VITA LIFE SCIENCES
HALF YEARLY REPORT
30 JUNE 2019

VITA LIFE SCIENCES

Vita Life Sciences Limited and its Controlled Entities
ABN 35 003 190 421

VITA LIFE
SCIENCES

CONTENTS

DIRECTORS' REPORT

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 2019.

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 Shane Teoh	Non-Executive Director
Mr Jonathan J Tooth	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 Directors report revenue for the six months to 30 June 2019 was $20.4 million, up 1%, delivering a net profit after tax attributable to Vita Life Sciences shareholders of $1.1 million, down 45% compared to the prior corresponding period profit.

Tougher retailing conditions within the Australian and Singaporean markets, stalled the revenue performance compared to the prior corresponding period. The organisation remains focused on increasing market penetration within its key markets, whilst investing in its brand equity across the region.

Net profit after tax was impacted by an additional $1.0 million investment expensed in the first half substantially related to the mass media and brand campaign for the Herbs of Gold brand within Australia. There was also $0.9 million incremental administrative expenses, arising mainly from higher staff costs and additional resource requirements across the organisation.

The Groups balance sheet remains strong with an equity of $21.2 million and net cash position of $7.5 million after borrowings.

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

Australia

Revenue in Australia declined marginally by $0.1 million against prior corresponding period (PCP) to $8.4 million. During the year, the Herbs of Gold brand was successfully launched into the Pharmacy channel. New revenues from the Pharmacy channel offset the softer performance from the Company's traditional Health Food channel.

The Health Food channel revenue declined by 13% against PCP, amidst challenging retail conditions across the category. Contribution from the export sector into mainland China also reduced marginally, following the increased regulatory regime for export sales to China.

Pharmacy and export revenue (excluding China) increased vs PCP. The sales contribution has come from additional independent, new export and Pharmacy banner accounts across the country. Management is pleased with the brands penetration into Pharmacy thus far and remains confident in the expansion strategy for the Australian market moving forward.

Australian EBIT performance was heavily impacted by advertising costs expensed in the first half to support the Herbs of Gold mass media brand campaign. The advertising strategy was previously outlined in the Groups three-year strategic plan to broaden consumer appeal of the Herbs of Gold brand.

Malaysia

Malaysia revenue of $7.1 million was higher than PCP by 2%. A deliberate strategy has been implemented to increase the presence of the VitaHealth brand through major chain Pharmacies in Malaysia. The shift in channel representation has underpinned the revenue performance in the first half. The Herbs of Gold brand has also performed well and has delivered solid growth through its exclusive distribution agreement.

EBIT contributions increased by 17% against PCP.

DIRECTORS' REPORT (CONTINUED)

Singapore

Singapore revenue of $3.1 million was lower against PCP by 4%. The market remains highly competitive with EBIT lower than PCP by 40%. A combination of higher retailing trade costs and promotional expenses heavily influenced profit performance in this market. It's expected that higher trade related costs associated with traditional and e-commerce channels will continue for the remainder of the year.

Other Markets: Vietnam, Indonesia, Thailand, China.

Other Markets generated revenue of $1.7 million and higher against PCP by 29%. The Vietnam market continues to perform well, whilst Indonesia and Thailand gained traction albeit from a lower base. The Company has initiated a strategic review of our operations for both the Indonesian and Thailand markets.

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

Equal Reduction of Capital

On 12 June 2019, the Company completed the transfer of its shares and assets in Mitre Focus (owned by its subsidiary Lovin Pharma Ltd) to another wholly-owned subsidiary, Macarthur National Ltd (MNL) and, then made a pro-rata in specie distribution of all the shares of MNL to all shareholders of the Company.

Arising from the above, the Company recorded a net gain before income tax of $0.28 million. Further details of this transaction are detailed in Note 7 of the Consolidated Financial Statements.

OUTLOOK

The first half performance reflects the softer retail climate within the vitamin and supplements category across the region with such conditions expected to continue into the foreseeable future. Higher advertising and promotional costs expensed in the first half, will impact full year EBIT performance. Directors remain confident in the long-term strategies set for the business.

Andrew O'Keefe
Managing Director
Sydney, 23 August 2019

Nexia Australia

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 2019, 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

Joseph Santangelo
Director

Dated: 23 August 2019

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CONDENSED CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

FOR THE HALF YEAR ENDED	Notes	Consolidated 30 June 2019 $'000	30 June 2018 $'000
Sale of goods		20,369	20,079
Cost of sales		(6,856)	(6,653)
Gross profit		13,513	13,426
Other income		124	60
Gain from disposal of investment	7	280	-
Distribution expenses		(1,871)	(1,833)
Marketing expenses		(2,503)	(1,493)
Occupancy expenses		(449)	(437)
Administrative expenses		(7,437)	(6,541)
Other expenses		(197)	(301)
Share options expense		-	(60)
Share of associate's profit		26	11
Profit before interest and taxes		1,486	2,832
Finance income		65	32
Finance costs		(77)	(59)
Profit before income tax		1,474	2,805
Income tax expense		(337)	(750)
Net profit for the half year		**1,137**	2,055
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		171	1,072
Other comprehensive income for the year, net of income tax		171	1,072
Total comprehensive income for half year		**1,308**	3,127
Net profit/(loss) for the half year attributable to:			
Non-controlling interest		(5)	(10)
Members of the parent		1,142	2,065
		1,137	2,055
Total comprehensive income attributable to:			
Non-controlling interest		-	2
Members of the parent		1,308	3,125
		1,308	3,127
Earnings per share (cents per share)			
- basic earnings per share	5	2.06	3.76
- diluted earnings per share	5	2.06	3.76

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	Notes	Consolidated 30 June 2019 $'000	31 December 2018 $'000
ASSETS			
Current Assets			
Cash and cash equivalents		9,370	10,941
Trade and other receivables		6,372	7,093
Current tax receivables		499	-
Inventories		7,392	6,132
Other assets		425	631
Total Current Assets		24,058	24,797
Non Current Assets			
Investment in associates	7	-	1,043
Property, plant and equipment		9,057	8,642
Intangible assets		78	71
Deferred tax assets		1,156	1,167
Total Non Current Assets		10,291	10,923
Total Assets		**34,349**	**35,720**
LIABILITIES			
Current Liabilities			
Trade and other payables		4,992	5,145
Interest bearing loans and borrowings		352	342
Current tax liability		116	483
Employee entitlements		692	701
Contract liability		4,690	4,722
Lease Liability	2	275	-
Total Current Liabilities		11,117	11,393
Non Current Liabilities			
Deferred Tax Liability		74	74
Interest bearing loans and borrowings		1,565	1,732
Provisions		175	114
Lease Liability	2	224	-
Total Non Current Liabilities		2,038	1,920
Total Liabilities		**13,155**	**13,313**
Net Assets		**21,194**	**22,407**
EQUITY			
Contributed equity	6	42,376	43,742
Accumulated losses		(23,244)	(23,243)
Employee share based payments reserve		611	570
Share options reserve		992	992
Revaluation Reserve		325	325
Foreign currency translation reserve		162	(11)
Parent entity interest		21,222	22,375
Non-controlling interest		(28)	32
Total Equity		**21,194**	**22,407**

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	Notes	Consolidated 30 June 2019 $'000	Consolidated 30 June 2018 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		22,978	21,513
Payments to suppliers and employees		(21,915)	(18,476)
Income tax paid		(1,192)	(1,001)
Interest received		65	32
Borrowing costs		(60)	(47)
Net cash flows provided by operating activities		**(124)**	**2,021**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(18)	(351)
Net cash flows used in investing activities		**(18)**	**(351)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of external borrowings		(335)	(156)
Dividends Paid		(1,211)	(1,211)
Shares bought back (net of costs)		(18)	(756)
Net cash flows used in financing activities		**(1,564)**	**(2,123)**
Net decrease in cash and cash equivalents		(1,706)	(453)
Net foreign exchange differences		135	153
Cash and cash equivalents at beginning of the year		10,941	9,965
Cash and cash equivalents at end of the year		**9,370**	**9,665**

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 **CHANGES IN EQUITY**

FOR THE HALF YEAR ENDED 30 JUNE 2019	Note	Contributed Equity $'000	Employee Share Based Payments Reserve $'000	Share Options Reserve $'000	Revaluation 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 2019		43,742	570	992	325	(23,243)	(11)	22,375	32	**22,407**
Impact of changes in accounting standard		-	-	-	-	68	(31)	37	(55)	**(18)**
Adjusted Balance at 1 January 2019		43,742	570	992	325	(23,175)	(42)	22,412	(23)	**22,389**
Comprehensive income										
Profit attributable to members of parent entity		-	-	-	-	1,142	-	1,142	(5)	**1,137**
Other comprehensive income for the year		-	-	-	-	-	204	204	-	**204**
Total comprehensive income for the year		-	-	-	-	1,142	204	1,346	(5)	**1,341**
Transactions with owners, in their capacity as owners										
Shares bought back	6	(18)	-	-	-	-	-	(18)	-	**(18)**
Employee share based income		-	41	-	-	-	-	41	-	**41**
Equal reduction of capital	7	(1,348)	-	-	-	-	-	(1,348)	-	**(1,348)**
Dividends paid	8	-	-	-	-	(1,211)	-	(1,211)	-	**(1,211)**
Total transactions with owners		(1,366)	41	-	-	(1,211)	-	(2,536)	-	**(2,536)**
Balance at 30 June 2019		**42,376**	**611**	**992**	**325**	**(23,244)**	**162**	**21,222**	**(28)**	**21,194**

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 **CHANGES IN EQUITY (CONTINUED)**

FOR THE HALF YEAR ENDED 30 JUNE 2018	Note	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		-	-	-	(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 for the year		-	-	-	-	1,070	1,070	2	**1,072**
Total comprehensive income for the 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	8	-	-	-	(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 FINANCIAL POSITION 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 2019

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 2019 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 2019, 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 2018, 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 has adopted all of the new or amended Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current period. The following Accounting Standards and Interpretations are most relevant to the Group:

AASB 16: Leases

The Group has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs).

In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained profits as at 1 January 2019 was as follows:

	Total $'000
Operating lease commitments as a 1 January 2019 (AASB 117)	949
Operating lease commitments discount based on the respective individual incremental borrowing rate of 4-9% (AASB 16)	(75)
Short term leases not recognised	(24)
Low value assets lease not recognised	(49)
Accumulated depreciation as at 1 January 2019 (AASB 16)	(307)
Right-of-use assets (AASB 16)	494
Lease liabilities-current (AASB16)	(275)
Lease-liabilities- noncurrent (AASB 16)	(237)
Reduction in opening retained profits as at 1 January 2019	(18)

2. BASIS OF PREPARATION (CONTINUED)

Right-of-use assets

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

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

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

Lease liabilities

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

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

New accounting standards and interpretations not yet adopted

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

3. SEGMENT REPORTING

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	Australia $'000	Singapore $'000	Malaysia $'000	Others $'000	Total $'000
Half Year ended 30 June 2019					
Revenue					
Sales to external customers	8,426	3,105	7,116	1,722	20,369
Total segment revenue	8,426	3,105	7,116	1,722	20,369
Segment results					
Earnings before interest and tax	163	376	820	101	1,460
Net interest	11	1	(35)	11	(12)
Share of profit of associates	-	-	-	26	26
Profit before income tax					1,474
Income tax expense					(337)
Net profit for the half year					1,137
Assets and liabilities					
Segment assets	9,544	4,484	17,805	2,516	34,349
Investment in associates	-	-	-	-	-
Total assets					34,349
Segment liabilities	3,598	3,062	5,776	719	13,155
Total liabilities					13,155
Other segment information					
Capital expenditure	(17)	-	(1)	-	(18)
Depreciation	(50)	(67)	(120)	(60)	(297)
Amortisation	-	-	(1)	(1)	(2)

	Australia $'000	Singapore $'000	Malaysia $'000	Others $'000	Total $'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					
Total liabilities	4,064	1,046	4,554	276	9,940
					9,940
Other segment information					
Capital expenditure	(213)	-	(138)	-	(351)
Depreciation	(16)	(7)	(160)	(7)	(190)
Amortisation	-	-	(5)	(1)	(6)

4. NET TANGIBLE ASSETS

	CONSOLIDATED	
	30 June 2019 $	31 December 2018 $
Net assets per share	0.38	0.41
Net tangible assets per share	0.36	0.39
	Number	**Number**
Number of ordinary shares for net assets per share	55,787,528	54,842,257

5. EARNINGS PER SHARE

	2019 $'000	2018 $'000
Net profit attributable to equity holders from continuing operations	1,137	2,055
Loss attributable to non-controlling interest	5	10
Earnings used to calculate basic and dilutive earnings per share	**1,142**	**2,065**
	2019 Number	**2018 Number**
Weighted average number of ordinary shares for basic earnings per share	55,401,469	54,975,590
Adjusted weighted average number of ordinary shares for diluted earnings per share.	55,401,469	54,975,590

6. ISSUED CAPITAL

	2019 Number	2018 Number	2019 $	2018 $
Issued and paid up capital				
Ordinary shares	**55,787,528**	**54,842,257**	**42, 376,150**	**43,742,222**
Ordinary shares				
Balance at beginning of the period	54,842,257	56,717,026	43,742,222	44,498,322
Share buy back (a)	(24,729)	(1,074,769)	(17,983)	(756,100)
Cancellation of Plan Shares of certain:				
- Employees and Directors (b)	(500,000)	(1,800,000)	-	-
Issue of shares to employee / director (c)	1,470,000	1,000,000	-	-
Equal reduction of Capital - Note 7	-	-	(1,348,089)	-
Balance at end of the half year	**55,787,528**	**54,842,257**	**42, 376,150**	**43,742,222**

a) A total of 24,729 ordinary shares were bought back in the half-year ended 30 June 2019 as approved by the shareholders at the 31 May 2019 Annual General Meetings at a total cost of $17,983 (Half year ended 30 June 2018: A total of 1,074,769 ordinary shares were bought back at a total cost of $756,100).

b) In the half year ended 30 June 2019, the Company cancelled 500,000 Plan ordinary shares issued in accordance with the terms of the Plan granted to a manager of the Group under the Long Term Incentive Plan due to the resignation of the manager.

c) During the half year ended 30 June 2019, the Company approved loans to the Acting Chairman, Mr Henry Townsing totalling $550,000 in order for Mr Townsing to purchase a total of 500,000 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 2019, the Company recognised net expense of $40,920 (Half year ended 30 June 2018: net income of $49,223) in the statement of comprehensive income with a corresponding increase in employee share based payment reserve (Half year ended 30 June 2018: decrease in employee share based payment reserve).

7. EQUAL REDUCTION OF CAPITAL

At the Company's Annual General Meeting on 31 May 2019 shareholders approved:

1. The transfer of its shares and assets in Mitre Focus (owned by its subsidiary Lovin Pharma Ltd) to another wholly-owned subsidiary, Macarthur National Ltd (MNL); and
2. a pro-rata in specie distribution of all the shares of MNL to shareholders of the Company registered as at the Spinoff Record date and simultaneously effected a reduction in the issued share capital of the Company, without cancelling any shares, by an amount equal to the fair value of the total issued capital of MNL.

These transactions were completed on 12 June 2019 with shareholders receiving 1 new MNL share for every 10 shares held in the Company.

The fair value of the shares and assets of Mitre Focus at the Spinoff Record Date was determined by the Directors of the Company at $1.348 million or $0.25 per MNL share. This amount is treated as a reduction both in the value of the share capital (without reducing the number of shares) of the Company and the assets of the Company. The distribution resulted in a gain as stated below.

	Total $'000
Fair value of Mitre Focus at spinoff date	1,348
Carrying amount of Mitre Focus at spinoff date	(1,068)
Net gain before income tax	280
Income tax expense	(84)
Gain after income tax	196

As MNL was a wholly-owned subsidiary of the Company prior to the Spinoff and shares common directors before and after the Spinoff, at the date of this report, MNL is considered a related party for purposes of disclosure and, transactions are therefore disclosed in Note 12.

8. DIVIDEND

A fully franked dividend of 2.25 cents per share amounting to $1,211,451 (2018: 2.25 cents per share unfranked totalling $1,211,451) was paid on 5 April 2019 in relation to the year ended 31 December 2018.

A fully franked interim dividend of 1.5 cents per share, has been declared and will be paid on 8 October 2019. The record date for the interim dividend is 25 September 2019.

9. COMMITMENTS

The Group has no capital commitments as at 30 June 2019.

10. EVENTS AFTER THE BALANCE SHEET DATE

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

11. CONTINGENT ASSETS AND LIABILITIES

The Group has no contingent assets or liabilities as at 30 June 2019.

12. 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 2019 $'000	30 June 2018 $'000
Land Real Pty Ltd (i)	3	-
Macarthur National Ltd (ii)	-	N/A
Sun Land Sdn Bhd (iii)	253	594

(i) Land Real Pty Ltd, a company in which Mr Henry Townsing is a Director and therefore a related party, was paid rent and other services during the financial period. No amount was payable as at 30 June 2019 (2018: $Nil).

(ii) On 11 June 2019, following the divestment of assets of Lovin Pharma International Ltd, a subsidiary of the Company to Macarthur National Ltd (MNL), a company in which Mr Henry Townsing is a Director, entered into an agreement to provide a loan of up to $100,000 to MNL as part of the divestment exercise as approved by shareholders at the Company's Annual General Meeting on 31 May 2019. The loan was made to MNL on an arms' length basis and the key terms are as follows:

- A base interest rate of 6% per annum with a margin of 2% per annum
- Loan is for a period of 6 months from the date of the agreement unless extended by the lender
- Security interest over all PPSA personal property and a fixed charged over all other property of the borrower

As of the date of this report, a sum of $10,000 has been disbursed as loan to MNL by the Company.

(iii) Prior to the Spinoff (refer note 7) being completed on 12 June 2019 Sun Land Sdn Bhd (SL) was an associate of the Company. The Company's subsidiary VitaHealth Malaysia Sdn Bhd (VHM) had, prior to 12 June 2019, made advances to SL and those advances amounted to $252,724 at 12 June 2019. As of 30 June 2019, $252,724 remained payable by SL to VHM.

DIRECTORS' DECLARATION
FOR THE HALF YEAR ENDED 30 JUNE 2019

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 2019 and its performance for the half-year ended on that date; and
   - (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the 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
23 August 2019

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 2019, 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.

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Australia Square NSW 1215
p +61 2 9251 4600
f +61 2 9251 7138
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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

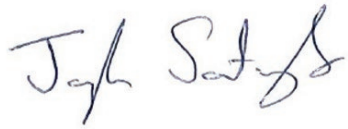
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Vita Life Sciences Limited and the entities it controlled during the period is not in accordance with the *Corporations Act 2001* including:

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: 23 August 2019

GENERAL INFORMATION

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

Chin L Khoo
Company Secretary

Australian Head Office
Unit 1/ 102, Bath Road
Kirrawee NSW 2232
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
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 Limited
Level 16, 1 Market Street
Sydney NSW 2000

Banker
Westpac Banking Corporation
National Australia Bank Limited

Solicitor
Mark Ord

Share Registry
Next Registries
Level 16, 1 Market Street
Sydney NSW 2000
T: 61 2 9276 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
enquiries@vitalifesciences.com.au

VITA LIFE
SCIENCES

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