VITA LIFE SCIENCES HALF YEAR REPORT 30 JUNE 2017

VITA LIFE SCIENCES

Vita Life Sciences Limited
ABN 35 003 190 421

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DIRECTORS' REPORT

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 2017.

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

The first half of 2017 has seen a period of transformational change for the organisation. During this period, the business completed a comprehensive strategic review identifying opportunities for the organisation to invest in human resources, and the need to increase the existing channels of product distribution in all core markets.

To support the strategy highlighted above, the business recruited and filled key leadership positions. Firstly, the appointment of Mr Chin Khoo as CFO provides significant financial expertise to the organisation. The next major appointment was Dr Edward Choo as CEO Asia. This appointment is a reinforcement of the Company's desire and commitment to growing our Asian markets. To round out the leadership group the Company appointed Mrs Melissa Pereira as the Head of Marketing. The group's future marketing and branding strategies will play a vital role in developing a stronger relationship between our brands and consumers. The new leadership structure brings together a combination of highly competent individuals, with the capabilities to meet the Company's future growth aspirations.

Several strategic decisions have taken place to ensure that the Herbs of Gold brand is better positioned to create broader mainstream distribution appeal. One recent initiative was the launch of new packaging and labeling. The new look provides a modern update to the range, whilst aiding faster product selection and easier product comparison for the consumer. The Herbs of Gold brand will also be updating and reinvigorating all marketing and point of sale material to reflect the fresh direction of the brand. The new packaging will have a positive impact both in the domestic and international markets.

The VitaHealth brand will remain the core product offering within Asia. VitaHealth is celebrating its 70th year of operation and continues to be a well trusted brand within the region. That said, the Company will look to increase our market presence of the Vitahealth brand. This strategy will include the targeting of new distribution retail stores within Asia moving forward.

Our existing markets are tracking steadily, however all markets will require continued investment in advertising and promotional activity. This investment will create broader channel appeal whilst increasing consumer awareness for all brands.

Management is confident in its new strategy but recognises that it must take a longer term view with regards to the group's performance.

DIRECTORS' REPORT

Operating Results for the Half Year

This reporting period, the Group recorded revenue of $17.66 million, marginally lower by 2.4% (or $0.43 million) on the prior corresponding period (PCP) with a consolidated profit after tax attributable to members of $1.54 million, a decrease of 17.8% (or $0.33 million) on the PCP of $1.87 million.

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

Australia

Revenue decreased 5.6% (or $0.46 million) against PCP to $7.63 million. The revenue base of the Herbs of Gold brand in Australia was sustained within a highly competitive domestic market. Domestic sale of Herbs of Gold brand to local Australian chinese exporters were affected by a slower uptake in the first half. EBIT decreased by 25.2% (or $0.50 million) mainly from the lower revenue base.

Malaysia

The Malaysian business performed exceptionally well. Revenue and EBIT increased by 8.9% and 67.1% respectively over the PCP when measured in local currency. However, the combination of a strong Australian Dollar and a weak Malaysian Ringgit resulted in revenue decreasing marginally to $5.79 million or by 1.1% against PCP. However, EBIT increased to $0.80 million or by 20.9% over the PCP.

Singapore

Revenue of $3.10 million was steady against PCP, however EBIT decreased by 26.5% to $0.59 million against the PCP. This was mainly due to higher advertising and promotional expenses in a very competitive Singapore market place.

Other Markets: Vietnam, Indonesia, Thailand, China.

The Vietnam market continues to grow steadily whilst Indonesia recorded revenue gains through a distribution agreement with a major pharmacy chain. Thailand sales decreased marginally due to competitive pressure.

Mainland China consumer sales continue to be slow, a reflection of the implementation phase with our exclusive distributor. Future revenue expectations from this market remains strong leading into 2018.

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.

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
Sydney, 21 August 2017

The Board of Directors
Vita Life Sciences Limited
Suite 650, Level 6
1 Queens Road. St Kilda Towers
MELBOURNE VIC 3004

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, 2017, I declare that, to the best of my knowledge and belief, there has been no contravention of:

a) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

b) contraventions of any applicable code of professional conduct in relation to the review.

Yours sincerely,

Nexia Sydney Audit Pty Limited

Stephen Fisher
Director

Dated: 21 August 2017

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HALF YEAR REPORT 30 JUNE 2017

HALF YEAR REPORT 30 JUNE 2017

CONDENSED CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

FOR THE HALF YEAR ENDED 30 JUNE 2017	Notes	Consolidated 30 June 2017 $'000	Consolidated 30 June 2016 $'000
Continuing operations			
Sale of goods		17,660	18,091
Cost of sales		(5,604)	(5,529)
Gross profit		12,056	12,562
Other income		13	243
Distribution expenses		(1,631)	(1,744)
Marketing expenses		(1,154)	(1,283)
Occupancy expenses		(378)	(490)
Administrative expenses		(6,256)	(6,187)
Other expenses		(270)	(127)
Share of associate's profit/(loss)		5	13
Profit from continuing operations before interest and taxes		2,385	2,987
Finance income		48	51
Finance costs		(71)	(87)
Profit before income tax		2,362	2,951
Income tax expense		(834)	(1,098)
Net profit for the half year		**1,528**	**1,853**
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		(465)	234
Other comprehensive (loss)/income for the year, net of income tax		(465)	234
Total comprehensive income for the half year		**1,063**	**2,087**
Net profit/(loss) for the year attributable to:			
Non-controlling interest		(10)	(19)
Members of the parent		1,538	1,872
		1,528	1,853
Total comprehensive income attributable to:			
Non-controlling interest		(1)	2
Members of the parent		1,064	2,085
		1,063	2,087
Earnings per share (cents per share)			
- basic earnings per share	5	2.79	3.39
- diluted earnings per share	5	2.75	3.28

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes to the Half Year Report.

CONDENSED CONSOLIDATED STATEMENT OF **FINANCIAL POSITION**

AS AT 30 JUNE 2017	Notes	Consolidated 30 June 2017 $'000	Consolidated 31 December 2016 $'000
ASSETS			
Current Assets			
Cash and cash equivalents		8,250	9,411
Trade and other receivables		6,099	6,234
Inventories		6,334	5,421
Other assets		433	683
Total Current Assets		**21,116**	**21,749**
Non Current Assets			
Investment in associates		907	925
Property, plant and equipment		9,030	9,381
Intangible assets		57	76
Deferred tax assets		184	205
Other assets		10	23
Total Non Current Assets		**10,188**	**10,610**
Total Assets		**31,304**	**32,359**
LIABILITIES			
Current Liabilities			
Trade and other payables		4,098	4,208
Interest bearing loans and borrowings		278	279
Current tax liability		1,333	1,758
Provisions		526	602
Total Current Liabilities		**6,235**	**6,847**
Non Current Liabilities			
Deferred Tax Liability		50	51
Interest bearing loans and borrowings		1,987	2,181
Provisions		94	105
Total Non Current Liabilities		**2,131**	**2,337**
Total Liabilities		**8,366**	**9,184**
Net Assets		**22,938**	**23,175**
EQUITY			
Contributed equity	6	44,566	44,692
Accumulated losses		(20,291)	(20,590)
Employee share based payments reserve reserve		798	733
Foreign currency translation reserve		(2,166)	(1,702)
Parent entity interest		**22,907**	**23,133**
Non-controlling interest		31	42
Total Equity		**22,938**	**23,175**

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes to the Half Year Report.

CONDENSED CONSOLIDATED STATEMENT OF **CASH FLOW**

FOR THE HALF YEAR ENDED 30 JUNE 2017	Notes	Consolidated 30 June 2017 $'000	Consolidated 30 June 2016 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		19,839	19,628
Payments to suppliers and employees		(18,074)	(18,649)
Income tax paid		(1,239)	(100)
Interest received		48	51
Borrowing costs		(61)	(56)
Net cash flows provided by operating activities		**513**	**874**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		(25)	(1,552)
Net cash flows used in investing activities		**(25)**	**(1,552)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from external borrowings		-	6
Repayment of external borrowings		(194)	-
Dividends Paid		(1,239)	(1,244)
Shares bought back (net of costs)		(127)	(112)
Net cash flows used in financing activities		**(1,560)**	**(1,350)**
Net (decrease)/increase in cash and cash equivalents		(1,072)	(2,028)
Net foreign exchange differences		(89)	310
Cash and cash equivalents at beginning of the period		9,411	9,734
Cash and cash equivalents at end of the year		**8,250**	**8,016**

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the accompanying notes to the Half Year Report.

CONDENSED CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

	Note	Contributed Equity $'000	Employee Share Based Payments 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		44,692	733	(20,590)	(1,702)	23,133	42	**23,175**
Comprehensive income								
Profit attributable to members of parent entity		-	-	1,538	-	1,538	(10)	**1,528**
Other comprehensive income/(loss) for the year		-	-	-	(464)	(464)	(1)	**(465)**
Total comprehensive income for the period		-	-	1,538	(464)	1,074	(11)	**1,063**
Transactions with owners, in their capacity as owners								
Shares bought back	6	(126)	-	-	-	(126)	-	**(126)**
Employee share option scheme		-	65	-	-	65	-	**65**
Dividends paid	7	-	-	(1,239)	-	(1,239)	-	**(1,239)**
Total transactions with owners		(126)	65	(1,239)	-	(1,300)	-	**(1,300)**
Balance at 30 June 2017		**44,566**	**798**	**(20,291)**	**(2,166)**	**22,907**	**31**	**22,938**

The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the accompanying notes to the Half Year Report.

CONDENSED CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

	Note	Contributed Equity $'000	Employee Share Based Payments 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 2016		44,911	958	(21,863)	(1,180)	22,826	50	**22,876**
Comprehensive income								
Profit attributable to members of parent entity		-	-	1,872	-	1,872	(19)	**1,853**
Other comprehensive income/(loss) for the year		-	-	-	232	232	2	**234**
Total comprehensive income for the period		-	-	1,872	232	2,104	(17)	**2,087**
Transactions with owners, in their capacity as owners								
Shares bought back	6	(112)	-	-	-	(112)	-	**(112)**
Employee share option scheme		-	(114)	-	-	(114)	-	**(114)**
Dividends paid	7	-	-	(1,244)	-	(1,244)	-	**(1,244)**
Total transactions with owners		(112)	(114)	(1,244)	-	(1,470)	-	**(1,470)**
Balance at 30 June 2016		**44,799**	**844**	**(21,235)**	**(948)**	**23,460**	**33**	**23,493**

The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the accompanying notes to the Half Year Report.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2017

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 2017 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. BASIS OF PREPARATION

These general purpose condensed consolidated financial statements for the half-year reporting period ended 30 June 2017, 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 2016, 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.

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 Australian Accounting Standards (new and amended) from the mandatory application date of 1 January 2017. The new and amended Standards are not expected to have a significant impact on the Group's financial statements.

AASB 2014-1 Amendments to Australian Accounting Standards

Amends AASB 1 First-time Adoption of Australian Accounting Standards, which arise from the issuance of AASB 14 Regulatory Deferral Accounts.

AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]

This Standard amends AASB 112 Income Taxes to clarify the circumstances in which the recognition of deferred tax assets may arise in respect of unrealised losses on debt instruments measured at fair value.

AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

This Standard amends AASB 107 Statement of Cash Flows to include additional disclosures and reconciliation relating to changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

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 2017:

AASB 2014-10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to AASB 10 and AASB 128)

Amends AASB 10 and AASB 128 to remove the inconsistency in dealing with the sale or contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The mandatory application date of AASB 2014-10 has been amended and deferred to annual reporting periods beginning on or after 1 January 2018 by AASB 2015-10. This amended Standard is not expected to have a significant impact on the Group's financial statements.

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 improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of AASB 139 as follows:

a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.

2. BASIS OF PREPARATION (CONTINUED)

b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

i) The change attributable to changes in credit risk are presented in other comprehensive income (OCI)

ii) The remaining change is presented in profit or loss.

AASB 2012-6 also modifies the relief from restating prior periods by amending AASB 7 to require additional disclosures on transition to AASB 9 in some circumstances. Consequential amendments were made to other standards as a result of AASB 9 by AASB 2014-7 and AASB 2014-8. The mandatory application date of AASB 9 has been deferred to annual reporting periods beginning on or after 1 January 2018 by AASB 2014-1.

Although the Directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

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.

Consequential amendments to other Standards are made by AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*. The mandatory application date of AASB 15 has been deferred to annual reporting periods beginning on or after 1 January 2018 by AASB 2015-8.

Although the Directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

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.

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.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2017

3. SEGMENT REPORTING

	Australia $'000	Singapore $'000	Malaysia $'000	Others $'000	Total $'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	1,486	592	804	(502)	2,380
Net interest	28	(2)	(48)	(1)	(23)
Share of profit of associates	-	-	-	5	5
Profit before income tax					2,362
Income tax expense					(834)
Net profit for the period					**1,528**
Assets and liabilities					
Segment assets	10,619	2,712	15,102	1,963	30,397
Investment in associates	-	-	-	907	907
Total assets					31,304
Segment liabilities	3,542	713	3,933	183	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)

FOR THE HALF YEAR ENDED 30 JUNE 2017

3. SEGMENT REPORTING (CONTINUED)

	Australia $'000	Singapore $'000	Malaysia $'000	Others $'000	Total $'000
Half year ended 30 June 2016					
Revenue					
Sales to external customers	8,087	3,141	5,865	998	18,091
Total segment revenue	8,087	3,141	5,865	998	18,091
Segment results					
Earnings before interest and tax	1,988	814	665	(493)	2,974
Net interest	18	(2)	(49)	(3)	(36)
Share of profit of associates	-	-	-	13	13
Profit before income tax					2,951
Income tax expense					(1,098)
Net profit for the period					**1,853**
Assets and liabilities					
Segment assets	10,452	3,154	16,404	2,092	32,102
Investment in associates	-	-	-	1,001	1,001
Total assets					33,103
Segment liabilities	3,848	496	5,102	164	9,610
Total liabilities					9,610
Other segment information					
Capital expenditure	(1)	(4)	(1,471)	(76)	(1,552)
Depreciation	(4)	-	(53)	(16)	(73)
Amortisation	-	-	(9)	(1)	(10)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2017

4. NET TANGIBLE ASSETS

	30 June 2017 $	30 June 2016 $
Net assets per share	0.40	0.41
Net tangible assets per share	0.40	0.41
	Number	**Number**
Number of ordinary shares for net assets per share	56,797,026	56,872,339

5. EARNINGS PER SHARE

(a) Earnings used in calculating earnings per share	30 June 2017 $'000	30 June 2016 $'000
Net profit attributable to equity holders from continuing operations	1,528	1,853
(Profit) / loss attributable to non-controlling interest	10	19
Earnings used to calculate basic and dilutive earnings per share	**1,538**	**1,872**

(b) Weighted average number of shares	30 June 2017 Number	30 June 2016 Number
Weighted average number of ordinary shares for basic earnings per share	55,043,808	55,257,506
Adjusted weighted average number of ordinary shares for diluted earnings per share. Long Term Incentive Plan shares are classified as dilutive for the purposes of this calculation.	56,010,475	57,099,172

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2017

6. ISSUED CAPITAL

(a) Income tax expense	30 June 2017 Number	30 June 2016 Number	30 June 2017 $	30 June 2016 $
Issued and paid up capital				
Ordinary shares	**56,797,026**	**56,872,339**	**44,565,816**	**44,799,556**
Ordinary shares				
Balance at beginning of the period	55,908,230	57,197,839	44,691,656	44,911,156
Share buy back (a)	(111,204)	(83,000)	(125,840)	(111,600)
Cancellation of Plan Shares of certain employees and directors (b)	-	(242,500)	-	-
Issue of shares to employee / director (c)	1,000,000	-	-	-
Plan shares exercised	-	-	-	-
Balance at end of the period	**56,797,026**	**56,872,339**	**44,565,816**	**44,799,556**

a) A total of 111,204 ordinary shares were bought back in the half year ended 30 June 2017 as approved by the shareholders on 12 May 2016 and 18 May 2017 Annual General Meetings at a total cost of $125,840 (Half year ended 30 June 2016: A total of 83,000 ordinary shares were bought back at a total cost of $111,600).

b) In 2016, the Company cancelled 242,500 Plan ordinary shares issued in accordance with the terms of the Plan granted to senior executives of the Group under the Long Term Incentive Plan who have all since resigned.

c) During the half year ended 30 June 2017, the Company approved loans to the Managing Director Mr Andrew O'Keefe totalling $1,380,000 in order for Mr O'Keefe to purchase a total of 1,000,000 shares under the Company's Long Term Incentive Plan.

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 2017, the Company recognised net expense of $65,000 (Half year ended 30 June 2016: net income of $114,000) in the income statement with a corresponding increase in employee share based payment reserve (Half year ended 30 June 2016: decrease in employee share based payment reserve).

7. DIVIDEND

An unfranked dividend of 2.25 cents per share amounting to $1,238,570, fully paid out of conduit foreign income (2016: 2.25 cents per share unfranked totalling $1,244,000) was paid on 23 March 2017 in relation to the year ended 31 December 2016.

A fully franked interim dividend of 1.5 cents per share has been declared and will be paid on 5 October 2017. The record date for the interim dividend is 22 September 2017.

8. COMMITMENTS

Capital commitments at 30 June 2017 for the renovation works of the Group's new warehousing and laboratory premises in Kuala Lumpur were $132,970 (2016: $713,000).

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 2017.

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 2017 $'000	30 June 2016 $'000
Land Real Pty Ltd (i)	54	57
Pilmora Pty Ltd (ii)	23	12
Henslow Pty Ltd (iii)	12	12
Vanda Gould (iv)	12	30
Shane Teoh (v)	12	-
Business Intelligence & Support Inc. (vi)	273	299

(i) Land Real Pty Ltd (formerly known as CVC Venture Managers Pty Limited), a company in which Mr Henry Townsing is a director, was paid consultancy fees and rental during the financial period. No amount remained payable as at 30 June 2017 (2016: $Nil).

(ii) Pilmora Pty Ltd, a company in which Mr Henry Townsing is a director, was paid director's fees during the financial period. No amount remained payable as at 30 June 2017 (2016: $Nil).

(iii) Henslow Pty Ltd, a company in which Mr Jonathan Tooth is a principal and therefore a related party, was paid director's fees during the financial period. No amount was payable as at 30 June 2017 (2016: $5,750).

(iv) Mr Vanda Gould had provided his services as a Director to the Group during the financial period. $5,008 was payable as at 30 June 2017 (2016: $30,000).

(v) Mr Shane Teoh had provided his services as a Director to the Group during the financial period. No amount was payable as at 30 June 2017 (2016: $Nil).

(vi) Business Intelligence & Support Inc. a company in which Mr Eddie L S Tie the Company's former Managing Director who has since retired, is a director and, therefore a related party until his retirement on 31 December 2016, provided international business advisory, sales, marketing and promotion services to the Group. No amount was payable as at 30 June 2017 (2016: less than $1,000).

DIRECTORS' DECLARATION

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 2017 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
Sydney, 21 August 2017

Nexia Australia

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 2017, 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 2017 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. Our review did not involve an analysis of the prudence of business decisions made by directors or management.

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Matters Relating to Electronic Publication of the Reviewed Financial Report

This review report relates to the financial report of Vita Life Sciences Limited for the half year period ended 30 June 2017 included on the website of Vita Life Sciences Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on this integrity. This review report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of the financial report are concerned with the inherent risk arising from publication on a website, they are advised to refer to the hard copy of the reviewed financial report to confirm the information contained in this website version of the financial report.

Independence

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

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 2017 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

Stephen Fisher
Director

Dated: 21 August 2017

HALF YEAR REPORT 30 JUNE 2017

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

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Malaysia
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F: 60 (03) 5569 2393

Securities Exchange Listing

The ordinary shares of Vita Life Sciences Limited are listed on the Australian Securities Exchange Ltd

(code: VSC)

(code: VLS from 1 September 2017)

Auditor

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

Banker

Westpac Banking Corporation
National Australia Bank Limited

Solicitor

Mark J Ord

Share Registry

Next Registries
Level 16, 1 Market Street
Sydney NSW 2000
T: 61 (02) 9276 1700
F: 61 (02) 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

VITA LIFE
SCIENCES

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