCP. Singapore remains a challenging market for the Group. A combination of higher retailer incentives and, advertising and promotional costs will continue in order to maintain real estate on the shelf. The business is evaluating the opportunity to leverage e-commerce channels to drive increased revenues.

Other Markets: Vietnam, Indonesia, Thailand, China.

The Vietnam market continues to grow steadily, whilst Indonesia and Thailand recorded marginal revenue gains also. Mainland China consumer sales continue to be slower than expectation. Future revenue expectations from this market remain positive with a revised strategy to capture greater appeal through the e-commerce channels in the second half of the year.

3. Net tangible assets

Net Tangible Assets per security

30 June 2018
30 June 2017
\$0.45
\$0.40

4. There were no entities over which control has been gained or lost during the period

5. Dividends

A fully franked dividend of 2.25 cents per share amounting to \$1.21 million was paid on 29 March 2018 in relation to the year ended 31 December 2017.

Directors have declared the payment of a fully franked interim dividend for the six months to June 2018 of 1.5 cents per ordinary share as disclosed at point 2.4 above.



7. Details of associates and joint venture entities

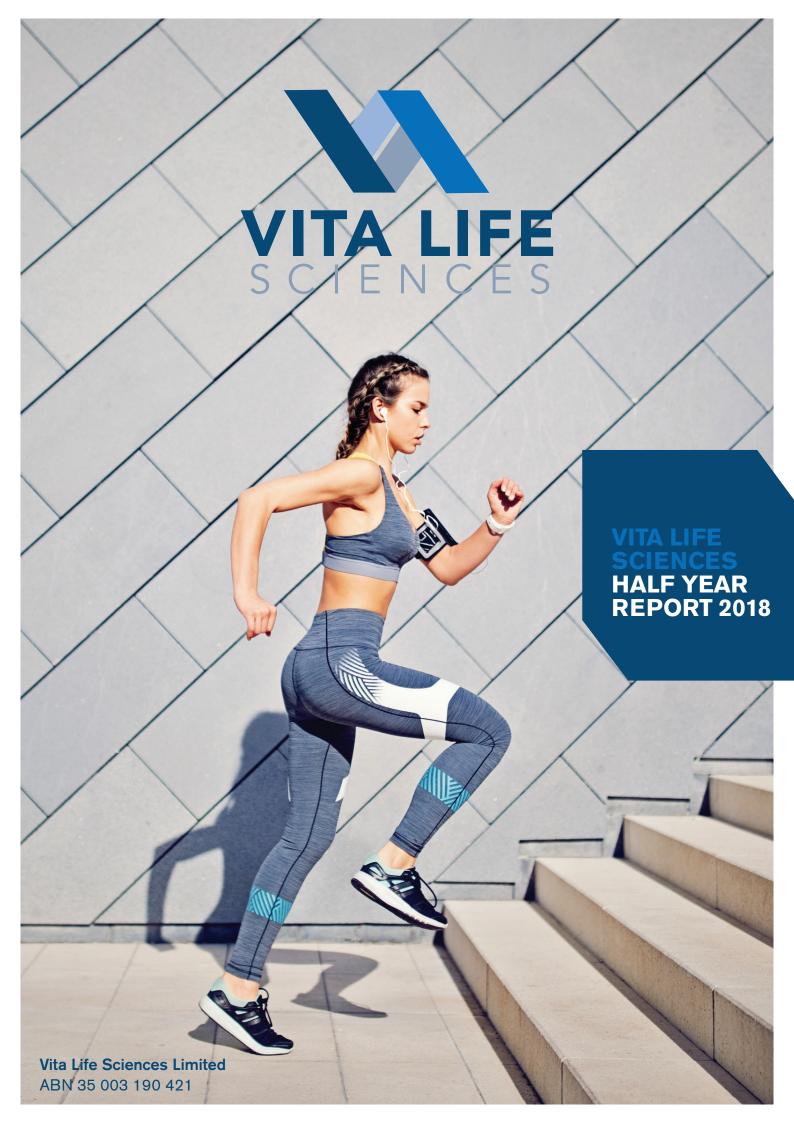
Investment details	Place of	Ownership interest			
	Incorporation	30 June 2018	Incorporation		
Name of Company: - Mitre Focus Sdn Bhd (unlisted)	Malaysia	6.3%	6.3%		

8. For foreign entities, which accounting standards were used in compiling this report.

International Financial Reporting Standard - IFRS

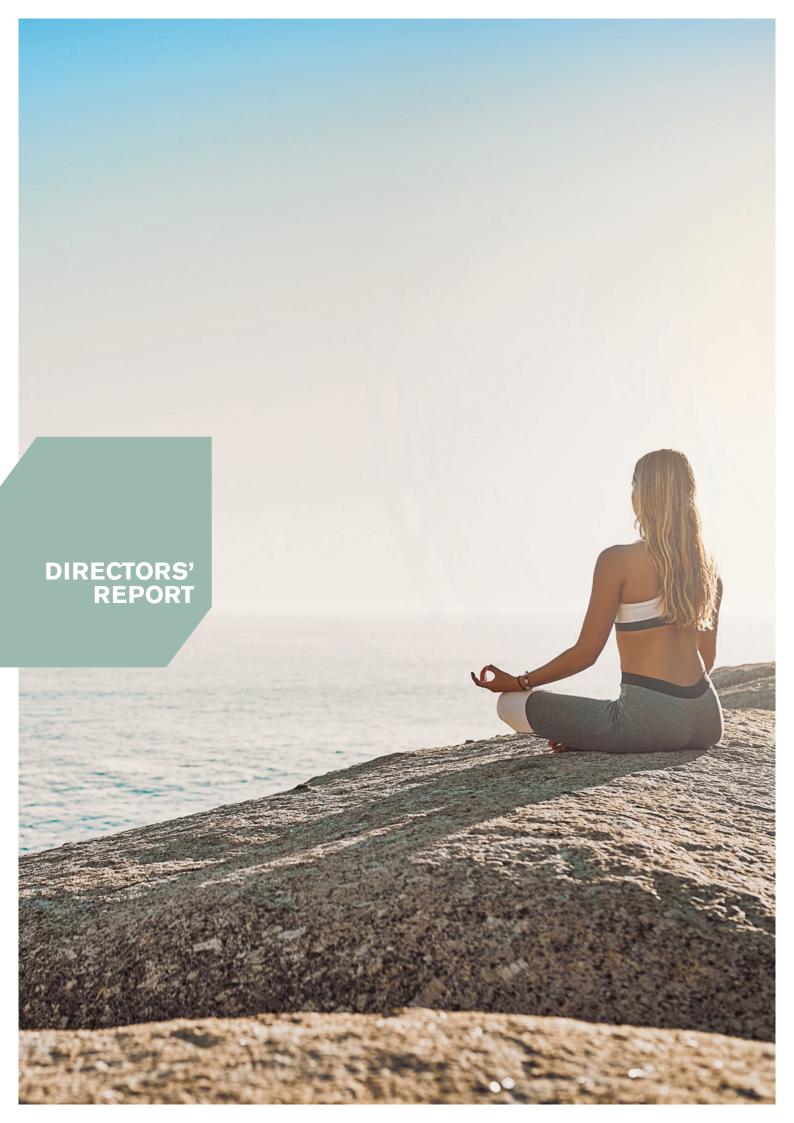
9. Information on Audit or Review

The Financial Statements have been subject to review. A copy of the Independent Auditor's Review Report is attached to the Half-Year Financial Report.









YOUR DIRECTORS SUBMIT THEIR REPORT FOR THE HALF YEAR ENDED 30 JUNE 2018

The Directors of Vita Life Sciences Limited ("Company" or "Vita Life Sciences") submit their report together with the financial report for Vita Life Sciences and its controlled entities for the half year ended 30 June 2018.

DIRECTORS

The names of the Company's directors in office throughout and since the end of the last financial period are set out below.

Mr Henry G Townsing Acting
Chairman

Mr Andrew O'Keefe Managing
Director

Mr Vanda R Gould Non-Executive
Director

Mr Jonathan J Tooth Non-Executive Director

Mr Shane Teoh Non-Executive Director

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

PRINCIPAL ACTIVITIES

During the period in review the principal continuing activities of the consolidated entity consisted of formulating, packaging, sales and distribution of vitamins and supplements and, investment.

OPERATING AND FINANCIAL REVIEW

As outlined previously, management has set a growth agenda for the organisation over the next two years which includes, a higher level of investment in brand equity, expanded market reach and greater product diversification. Pleasingly the first half performance demonstrates a commencement of the process with improved sales, however we are yet to see the full investment in branding and expanding our markets which will impact costs. Furthermore, our growth agenda is being undertaken across various business units in different locations and the strategies for each vary, thus impacting revenues and costs to varying levels.

The Directors report that revenue for the six months to 30 June 2018 was \$20.1 million, up 14%, delivering a net profit after tax attributable to Vita Life Sciences shareholders of \$2.0 million, up 91% compared to the previous corresponding period (PCP) profit (restated to \$1.084 million). Excluding the non-recurring share options expenses, the increase in the net profit after tax attributable to shareholders would have been 38% against PCP.

The Group delivered two quarters of consistent sales growth with improved profitability coming from our core markets in Australia. The business remains focused on increasing market penetration by investing in its brand equity and expanded market reach across the region.

The Group balance sheet remains in a strong position at 30 June 2018 and our cash conversion to EBITDA was 100%. The increase in gross operating cashflow conversion is due to higher sales, working capital and income tax payment timing.

DIRECTORS' REPORT

A SUMMARY OF THE GROUP'S INDIVIDUAL BUSINESS UNITS PERFORMANCE FOLLOWS:

Australia

Revenue in Australia increased by 12% (or \$0.91 million) against prior corresponding period (PCP) to \$8.5 million. The primary selling channel for the Herbs of Gold brand performed amongst strong domestic competition. Base business revenues increased by 6%, whilst the balance of its sales contributions flowed through from export customers. The EBIT contribution increased by 57% (or \$ 0.60 million) after accounting for share options expense. Excluding the non-recurring share options expenses, the underlying EBIT contribution increased by 14% (or \$0.20 million) against the PCP. An increase in brand investment initiatives will occur in the second half to support the broader distribution strategy, set for 2019.

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The Malaysian business demonstrated solid sales growth. Revenue increased by 21%, however EBIT contributions decreased 13.0% against PCP as increased advertising and promotional investment within major Pharmacy customers occurred in the first half of the year. This deliberate channel strategy has stimulated sales growth in line with expectations with advertising and promotional costs expected to normalise for the remainder of the year.

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Other Markets: Vietnam, Indonesia, Thailand, China.

The Vietnam market continues to grow steadily, whilst Indonesia and Thailand recorded marginal revenue gains also.

Mainland China consumer sales continue to be slower than expectation. Future revenue expectations from this market remain positive with a revised strategy to capture greater appeal through the e-commerce channels in the second half of the year.

OUTLOOK

The first half performance provides Vita Life Sciences a strong foundation for the full year, with the delivery of improved sales growth across the Group. Higher branding and growth initiative costs are expected to occur in the second half of the year, which will have an influence against the full year EBIT performance. Directors remain confident in the three year growth strategy set for the business and are pleased with the underlying performance thus far.

ROUNDING OFF

Vita Life Sciences is a company of the kind referred to in ASIC Legislative Instrument 2016/191 dated 24 March 2016 and, in accordance with that Instrument, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise indicated.

DIRECTORS' REPORT (CONTINUED) FOR THE HALF YEAR ENDED 30 JUNE 2018.

AUDITOR'S INDEPENDENCE DECLARATION

The Directors have received an Independence Declaration from the external auditor, Nexia Sydney Audit Pty Ltd. A copy of this Declaration follows the Directors Report.

This directors' report is signed in accordance with a resolution of the Board of Directors made pursuant to S.306(3) of the Corporations Act 2001.

Andrew O'Keefe

Managing Director

24 August 2018



The Board of Directors Vita Life Sciences Limited 1/102 Bath Road KIRRAWEE NSW 2232

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead auditor for the review of the condensed consolidated financial statements of Vita Life Sciences Limited for the half-year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there has been no contravention of:

- the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- contraventions of any applicable code of professional conduct in relation to the review.

Yours sincerely,

Nexia Sydney Audit Pty Limited

Joseph Santangelo

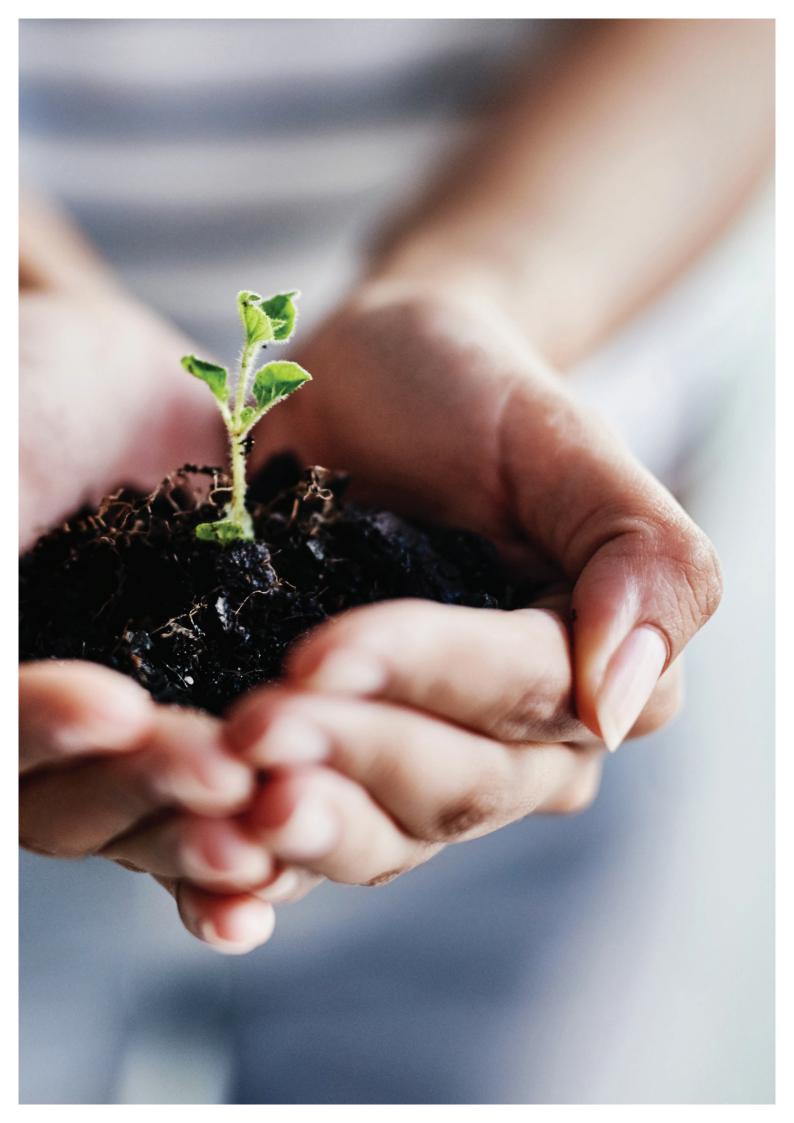
Director

Dated: 24 August 2018

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CONDENSED CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

FOR THE HALF YEAR ENDED 30 JUNE	Notes	30 June 2018 \$'000	Restated 30 June 2017 \$'000
Sale of goods		20,079	17,660
Cost of sales		(6,653)	(5,604)
Gross profit	-	13,426	12,056
Other income		60	13
Distribution expenses Marketing expenses Occupancy expenses Administrative expenses Other expenses Share options expense Share of associate's profit		(1,833) (1,493) (437) (6,541) (301) (60)	(1,631) (1,154) (378) (6,256) (270) (454)
Profit before interest and taxes	-	2,832	1,931
Finance income Finance costs		32 (59)	48 (71)
Profit before income tax	-	2,805	1,908
Income tax expense		(750)	(834)
Net profit for the half year	-	2,055	1,074
Other comprehensive income after income tax			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign controlled entities	_	1,072	(465)
Other comprehensive income/(loss) for the half year, net of income tax	-	1,072	(465)
Total comprehensive income for the half year		3,127	609
Net profit/(loss) for the half year attributable to: Non-controlling interest Members of the parent	-	(10) 2,065 2,055	(10) 1,084 1,074
Total comprehensive income attributable to: Non-controlling interest Members of the parent	-	2 3,125 3,127	(1) 610 609
Earnings per share (cents per share) - basic earnings per share - diluted earnings per share	5 5	3.76 3.76	1.97 1.94



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT	Notes	30 June 2018	31 December 2017
		\$'000	\$'000
ASSETS			
Current Assets			
Cash and cash equivalents		9,665	9,965
Trade and other receivables		7,193	6,662
Inventories Other posts		6,214	5,176
Other assets		478	505
Total Current Assets		23,550	22,308
Non Current Assets			
Other assets		-	7
Investment in associates		968	947
Property, plant and equipment		10,136	9,409
Intangible assets Deferred tax assets		69 245	60 223
Total Non Current Assets		11,418	10,646
Total Assets		34,968	32,954
LIABILITIES			
Current Liabilities			
Trade and other payables		5,359	4,413
Interest bearing loans and borrowings		328	290
Current tax liability		558	790
Provisions		602	586
Total Current Liabilities		6,847	6,079
Non Current Liabilities			
Deferred Tax Liability		55	52
Interest bearing loans and borrowings		1,865	1,927
Provisions		1,173	103
Total Non Current Liabilities		3,093	2,082
Total Liabilities		9,940	8,161
Net Assets		25,028	24,793
EQUITY			
Contributed equity	6	43,742	44,498
Accumulated losses	3	(19,871)	(19,789)
Employee share based payments reserve		545	594
Share options reserve		992	932
Foreign currency translation reserve		(407)	(1,477)
Parent entity interest		25,001	24,758
Non-controlling interest		27	35
Total Equity		25,028	24,793

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED	Notes	30 June 2018 \$'000	30 June 2017 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		21,513	19,839
Payments to suppliers and employees		(18,476)	(18,074)
Income tax paid		(1,001)	(1,239)
Interest received		32	48
Borrowing costs		(47)	(61)
Net cash flows provided by operating activities		2,021	513
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(351)	(25)
Net cash flows used in investing activities		(351)	(25)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of external borrowings		(156)	(194)
Dividends Paid		(1,211)	(1,239)
Shares bought back (net of costs)		(756)	(127)
Net cash flows used in financing activities		(2,123)	(1,560)
Net decrease in cash and cash equivalents		(453)	(1,072)
Net foreign exchange differences		153	(89)
Cash and cash equivalents at beginning of the half year		9,965	9,411
Cash and cash equivalents at end of the half year		9,665	8,250

Reconciliation of liabilities arising from financing activities

	Notes	2018 \$'000	Cashflows \$'000	Non-cash changes Foreign exchange movement \$'000	2017 \$'000
Interest bearing loans and borrowings		2,193	(156)	132	2,217



CONDENSED CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

FOR THE HALF YEAR ENDED 30 JUNE 2018

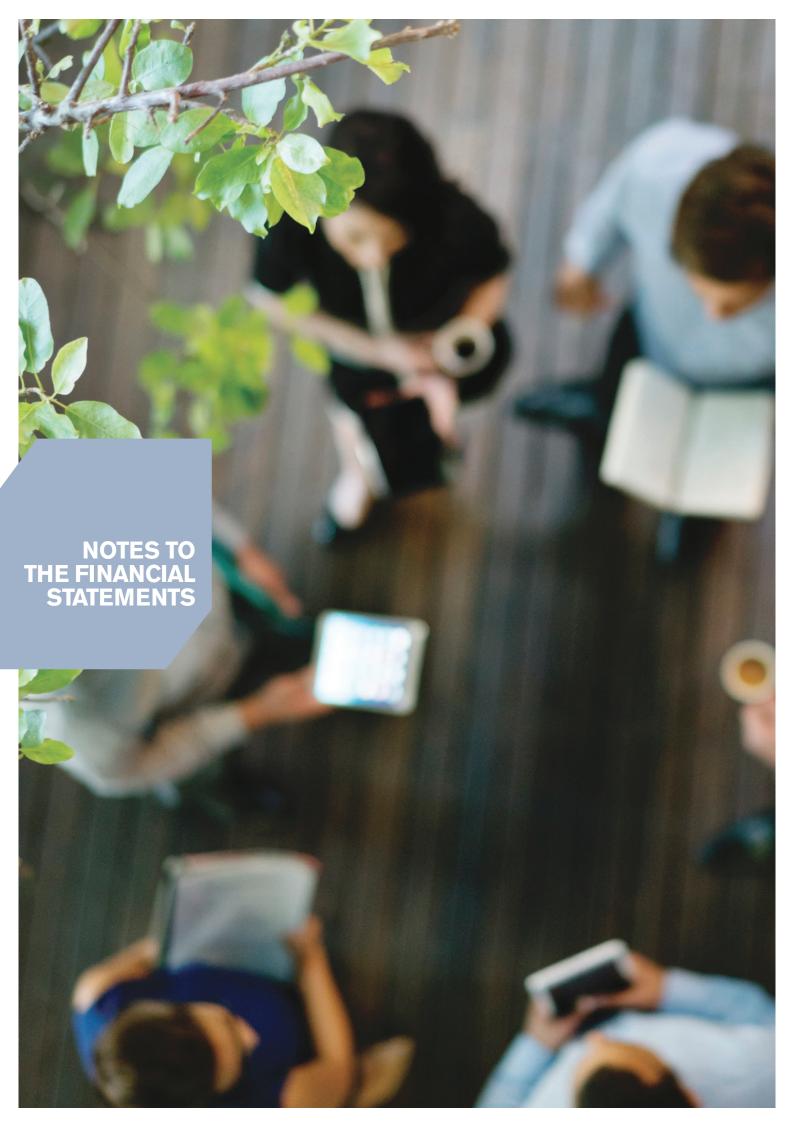
	Notes	Contributed Equity \$'000	Employee Share Based Payments Reserve \$'000	Share Options Reserve \$'000	Accumulated losses \$'000	Foreign Currency Translation Reserve \$'000	Attributable to Equity Holders of Parent \$'000	Non- controlling Interest \$'000	Total \$'000
Reported Balance at 1 January 2018		44,498	594	932	(19,790)	(1,477)	24,757	35	24,792
Impact of changes in accounting standard	3	-	-	-	(935)	-	(935)	-	(935)
Adjusted Balance at 1 January 2018		44,498	594	932	(20,725)	(1,477)	23,822	35	23,857
Comprehensive income									
Profit attributable to members of parent entity		-	-	-	2,065	-	2,065	(10)	2,055
Other comprehensive income/(loss) for the half year		-	-	-	-	1,070	1,070	2	1,072
Total comprehensive income for the half year		-	-	-	2,065	1,070	3,135	(8)	3,127
Transactions with owners, in their capacity as owners									
Shares bought back	6	(756)	-	-	-	-	(756)	-	(756)
Employee share based income		-	(49)	-	-	-	(49)	-	(49)
Share option scheme expense		-	-	60	-	-	60	-	60
Dividends paid	7	-	-		(1,211)	-	(1,211)	-	(1,211)
Total transactions with owners	-	(756)	(49)	60	(1,211)	-	(1,956)	-	(1,956)
Balance at 30 June 2018	-	43,742	545	992	(19,871)	(407)	25,001	27	25,028

THE CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES TO THE HALF YEAR REPORT. COMPARATIVE INFORMATION HAS BEEN RESTATED AS SET OUT IN NOTE 2 OF THIS REPORT.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE HALF YEAR ENDED 30 JUNE 2018 (CONTINUED)

	Notes	Contributed Equity \$'000	Employee Share Based Payments Reserve \$'000	Share Options Reserve \$'000	Accumulated Losses \$'000	Foreign Currency Translation Reserve \$'000	Attributable to Equity Holders of Parent \$'000	Non- controlling Interest \$'000	Total \$'000
Balance at 1 January 2017	Notes	44,692	733		(20,590)	(1,702)	23,133	42	23,175
Comprehensive income									
Profit attributable to members of parent entity		-	-	-	1,084	-	1,084	(10)	1,074
Other comprehensive income/(loss) for the half year		-	-	-	-	(464)	(464)	(1)	(465)
Total comprehensive income for the half year Transactions with owners, in their capacity as owners		-	-	-	1,084	(464)	620	(11)	609
Shares bought back	6	(126)	-	-	-	-	(126)	-	(126)
Employee share base expense		-	65	-	-	-	65	-	65
Share option scheme expense	2	-	-	454	-	-	454	-	454
Dividends paid	7	-	-	-	(1,239)	-	(1,239)	-	(1,239)
Total transactions with owners		(126)	65	454	(1,239)	-	(846)	-	(846)
Balance at 30 June 2017 (Restated)		44,566	798	454	(20,745)	(2,166)	22,907	31	22,938



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2018

1. CORPORATE INFORMATION

The Half Year financial report of Vita Life Sciences Limited ("Vita Life Sciences") and its controlled entities ("the Group") for the half year ended 30 June 2018 was authorised for issue by a resolution of the directors on the date of this report.

Vita Life Sciences is a Company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange ("ASX").

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. PRIOR PERIOD RESTATEMENT

The comparatives for the half-year period ended 30 June 2017 have been restated due to an omission of Share Options expense of \$454,403. The impact of the restatement is an additional Share Option expense charged to the previous period, and a consequent recalculation of both basic and diluted earnings per share.

Comparative figures have also been restated due to the adoption of AASB 15 Revenue from Contracts with Customers. Please refer to Note 3 for description of the qualitative and quantitative impact.

3. BASIS OF PREPARATION

These general purpose condensed consolidated financial statements for the half-year reporting period ended 30 June 2018, have been prepared in accordance with the requirements of the Corporations Act 2001, and Australian Accounting Standard AASB 134 "Interim Financial Reporting." The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Vita Life Sciences Limited. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial

report be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2017, together with any public announcements made during the following half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except for the effects of applying newly effective accounting standards as outline below.

The half-yearly condensed consolidated financial statements have been prepared on a historical cost basis.

New and amended accounting standards and interpretations adopted by the Group

The Group adopted the following relevant Australian Accounting Standards (new and amended) from the mandatory application date of 1 January 2018. The new and amended Standards are not expected to have a significant impact on the Group's financial statements except as disclosed below.

AASB 9: Financial Instruments

AASB 9 includes requirements for the classification and measurement of financial assets and incorporates amendments to the accounting for financial liabilities and hedge accounting rules to remove the quantitative hedge effectiveness tests and have been replaced with a business model test.

AASB 9 also changes the model for recognising impairment of trade receivables. Under AASB 139 Financial Instruments – Recognition & Measurement, impairment was calculated using an 'incurred loss' model, whereby impairment of trade receivables was determined through reference to historical events and circumstances that gave rise to reduced probability of those amounts being recoverable.

AASB 9 uses an 'expected credit loss' model where historical data and other

factors are considered in determining the expected future loss on trade receivables, rather than relying on an event to have occurred before recognising impairment.

Management have evaluated trade receivables using an expected credit loss model and do not believe that the adoption of this model results in a material impact on the provision for trade receivables already recognised in the statement of financial position.

AASB 15: Revenue from Contracts with Customers

AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and four Interpretations issued by the AASB and amends the principles for recognising revenue from contracts with customers. It applies to all contracts with customers except leases, financial instruments and insurance contracts. The Standard requires an entity to recognise revenue on a basis that depicts the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that principle, an entity shall apply all of the following steps:

- a) identify the contract with a customer;
- b) identify the separate performance obligations in the contract;
- c) determine the transaction price;
- d) allocate the transaction price to the separate performance obligations in the contract; and
- e) recognise revenue when (or as) the entity satisfies a performance obligation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2018

3. BASIS OF PREPARATION (CONTINUED)

AASB 15: Revenue from Contracts with Customers (continued)

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The Group elected to apply the modified retrospective method of adopting AASB 15, whereby the impact on the comparative period is reflected in opening retained earnings. The adjustment to retained earnings is shown below. The Group have applied AASB 15 to all contracts with customers at the date of initial application.

The Group's contracts with customers for the sale of goods generally include one performance obligation. The Group has concluded that revenue from sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Therefore, the adoption of AASB 15 did not have an impact on the timing of revenue recognition. However, the amount of revenue to be recognised was affected, as noted below.

Variable consideration (transaction price)

Contractual terms and geographical business practice provide retailers with a right of return of goods up to the point at which they about to expire or have expired. Prior to the adoption of AASB 15, the Group recognised sales returns when they occurred, reducing sales in the period in which the returns were recognised.

Under AASB 15, the right of return gives rise to variable consideration which is required to be reflected in the revenue recognised in the period. Revenue

should be constrained until such time that any uncertainty in the amount to be recognised is resolved. Revenue recognised by the Group is required to reflect the right of return in its expectation for consideration to be received for a sale.

The Group uses an expected value method to estimate the goods to be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The Group applies the requirements of AASB 15 on constraining estimates of variable consideration to determine the amount of variable consideration that can be included in the transaction price. The Group presents a contract liability, reflecting the customer's right of return' on the statement of financial position. The Group adjusts costs of goods sold to reflect the margin on the sales returns, along with adjusting the estimated distributor margin expense accordingly. The Group write off the goods returned due to them not being resold.

Upon adoption of AASB 15, the Group recognised a provision for the right of return on the statement of financial position, and reflected adjustments in revenue, costs of goods sold and inventory write-off expense, with the net effect being adjusted in retained earnings.

The statement of financial position as at 1 January 2018 was restated resulting in the recognition of a refund liability of \$1,046,801 and a decrease in retained earnings of \$935,238 reflecting the net impact of movements in revenue, costs of goods sold, inventory and the refund liability.

Presentation and disclosure requirements

As required for the condensed interim financial statements, the Group disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group also disclosed information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment.

Disaggregation of Group revenue

AASB 15 requires the Group to disclose the disaggregation of the Group's revenue from contracts with customers. The Group have determined that the disaggregation of the Group's revenue is consistent with the disclosure within the Operating Segment (Note 3), as the nature, amount, timing and uncertainty of revenue and cash flows arising from the sale of goods are disaggregated consistently with the figures disclosed for each segment.

Significant accounting judgements, estimates and assumptions – Rights of return

The transaction price for sales made under AASB 15 should reflect the amounts expected to be received by the Group, constraining this amount to the extent where the transaction price is certain to be received based on management estimates. The level of uncertainty relates to the amount of goods expected to be returned by customers through the use of contractual provisions or local business practice.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2018

3. BASIS OF PREPARATION (CONTINUED)

AASB 15: Revenue from Contracts with Customers (continued)

The Group measure the estimate of sales returns through reference of historical data for returns within each operating segment, considering the typical period over which returns are made, along with the volume and value of returns over time. Management will re-evaluate sales returns based on the collation of data around actual sales returns made. On initial application, actual returns made in the year ended 31 December 2018 are estimated to wholly relate to sales made in previous financial reporting periods, based on the timing of returns previously recognised by the Group, and understanding of local business practice.

New accounting standards and interpretations not yet adopted

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

Applicable to annual reporting periods beginning on or after 1 July 2018:

AASB 16: Leases

AASB 16 replaces AASB 117 Leases and set out the principles for the recognition, measurement, presentation and disclosure of leases.

AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability

representing its obligations to make lease payments.

A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying AASB 107 Statement of Cash Flows.

AASB 16 substantially carries forward the lessor accounting requirements in AASB 117 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

Although the Directors anticipate that the adoption of AASB 16 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

This Standard applies to annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted provided the entity also applies AASB 15 Revenue from Contracts with Customers at or before the same date.

FOR THE HALF YEAR ENDED 30 JUNE 2018

3. SEGMENT REPORTING

	Australia	Singapore	Malaysia	Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Half year ended 30 June 2018					
Revenue					
Sales to external customers	8,532	3,219	6,993	1,335	20,079
Total segment revenue	8,532	3,219	6,993	1,335	20,079
Segment results					
Earnings before interest and tax	1,628	625	699	(131)	2,821
Net interest	15	-	(43)	1	(27)
Share of profit of associates	-	-	-	11	11
Profit before income tax					2,805
Income tax expense					(750)
Net profit for the half year					2,055
Assets and liabilities					
Segment assets	10,653	3,765	18,035	1,547	34,000
Investment in associates	· -	· -	-	968	968
Total assets					34,968
Segment liabilities	4,064	1,046	4,554	276	9,940
Total liabilities					9,940
Other segment information					
Capital expenditure	(213)	-	(138)	-	(351)
Depreciation	(16)	(7)	(160)	(7)	(190)
Amortisation	-	-	(5)	(1)	(6)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2018

3. SEGMENT REPORTING (CONTINUED)

	Australia	Singapore	Malaysia	Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Half year ended 30 June 2017					
Revenue					
Sales to external customers	7,626	3,103	5,797	1,134	17,660
Total segment revenue	7,626	3,103	5,797	1,134	17,660
Segment results					
Earnings before interest and tax	1,032	592	804	(502)	1,926
Net interest	28	(2)	(48)	(1)	(23)
Share of profit of associates	-	-	-	5	5
Profit before income tax					1,908
Income tax expense					(834)
Net profit for the half year				_	1,074
Assets and liabilities					
Segment assets	10,619	2,713	15,102	1,963	30,397
Investment in associates	-	-	-	907	907
Total assets					31,304
Segment liabilities	3,540	712	3,932	182	8,366
Total liabilities					8,366
Other segment information					
Capital expenditure	(3)	(3)	(17)	(2)	(25)
Depreciation	(4)	19	(119)	(20)	(124)
Amortisation		-	(7)	(1)	(8)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2018

4. NET TANGIBLE ASSETS

	30 June 2018 \$	30 June 2017 \$
Net assets per share	0.46	0.40
Net tangible assets per share	0.45	0.40
	Number	Number
Number of ordinary shares for net assets per share	54,842,257	56,797,026

5. EARNINGS PER SHARE

	30 June 2018	30 June 2017
	\$'000	\$'000
Net profit attributable to equity holders	2,055	1,074
Loss attributable to non-controlling interest	10	10
Earnings used to calculate basic and dilutive earnings per share	2,065	1,084
	30 June 2018	30 June 2017
	30 June 2018 Number	30 June 2017 Number
Weighted average number of ordinary shares for basic earnings per share		

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2018

6. ISSUED CAPITAL

	30 June 2018 Number	30 June 2017 Number	30 June 2018 \$	30 June 2017 \$
Issued and paid up capital				
Ordinary shares	54,842,257	56,797,026	43,742,222	44,565,816
Ordinary shares				
Balance at beginning of the half year	56,717,026	55,908,230	44,498,322	44,691,656
Share buy back (a)	(1,074,769)	(111,204)	(756,100)	(125,840)
Cancellation of Plan Shares of certain:				
- Employees and Directors (b) & (c)	(1,800,000)	-	-	-
Issue of shares to director (c)	1,000,000	1,000,000	-	-
Balance at end of the half year	54,842,257	56,797,026	43,742,222	44,565,816

- a) A total of 1,074,769 ordinary shares were bought back in the half year ended 30 June 2018 as approved by the shareholders on 18 May 2017 Annual General Meetings at a total cost of \$756,100 (Half year ended 30 June 2018: A total of 111,204 ordinary shares were bought back at a total cost of \$125.840).
- b) In the half year ended 30 June 2018, the Company cancelled 800,000 Plan ordinary shares issued in accordance with the terms of the Plan granted to directors of the Group under the Long Term Incentive Plan as the performance hurdles as of 31 December 2017 were not met.
- c) During the half year ended 30 June 2018, the Company approved loans to the Managing Director Mr Andrew O'Keefe totalling \$900,000 (2017: \$1,380,000) in order for Mr O'Keefe to purchase a total of 1,000,000 (2017: 1,000,000) shares under the Company's Long Term Incentive Plan. The shares issued previously in 2017 were cancelled as a result of the issuance of these new shares.

The cost of the equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they were granted. The cost is recognised in the income statement together with a corresponding increase in equity, over the period in which the performance and / or service conditions are fulfilled (the vesting period), ending on the date on which the employees become fully entitled to the award (the vesting date).

For the half year ended 30 June 2018, the Company recognised net income of \$49,223 (Half year ended 30 June 2017: net expense of \$65,000) in the income statement with a corresponding decrease in employee share based payment reserve (Half year ended 30 June 2017: increase in employee share based payment reserve).

FOR THE HALF YEAR ENDED 30 JUNE 2018

7. DIVIDEND

A fully franked dividend of 2.25 cents per share amounting to \$1,211,451 (2017: 2.25 cents per share unfranked totalling \$1,238,570) was paid on 29 March 2018 in relation to the year ended 31 December 2017.

A fully franked interim dividend of 1.5 cents per share, has been declared and will be paid on 8 October 2018. The record date for the interim dividend is 25 September 2018.

8. COMMITMENTS

Capital commitments at 30 June 2018 were \$Nil (2017: \$132,970).

9. EVENTS AFTER THE BALANCE SHEET DATE

There are no matters or circumstances have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in future financial years.

10. CONTINGENT ASSETS AND LIABILITIES

The Group has no contingent assets or liabilities as at 30 June 2018.

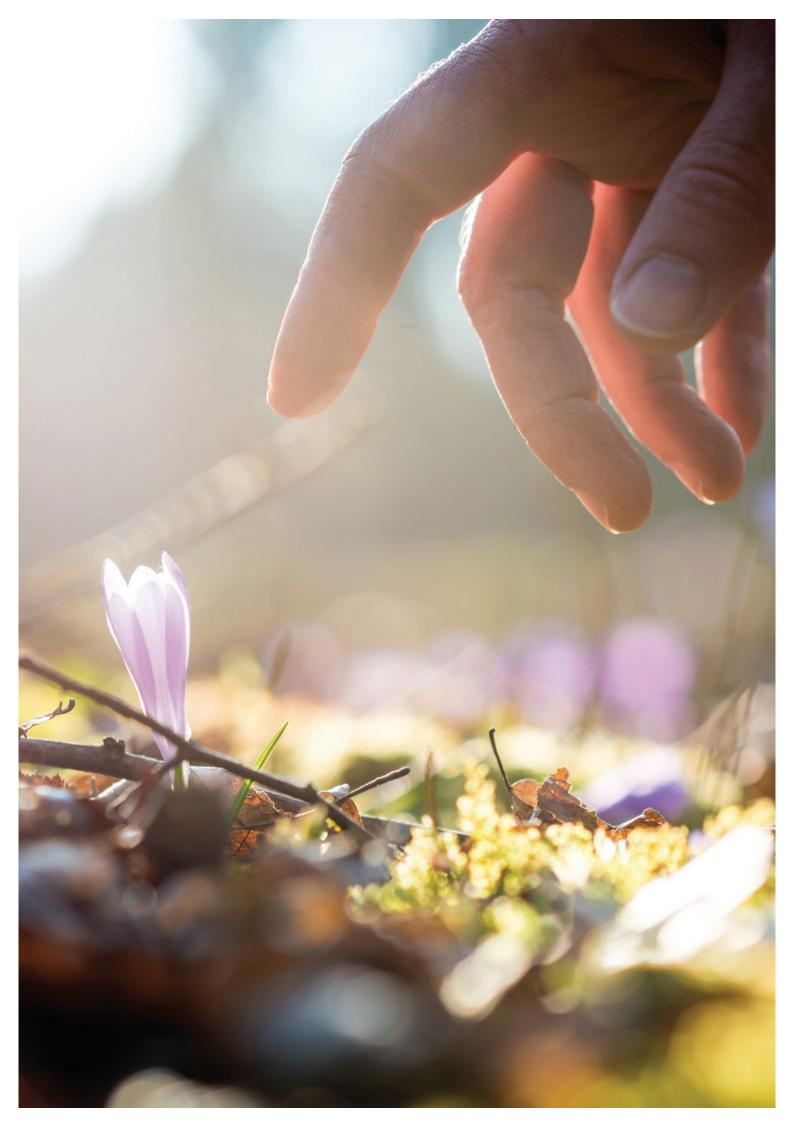
11. RELATED PARTIES DISCLOSURES

Transactions with related parties

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial period.

	30 June 2018 \$'000	30 June 2017 \$'000
Land Real Pty Ltd (i)	-	54
Henry Townsing/ Pilmora Pty Ltd (ii)	23	23
Jonathan Tooth/ Henslow Pty Ltd (iii)	12	12
Vanda Gould (iv)	12	12
Shane Teoh (v)	12	12

- Land Real Pty Ltd, a company in which Mr Henry Townsing is a Director and therefore a related party, was paid fees for consultancy and rent during the previous financial period. No amount was payable as at 30 June 2018 (2017: \$Nil)
- Mr Henry Townsing was paid director's fees during the financial period. No amount was payable as at 30 June 2018 (2017: \$Nil).
- (iii) Mr Jonathan Tooth was paid director's fees during the financial period. No amount was payable as at 30 June 2018 (2017: \$Nil).
- (iv) Mr Vanda Gould was paid director's fees during the financial period. \$5,008 was payable as at 30 June 2018 (2017: \$5,008).
- (v) Mr Shane Teoh was paid director's fees during the financial period. No amount was payable as at 30 June 2018 (2017: \$Nil).





FOR THE HALF YEAR ENDED 30 JUNE 2018

In the opinion of the directors of Vita Life Sciences Limited:

- 1. (a) The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting, Corporations Regulations 2001.
 - (b) There are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to S.303(5) of the Corporations Act 2001:

Andrew O'Keefe

Managing Director

24 August 2018



Independent Review Report to the Members of Vita Life Sciences Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Vita Life Sciences Limited and the entities it controlled during the period which comprises the condensed consolidated statement of financial position as at 30 June 2018, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 30 June 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As auditor of Vita Life Sciences Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been given to the directors of Vita Life Sciences Limited.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Vita Life Sciences Limited and the entities it controlled during the period is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Yours sincerely,

Nexia Sydney Audit Pty Limited

Joseph Santangelo

Director

Dated: 24 August 2018

CORPORATE DIRECTORY

Board of Directors

Henry Townsing

Acting Chairman

Andrew O'Keefe

Managing Director

Vanda Gould

Non-Executive Director

Jonathan Tooth

Non-Executive Director

Shane Teoh

Non-Executive Director

Company Secretary

Chin L Khoo

Australian Head Office

Unit 1/ 102, Bath Road Kirrawee NSW 2232 Australia T: 61 2 9545 2633 F: 61 2 9545 1311

Asian Head Office

23, Jalan Jurunilai U1/20 Hicom-Glenmarie Industrial Park 40150 Shah Alam, Selangor Malaysia T: 60 3 5569 6323

1: 60 3 5569 6323

F: 60 3 5569 2393

Securities Exchange Listing

The ordinary shares of Vita Life Sciences Limited are listed on the Australian Securities Exchange Ltd (code: VLS)

Auditor

Nexia Sydney Audit Pty Ltd Level 16, 1 Market Street Sydney NSW 2000

Banker

Westpac Banking Corporation National Australia Bank

Solicitor

Mark Ord

Share Registry

Next Registries Level 16, 1 Market Street Sydney NSW 2000 T: 61 2 9251 1700 F: 61 2 9251 7138

Change of Address

Shareholders who have changed address should advise our share registry in writing.

Annual Report Mailing

Shareholders who do not want the annual report or who are receiving more than one copy should advise the share registry in writing.

Vita Life Sciences Website

Vita Life Sciences has a website containing information about the Company, its Business and Products.

www.vitalifesciences.com.au

enquiries@vitalifesciences.com.au

