



Vitaco Holdings Limited

A.C.N. 606 826 493

Appendix 4D – Half Year Report

Half Year ended 31 December 2015

Previous corresponding period: 31 December 2014

Results for Announcement to the Market

	31 December 2015 \$'000	31 December 2014 \$'000	Change %
Revenue from ordinary activities	110,129	79,816	38%
Operating profit / (loss) before interest and income tax	(13,895)	8,217	(269%)
Profit/(loss) after tax attributable to the shareholders of Vitaco Holdings Limited	(15,424)	2,994	(615%)

The directors have recommended that an interim dividend of 1.69 cents per ordinary share (unfranked) is paid on 31 March 2016 to shareholders of record as of 4 March 2016, as previously indicated in the Company's Prospectus lodged with the ASX on 24 August 2015.

The 2015 operating profit/(loss) before interest and income tax includes non-recurring expenses of \$14,494,802 relating to the listing of Vitaco Holdings Limited on the Australian Stock Exchange in September 2015; \$6,982,295 relating to redundancy and integration costs in respect of acquisition of Post Foods Australia Pty Limited and \$1,704,784 related to senior debt foreign exchange contract closed out at the time of the Public Listing.

	As at 31 December 2015	As at 31 March 2015
Net asset backing per ordinary share	\$0.97	\$0.40
Net tangible asset backing per ordinary share	\$0.79	\$0.39

This report, and the interim financial report upon which the report is based, use the same accounting policies. The interim financial report upon which this report is based has been reviewed. A copy of the reviewed interim financial report is attached. The Appendix 4D is also to be read in conjunction with the annual consolidated financial report for the year ended 31 March 2015 for Vitaco Health Group Limited.

Vitaco Holdings Limited

Directors' Report

For the half year ended 31 December 2015

The directors present their report together with the consolidated financial report of Vitaco Holdings Limited ("the Company") and its controlled entities (the "Group or the consolidated entity") for the half year ended 31 December 2015.

Directors

The Directors who have been in office during the half-year and since the half-year end are:

Mr Greg Richards (Chairman)
Mr Ryan d'Almeida
Mr Emmet Hobbs
Ms Katrina Onishi
Mr Andrew (Sandy) Lockhart
Mr Mark Peters (resigned on 21 August 2015)

Results

The consolidated profit / (loss) after income tax for the half-year ended 31 December 2015 comprises:

	31 December 2015 \$'000	31 December 2014 \$'000
Operating profit / (loss) before interest and income tax	(13,895)	8,217
Net finance costs	(1,922)	(4,344)
Profit / (loss) before income tax	<u>(15,817)</u>	<u>3,873</u>
Income tax (expense) / credit	393	(879)
Profit / (loss) for the period	<u>(15,424)</u>	<u>2,994</u>
Profit / (loss) attributable to members of Vitaco Holdings Limited	<u>(15,424)</u>	<u>2,994</u>

Review of Operations

The Directors are pleased with the performance of the Group for the half year ended 31 December 2015. More detailed commentary is included in the announcement lodged with Australian Stock Exchange ("ASX").

Vitaco Holdings Limited

Directors' Report

Auditors Independence Declaration

A copy of the Auditors Independence Declaration as required under s307 of the Corporation Act 2001 is set out on page 4.

Subsequent Events

Other than those disclosed in note 9 to the interim financial report, there have been no events that have occurred subsequent to 31 December 2015 and up to the date of this report that have had a material impact on the Group's financial performance or position.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission. In accordance with the Class Order, amounts in the financial report have been rounded off to the nearest thousand dollars unless otherwise stated.

For and on behalf of the Board.

A handwritten signature in red ink, appearing to be 'G. M. ...', is written over a faint horizontal line.

Chief Executive Officer
24 February 2016



Auditor's Independence Declaration

As lead auditor for the review of Vitaco Holdings Limited for the half-year ended 31 December 2015 and 31 December 2014, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Vitaco Holdings Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'D Wiadrowski', with a large, stylized initial 'D'.

David Wiadrowski
Partner
PricewaterhouseCoopers

Sydney
24 February 2016



Independent auditor's review report to the members of Vitaco Holdings Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Vitaco Holdings Limited (the Company), which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year periods ended on 31 December 2015 and 31 December 2014, selected explanatory notes and the directors' declaration for Vitaco Holdings Limited (the consolidated entity). The consolidated entity comprises both the company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that 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 Australian Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year periods ended on 31 December 2015 and 31 December 2014; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of Vitaco Holdings 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*.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Vitaco Holdings Limited 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 31 December 2015 and of its performance for the half-year periods ended on 31 December 2015 and 31 December 2014; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive script.

PricewaterhouseCoopers

A handwritten signature in black ink that reads 'D Wiadrowski' in a cursive script.

David Wiadrowski
Partner

Sydney
24 February 2016

Vitaco Holdings Limited

Consolidated Statement of Comprehensive Income

For the half year ended 31 December 2015

	Notes	Group Half Year to 31 December 2015 \$000's	Group Half Year to 31 December 2014 \$000's
Revenue		110,129	79,816
Other income		411	505
	3	<u>110,540</u>	<u>80,321</u>
Inventories used		(61,379)	(41,083)
Employee benefits expense		(17,024)	(13,237)
Depreciation and amortisation expense		(1,483)	(1,475)
Distribution expenses and commissions		(8,403)	(6,402)
Marketing costs		(7,339)	(6,032)
Other expenses		(5,625)	(3,875)
Other non-recurring items	4	<u>(23,182)</u>	<u>-</u>
Operating profit / (loss) before interest and income tax		(13,895)	8,217
Finance costs		<u>(1,922)</u>	<u>(4,344)</u>
Profit / (loss) before income tax		(15,817)	3,873
Income tax (expense)/benefit		393	(879)
Profit/(loss) for the period		<u>(15,424)</u>	<u>2,994</u>
Profit/(loss) attributable to the shareholders of Vitaco Holdings Limited		(15,424)	2,994
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations		3,353	895
Cash flow hedges		944	-
Total other comprehensive income		<u>4,297</u>	<u>895</u>
Total comprehensive income/(loss) for the year attributable to the shareholders of Vitaco Holdings Limited		<u>(11,127)</u>	<u>3,889</u>
EARNINGS PER SHARE			
Basic earnings / (loss) per share (cents)		(0.11)	0.01
Diluted earnings / (loss) per share (cents)		(0.11)	0.01

Vitaco Holdings Limited
Consolidated Balance Sheet
As at 31 December 2015

	Notes	Group 31 December 2015 \$000's	Group 31 March 2015 \$000's
ASSETS			
Current assets			
Cash and cash equivalents		1,925	3,753
Trade and other receivables		34,528	29,094
Inventories		49,565	36,014
Derivative financial instruments		20	1,423
Current tax receivable		873	334
Total current assets		86,911	70,618
Non-current assets			
Property, plant and equipment		18,480	18,676
Deferred tax assets		4,289	3,567
Intangible assets	5	107,900	113,742
Total non-current assets		130,669	135,985
Total assets		217,580	206,603
LIABILITIES			
Current liabilities			
Trade and other payables		31,120	26,168
Derivative financial instruments		89	4,374
Provisions		3,523	1,975
Borrowings		2,508	76,844
Total current liabilities		37,240	109,361
Non-current liabilities			
Borrowings		43,870	779
Provisions		1,263	198
Total non-current liabilities		45,133	977
Total liabilities		82,373	110,338
Net assets		135,207	96,265
EQUITY			
Contributed equity	6	288,198	77,350
Reserves		(153,619)	4,524
Retained earnings		628	14,391
Total equity		135,207	96,265

Vitaco Holdings Limited
Consolidated Statement of Changes in Equity
For the half year ended 31 December 2015

	Share Capital \$000's	Retained Earnings \$000's	Share Options Reserve \$000's	Hedging Reserve \$000's	Capital Re- Organisation Reserve \$000's	Currency Translation Reserve \$000's	Total Equity \$000's
Balance at 1 July 2014	77,350	8,922	1,232	-	-	2,597	90,101
Profit for the period	-	2,994	-	-	-	-	2,994
Other comprehensive income							
Exchange differences on translation of foreign operations	-	-	-	-	-	895	895
Cash flow hedges taken directly to equity	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	895	895
Total comprehensive income	-	2,994	-	-	-	895	3,889
Balance at 31 December 2014	77,350	11,916	1,232	-	-	3,492	93,990
Balance at 1 July 2015	77,350	14,873	1,586	(1,013)	-	(269)	92,527
Profit/(loss) for the period	-	(15,424)	-	-	-	-	(15,424)
Other comprehensive income							
Exchange differences on translation of foreign operations	-	-	-	-	-	3,353	3,353
Cash flow hedges taken directly to equity	-	-	-	944	-	-	944
Total other comprehensive income	-	-	-	944	-	3,353	4,297
Total comprehensive income	-	(15,424)	-	944	-	3,353	(11,127)
Issue of ordinary shares, net of costs	227,629	-	-	-	-	-	227,629
Share buyback	(16,781)	1,179	-	-	-	-	(15,602)
Share based compensation	-	-	(259)	-	-	-	(259)
Transfer to capital re-organisation reserve	-	-	(1,232)	-	1,232	-	-
Capital re-organisation	-	-	-	-	(157,961)	-	(157,961)
Balance at 31 December 2015	288,198	628	95	(69)	(156,729)	3,084	135,207

Vitaco Holdings Limited

Consolidated Cash Flow Statement

For the half year ended 31 December 2015

	Group Half Year to 31 December 2015 \$000's	Group Half Year to 31 December 2014 \$000's
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	119,479	84,210
Payments to suppliers (inclusive of goods and services tax)	(108,352)	(61,609)
Payments to employees	(17,211)	(12,867)
Interest paid	(1,726)	(2,762)
Tax payments	(1,075)	(1,275)
Net cash inflows/(outflows) from operating activities	<u>(8,885)</u>	<u>5,697</u>
Cash flows from investing activities		
Purchase of property, plant & equipment	(958)	(1,256)
Purchase of intangible assets	-	(1,856)
Acquisition of subsidiary, net of cash acquired	(5,973)	-
Proceeds from shareholder loans and options	4,033	-
Net cash (outflows)/inflows from investing activities	<u>(2,898)</u>	<u>(3,112)</u>
Cash flows from financing activities		
Proceeds from issue of ordinary shares	232,303	-
Purchase of previously issued ordinary and preference shares	(172,990)	-
Share issue costs	(19,169)	-
Payment made for closure of hedging contracts	(1,740)	-
Increase in borrowings	14,862	-
Repayment of borrowings	(41,900)	(1,331)
Net cash (outflows)/inflows from financing activities	<u>11,366</u>	<u>(1,331)</u>
Net increase/(decrease) in cash and cash equivalents	(417)	1,254
Net foreign exchange differences	55	10
Cash and cash equivalent at the beginning of the period	<u>2,287</u>	<u>854</u>
Cash and cash equivalent at the end of the period	<u><u>1,925</u></u>	<u><u>2,118</u></u>

Vitaco Holdings Limited

Notes to the Financial Statements

For the half year ended 31 December 2015

1. General information

Vitaco Holdings Limited ('the Company' or 'the Parent') and its controlled entities (together 'the Group') manufacture, distribute and sell health food products and nutritional supplements. The Group has operations and distribution centres in New Zealand and Australia.

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the half year financial statements are set out below.

(a) Basis of preparation of the half year report 31 December 2015

This general purpose Half Year Report for the reporting period ended 31 December 2015 has been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards *AASB 134 Interim Financial Reporting*, which include Australian equivalents to International Financial Reporting Standards (AIFRS).

This Half Year Report does not include all the notes of the type normally included within the Annual Financial Report. Accordingly, this Report should be read in conjunction any public announcements made by Vitaco Holdings Limited during the interim period since listing in September 2015 in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the Vitaco Health Group Limited's audited consolidated financial statements for the year ended 31 March 2015.

Vitaco Holdings Limited was incorporated on 1 July 2015 and undertook an initial public offering in September 2015. The proceeds of the initial public offering were used to acquire Vitaco Health Group Limited and its controlled entities.

Vitaco Holdings Limited has determined that the acquisition of Vitaco Health Group Limited does not represent a business combination as outlined in Australian Accounting Standard AASB 3 for accounting purposes. The directors have determined the appropriate accounting treatment for recognising the new Group structure is on the basis that the transaction is a form of capital reconstruction and group reorganisation. The continuation of the existing accounting values is consistent with the accounting that would have occurred if the assets and liabilities had already been in a structure suitable to the Offer in the IPO and most appropriately reflects the substance of the internal restructure. Therefore, the financial information has been prepared using principles of a reverse acquisition by Vitaco Health Group Limited of Vitaco Holdings Limited.

As a result, the consolidated financial statements have been prepared as a continuation of the financial statements of the accounting acquirer, Vitaco Health Group Limited. Accordingly, comparative information is provided for the consolidated balance sheet at 31 March 2015 and for the consolidated income statement and consolidated cash flow statement for the period ended 31 December 2014.

The reorganisation was accounted for to present share capital post reorganisation as the share capital of the new legal parent entity and the difference arising from this reorganisation is recognised within reorganisation reserve.

Vitaco Holdings Limited
Notes to the Financial Statements
For the half year ended 31 December 2015

2. Summary of significant accounting policies (continued)

In adopting this approach the Directors note that there is an alternate view that such a restructure conditional on the IPO event occurring could be accounted for as a business combination that follows the legal structure of the Vitaco Holdings Limited being the acquirer. If this view had been taken, the net assets of the group would have been uplifted to fair value, based on a market capitalisation at Initial Public Offer of \$292.2 million, with consequential impacts on the profit and loss and statement of financial position.

An IASB project on accounting for common control transactions is likely to address such restructures in the future. However, the precise nature of any new requirements and the timing of these are uncertain. In any event, history indicates that any potential changes are unlikely to require retrospective amendments to the financial statements.

At the time of IPO, the group's facility arrangement has been renegotiated for a term of three years until September 2018. As part of this arrangement \$41.3 million was repaid out of IPO proceeds.

The Group has adopted a 30 June year end, as a result of which the next annual financial report for the Group will be for the period ending 30 June 2016.

(b) Adoption of new and revised accounting standards

A number of new or amended standards became applicable for the current reporting period, however, the group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. It is not expected that these amendments will significantly affect the disclosures in the 30 June 2016 annual report.

(c) Foreign currency translation

Change in functional and presentation currency

With effect from 1 April 2014, the Group changed the currency in which it presents its financial statements from NZ\$ to A\$. The cumulative foreign currency translation reserve was set to nil at 1 April 2014, the date of change of presentation currency. The comparative statement of comprehensive income for the period ended 31 December 2014 and the balance sheet at 31 March 2015 have been presented in A\$ to ensure consistency with the presentation currency.

Vitaco Holdings Limited

Notes to the Financial Statements

For the half year ended 31 December 2015

3. Segment Information

The Group is organised into the following reportable operating segments which categorise the business into its primary markets and reflect the structure and internal reporting used by the Group's Chief Operating Decision Maker and the Board to assist strategic decision-making and allocation of resources:

Supplements

The principal activity of the Supplements segment is the development, manufacture, marketing and sales of natural health supplements.

Sports & Foods

The principal activity of the Sports & Foods segment is development, manufacture, marketing and sales of various sports related and general food items.

Other

The other segment is other costs which cannot be directly attributed to either the supplements or sports & foods segments.

Segment Revenues And Segment Results

The following is an analysis of the Group's revenue and profit / (loss) before income tax from continuing operations by reportable segment.

	Group Half Year to 31 December 2015 \$'000	Group Half Year to 31 December 2014 \$'000
Revenues		
Supplements	50,837	36,136
Sports & Foods	59,292	43,680
Other	411	505
	<u>110,540</u>	<u>80,321</u>
Earnings reconciliation		
Supplements	8,733	4,926
Sports & Foods	7,523	9,431
Other	(6,969)	(6,140)
Earnings before interest and tax	9,287	8,217
Non-recurring items (note 4)	(23,182)	-
Finance costs	(1,922)	(4,344)
Profit / (loss) before income tax	<u>(15,817)</u>	<u>3,873</u>
4. Other non-recurring items		
Share issue costs	14,495	-
Post Foods Australia Pty Limited transaction and integration costs (note 8)	6,982	-
Impact of close out of senior debt hedging contract	1,705	-
	<u>23,182</u>	<u>-</u>

Vitaco Holdings Limited

Notes to the Financial Statements

For the half year ended 31 December 2015

5. Intangible assets

A summary of intangible assets held by the Group is set out below:

	Group 31 December 2015 \$'000	Group 31 March 2015 \$'000
Computer software	1,049	1,333
Finite life trademarks	60	43
Indefinite life trademarks	75,022	80,228
Goodwill	31,769	32,107
Other	-	31
	<u>107,900</u>	<u>113,742</u>

The indefinite life trademarks relate to the ongoing trademarks of the business and are believed to have an indefinite life and as such are not subject to amortisation but are impairment tested each period.

6. Contributed equity

	Group 31 December 2015 \$'000	Group 31 March 2015 \$'000
Share capital:		
Ordinary shares, fully paid (no par value)	292,201	289
Transaction costs, net of tax	(4,003)	-
Mandatory convertible notes	-	56,746
Convertible preference shares	-	20,315
Total contributed equity	<u>288,198</u>	<u>77,350</u>

At 31 December 2015 there were 139,143,525 ordinary shares (31 March 2015: 307,039) on issue.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

7. Reserves

The reserves in the Statement of Changes in Equity comprise the following:

(i) *Foreign currency translation reserve*

Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve. The reserve is recognised in profit and loss when the net investment is disposed of.

(ii) *Share options reserve*

Share based compensation accruals are accumulated in this reserve.

(iii) *Hedging reserve*

The effective portion of cash flow hedges are recorded in hedging reserve.

Vitaco Holdings Limited

Notes to the Financial Statements

For the half year ended 31 December 2015

7. Reserves (continued)

(iv) *Capital reorganisation reserve*

Represents the capital reorganisation in the current period that presents share capital of the new legal parent entity and the difference arising from this reorganisation, refer to accounting policy 2 (a) for details.

8. Acquisition of Post Foods Australia Pty Limited

On 1 July 2015, the Group acquired 100% of the share capital of Post Foods Australia Pty Limited and the intellectual property relating to the Post Foods business. Post Foods Australia Pty Limited is an unlisted company based in Australia specialising in manufacture and distribution of sport nutrition products.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Post Foods Australia Pty Limited as of the date of acquisition were:

	Fair value at acquisition date A\$000's
Assets	
Intangible assets (Brands and Trade Marks)	1,900
Property, plant and equipment	468
Cash and cash equivalents	1,093
Trade receivables	6,116
Inventories	3,758
	13,335
Liabilities	
Trade payables	(6,230)
Employee related liabilities	(1,101)
	(7,331)
Total identifiable net assets at fair value	6,004
Goodwill arising on acquisition	1,062
Purchase consideration transferred	7,066

Results for the six months period ended 31 December 2015

Revenue	12,221
Earnings / (loss) before interest and tax	(382)

The group incurred \$6,982,295 in respect of redundancy and integration costs relating to acquisition of Post Foods Australia Pty Limited.

9. Subsequent events

On 23 February 2016, the Group received notice that the agency sales agreement with Trilogy Natural Products Limited would not be renewed and the agreement would terminate effective from 30 June 2016.

The Directors have declared an interim dividend of 1.69 cents per ordinary share (unfranked) to be paid on 31 March 2016.

Vitaco Holdings Limited
Notes to the Financial Statements
For the half year ended 31 December 2015

In the Directors' opinion:

- (a) The financial statements and notes set out on pages 7 to 15 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporate Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance and cash flows, for the half year ended on that date; and
- (b) There are reasonable grounds to believe that Vitaco Holdings Limited will be able to pay its debts as and when they become due and payable.

Signed at Sydney on 24 February 2016 in accordance with a resolution of the Directors.



Ryan d'Almeida
Chief Executive Officer
24 February 2016