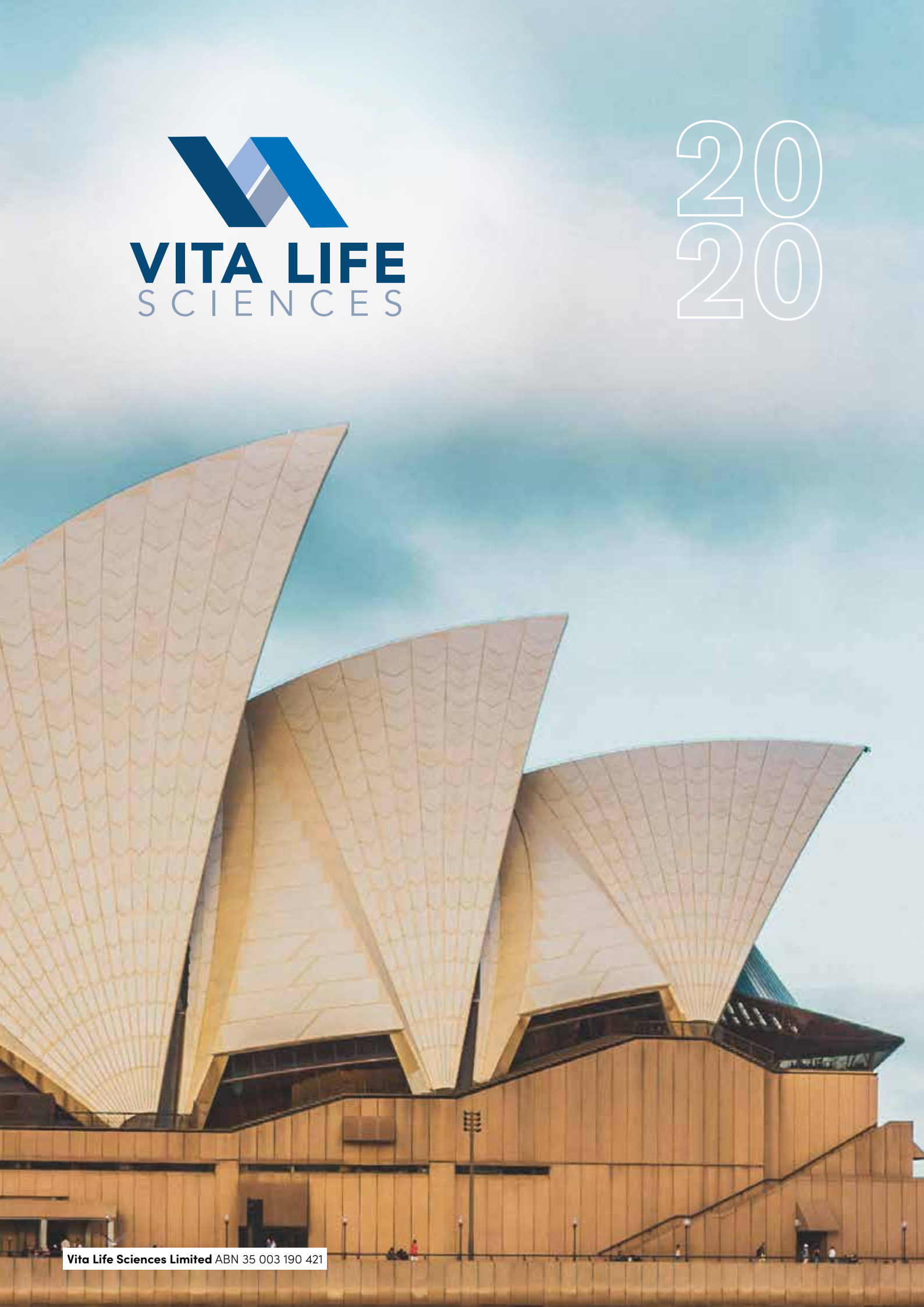
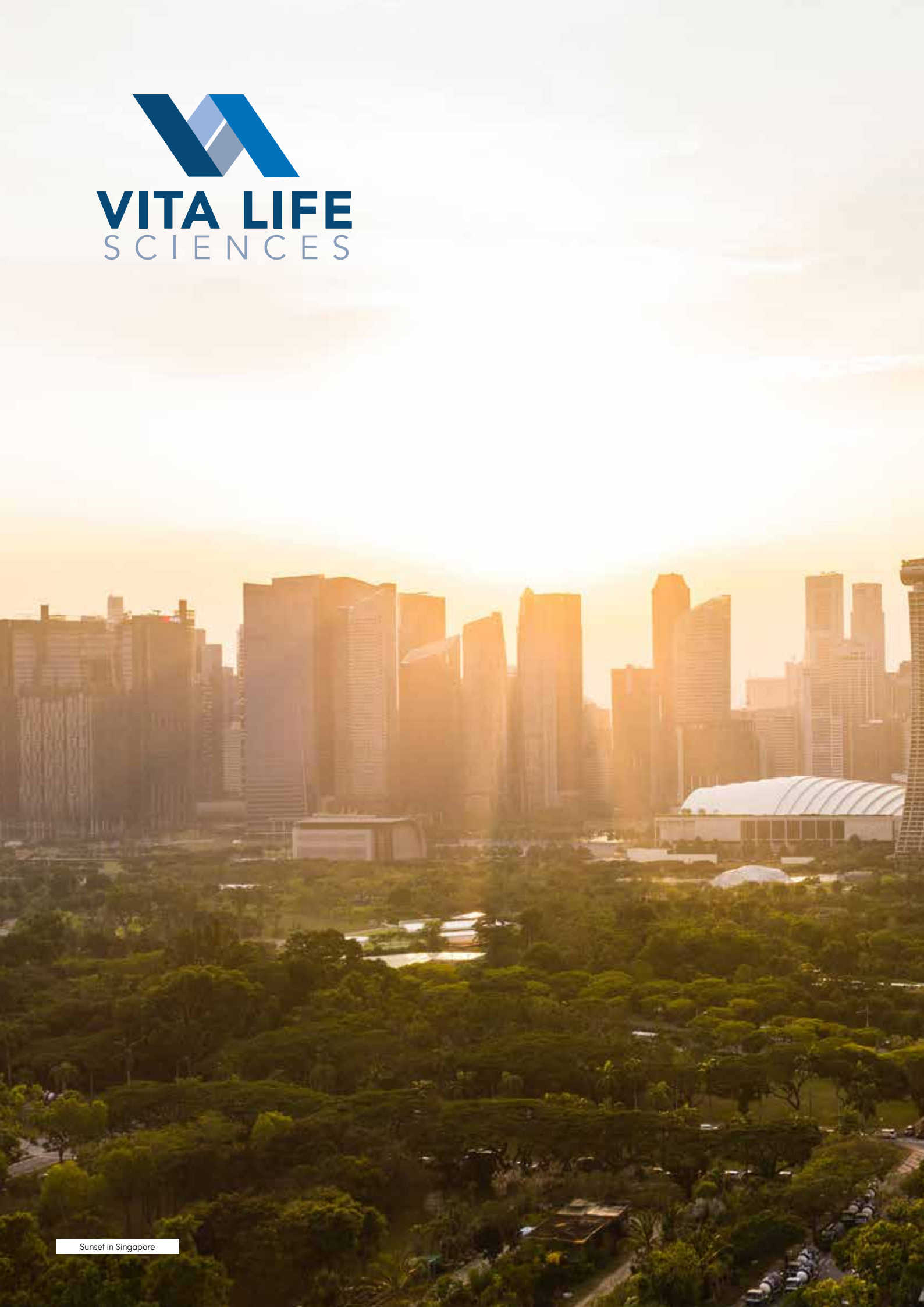
VITA LIFE SCIENCES

2020



Vita Life Sciences Limited ABN 35 003 190 421

VITA LIFE
SCIENCES



Sunset in Singapore

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WHO IS VITA LIFE SCIENCES?

Melbourne, Victoria, Australia

VITA LIFE SCIENCES LIMITED ("VITA LIFE SCIENCES", "THE COMPANY" OR "THE GROUP") IS A MULTINATIONAL HEALTHCARE COMPANY INVOLVED IN FORMULATING, PACKAGING, SALES AND DISTRIBUTION OF VITAMINS AND SUPPLEMENTS. VITA LIFE SCIENCES IS REPRESENTED BY TWO MAJOR BRANDS OF HIGH QUALITY SUPPLEMENTS THROUGHOUT THE ASIA-PACIFIC REGION, VITA HEALTH AND HERBS OF GOLD.

Vita Life Sciences has a Company-wide commitment to:

- Focus its efforts on the health and well-being of customers;
- Conduct activities in a socially responsible manner;
- Create a conducive working and rewarding environment for its employees; and
- Provide competitive returns on our shareholders' investments.

Our History

Vita Health commenced business as a retail pharmacy in Singapore in 1947. In 1973, it launched its own brand of vitamins and supplements with flagship products that included Supa Formula Three and Crowning Glory. Engaging in a philosophy to "think internationally but act locally", Vita Health has developed products that are consistent with global trends while adapting the formulation and product needs of local markets in compliance with the respective countries drug control authorities. Noting the potential to increase its resources to generate growth in research, marketing and product development, Vita Life Sciences purchased Vita Health, including the Malaysian and Singaporean businesses, in 2000.

Herbs of Gold was founded in Australia in 1989 and soon became known and trusted for its integrity and reliability by health food retailers and consumers alike. Herbs of Gold was acquired by Vita Life Sciences in 2001. Subsequently, Vita Life Sciences has expanded its operations and continues to operate in Vietnam, China and Indonesia.

Our Future

Vita Life Sciences has grown from strength to strength and is now a significant healthcare company with circa 750 registered products throughout Australia and Asia. Vita Life Sciences strategy is to establish a sustainable platform for revenue growth through expanding operations into new markets within Asia.

Our People

Besides a strong and experienced management team, the talent of Vita Life Sciences people is regarded as the determining factor in the success of the Company. There is a culture of fostering leadership, individual accountability and teamwork. Vita Life Sciences employees are professionals whose entrepreneurial behaviour is result-oriented and guided by personal integrity. They strive for the success of their own departments in the interests of Vita Life Sciences as a global company and Vita Life Sciences attributes its achievement and success to their dedication.

CHAIRMAN'S LETTER

Dear Shareholder,

The writing of the Chairman's Letter at this time last year coincided with the outbreak of Covid-19 in all of the Company's markets and I commented ..." the financial health and strength of a company at times of economic upheaval can be critical ... the Company has a strong balance sheet and the Board has for many years aimed to continually build its cash reserves [and] restrict the use of debt ...". The benefits of this approach saw your Company emerge from the pandemic in stronger position than it was at the beginning of 2020.

The Company's financial performance for year ended December 2020 was a record, in terms of sales and profit exceeding your Boards expectations and discussed in detail in the Managing Director's Review. The strong financial results are reflected in the full year fully franked dividend being increased by half a cent to 4.25 cents per share, a record payout for the Company. Overall, the Company returned $2.6 million to shareholders in the form of dividends and the share buyback program.

Pleasingly, the Group's principal business in Australia and Malaysia which account for around 80% of revenue performed very well. Consumer demand was strongest in high strength immunity protection products such as Cold & Flu Strike and Vitamin C1000. The Herbs of Gold brand in Australia and Malaysia continues to attract new consumers and, its export to China is gaining increased market acceptance. The Vita Health brand "home" markets are Malaysia and Singapore and, is gaining traction in other Asian markets via e-commerce channels.

The Group focus for the next 2-3 years is to continue to grow market share by investing in brand equity, expand market reach and extend product categories which were largely paused in 2020 due to the pandemic. In particular, expanding the number of customers the Group deals with on a regular basis for example, the sale of Herbs of Gold range to independent pharmacies in Australia is a major focus, noting that long term sustainable growth initiatives take time to take root and gain customer and consumer acceptance.

Your Board thanks Shareholders, management, employees and stakeholders for their support and is committed to fulfilling its social obligations to the community.

Henry Townsing
Acting Chairman
25 March 2021

MANAGING DIRECTOR'S REVIEW

Sunset at the rice terraces of Yuanyang, China

MANAGING DIRECTOR'S REVIEW

Dear Shareholder,

Key Financial Measures $'000	2020	2019	Change	
Revenue and Profitability				
Revenue	**46,481**	**42,452**	9.5%	↑
EBIT	8,131	4,443	83.0%	↑
Net profit after tax	5,862	3,094	89.5%	↑
EPS (cents)	11.58	5.73	102.1%	↑
Dividends declared (cents)	4.25	3.75	13.3%	
Cashflow				
Operating cashflow before interest and tax	9,196	3,874	137.4%	↑
Gross operating cashflow/ EBITDA	105%	77%		

Review of Business Operations

The VLS Group generated record revenues of $46.5m, up 9.5% on previous corresponding period (PCP). Net profit after tax was $5.9m, up 89.5% compared to the PCP.

2020 trading conditions were impacted by Covid-19 with the impact, initially, delivering increased demand for immunity and health support products particularly in key markets Australia, Malaysia and China, however over time, traditional selling channels in several overseas markets, were adversely impacted, reducing some of the initial gains. On balance, revenue growth from the Group's core markets remained strong.

In conjunction with the initial Covid-19 uncertainties, management deployed a deliberate strategy to reduce normalised advertising and marketing investments of approximately $2m. This combined with government subsidies, increased EBIT to $8.1m.

I would like to take this opportunity to thank and acknowledge all VLS employees across the Group. It was certainly a year like no other and their ongoing commitment to the business and our customers has been the basis of the company's performance.

A summary of the key results for the main operating markets are detailed below.

Australia

Revenue from the Australian business achieved a record result of $20.8m (2019: $16.7m).

Revenue from both the Health food and Pharmacy channels performed strongly on the back of higher consumer demand for complementary medicine products. The distribution strategy into the Pharmacy channel remains on track with close to 1,000 pharmacies across the country ranging the Herbs of Gold brand. Management remains confident in the growth prospects within the domestic market.

Revenue contributions from our export partner in mainland China for the Herbs of Gold Brand are very encouraging. Increased brand awareness on all major e-commerce platforms provided an increase in demand from Chinese consumers.

In conjunction with initial Covid-19 uncertainty, management reduced its advertising and promotional investments of approximately $1m, resulting in a higher EBIT.

MANAGING DIRECTOR'S REVIEW (CONTINUED)

Malaysia and Singapore

The Malaysian business generated favourable growth in 2020, with revenue of $16.9m (2019: $15.5m). The Malaysian business was favourably influenced by sales growth of both Vitahealth and Herbs of Gold brands.

In conjunction with initial Covid-19 uncertainty, management reduced its advertising and promotional investments of approximately $0.5m, resulting in a higher EBIT.

Singapore generated revenue of $4.9m (2019: $5.9m) The Singaporean market performance was negatively impacted by Covid-19. A significant number of retail stores were temporarily closed in line with Government orders and therefore reducing revenue contributions. Retailing conditions remains challenging and is likely to continue in the short term within this market.

Other Asia

Revenue from the Group's other markets, Vietnam, Thailand, Indonesia declined marginally to $3.9m (2019: $4.3m). Lower sales were reported in Vietnam and Thailand following the ongoing pandemic with marginal growth reported in Indonesia. In late 2020, the Thailand business was restructured with a new distributor appointed.

Outlook for 2021

The Impact of Covid -19 remains a fluid situation, which may disrupt some traditional selling channels. Despite this, management remains confident to deliver revenue growth through strong consumer demand and increased distribution across key markets.Due to ongoing current uncertainties, further guidance will be provided upon the release of our half year results in August 2021.

Andrew O'Keefe
Managing Director
25 March 2021

DIRECTORS' REPORT

Singapore

YOUR DIRECTORS SUBMIT THEIR REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

DIRECTORS

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Mr Henry G Townsing
Acting Chairman
Non-Executive Director
Dip Val

Mr Townsing brings over 30 years' experience in corporate finance and private equity. He was a Director of the Company, from 1985 to 1992, 2004 to 2009 and was reappointed a Director on 22 December 2011.

Mr Townsing was appointed as the Acting Chairman of the Company effective 13 October 2016.

Mr Townsing is the chairman of the Company's Board Nomination and Remuneration Committee.

Mr Townsing lives in Melbourne.

Mr Andrew O'Keefe
Managing Director
Dip.Mkt Mgt

Mr O'Keefe was appointed Managing Director on 1 January 2017.

Mr O'Keefe has over 20 years' experience within the Australian pharmaceutical and healthcare industry. During his career Mr O'Keefe has held senior leadership positions in publicly listed companies and in recent times was the CEO of Australia's largest Heath Food distributor and retailer. Andrew O'Keefe was appointed to the position of Chief Executive Officer – Herbs of Gold Australia in Oct 2014.

Mr O'Keefe resides in Sydney.

Mr Jonathan Tooth
Non-Executive Director
B Arts Economics and Financial Studies

Mr Tooth was appointed as a Non-Executive Director of the Company on 26 July 2012. Mr Tooth has spent over 20 years in providing corporate advisory services to ASX listed and unlisted small cap companies. He is presently a Principal of the boutique corporate advisory practice Henslow Pty Ltd.

Mr Tooth is currently a Director of ASX listed company, Generation Development Group Limited since 2012 and, Sensera Limited since 2016.

Mr Tooth is the chairman of the Company's Audit and Risk Committee.

Mr Tooth lives in Melbourne.

Mr Shane Teoh
Non-Executive Director
B Com, LLB

Mr Teoh was appointed as a Non-Executive Director of the Company effective 4 October 2016.

Mr Teoh has served as a non executive director of TPG Telecom Limited since 2012, iiNet Limited since 2018 and, is also the managing director of Total Forms Pty Limited, a leading developer of accounting and taxation software in Australia.

Mr Teoh is a member of the Company's Audit and Risk, Board Nomination and Remuneration Committee.

Mr Teoh resides in Sydney

COMPANY SECRETARY

Mr Chin L Khoo
Company Secretary
Chief Financial Officer
CA, CPA, AGIA, MBA

Mr Khoo was appointed the Chief Financial Officer of the Company effective 1 May 2017 and the Company Secretary effective 30 June 2017. Mr Khoo had previously held the Company Secretary position briefly in 2011.

Mr Khoo has spent over the past 30 years working in various industries in the Asia Pacific region. He was also with the Group from 2004 to 2011.

Mr Khoo resides in Sydney.

DIRECTORS' REPORT (CONTINUED)

INTERESTS IN THE SHARES OF THE COMPANY

The following table sets out each Director's relevant interest in shares of the Company as at the date of this report.

Directors		Shareholdings as at Directors' report date
Mr Andrew O'Keefe	BI (1)	510,000
Mr Shane Teoh	NBI	8,435,693
Mr Jonathan Tooth	NBI	226,157
Mr Henry G Townsing	BI (2)	515,270
	NBI	438,597

BI: Beneficial interest
NBI: Non-beneficial interest
(1) & (2) Includes 500,000 Long Term Incentive Plan shares respectively.

DIVIDENDS

On 19 February 2021, the Directors declared a final fully franked dividend of 2.75 cents per share totalling $1,446,847 in respect of the financial year ended 31 December 2020 (2019: fully franked dividend of 2.25 cents per share totalling $1,206,388), payable on 7 April 2021. A fully franked interim dividend of 1.5 cents per share was paid on 9 October 2020 (2019: fully franked interim dividend of 1.5 cents per share).

PRINCIPAL ACTIVITIES

The principal activities of the Group in the course of the financial year consisted of formulating, packaging, sales and distribution of vitamins and supplements.

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

Refer to Managing Director's Review.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Share Buy-Back

On 31 May 2019 and 23 July 2020, the Company announced an on-market share buy-back of up to 15% of the Company's shares on issue funded from the Group's existing cash reserves. During the financial year ended 31 December 2020, the Company bought back 1,004,645 (2019: 225,000) shares for total consideration of $655,605 (2019: $145,440).

SIGNIFICANT EVENTS AFTER BALANCE DATE

Dividends

On 19 February 2021, the Directors declared a final fully franked dividend of 2.75 cents per share totalling $1,446,847 in respect of the financial year ended 31 December 2020 (2019: fully franked dividend of 2.25 cents per share totalling $1,206,388), payable on 7 April 2021. A fully franked interim dividend of 1.5 cents per share was paid on 9 October 2020 (2019: fully franked interim dividend of 1.5 cents per share).

Long Term Incentive Plan Shares

On 22 Jan 2021, the Company issued 1,050,000 new shares at a total costs of $945,000 to three employees under the Company's Long Term Incentive Plan (LTIP). The Company also announced that 1,000,000 new shares at a total costs of $900,000, subject to approval from shareholders at a General Meeting, will be issued to the Managing Director under the Company's LTIP.

Other than the above matters, there are no subsequent events after balance date that affect the operating results or financial position of the Company and its subsidiaries.

FUTURE DEVELOPMENTS AND RISKS

The Board has continued confidence in the Company's strategies, in the capability of the management team and in the strength of the brands within the Group and, are committed to growing the business and delivering improved shareholder returns in the coming year.

In this regard, the Group plans to increase investment in both advertising and promotional activities, whilst broadening distribution channels within and beyond key markets. This strategy may impact profitability in the short term, with a view to increase profitability in the medium term.

The Company is also wary of the potential challenges ahead including the continued need to satisfy consumers, discounting by competitors and maintain high quality standards while complying with Government regulations in the respective markets. The Directors have identified the following business risks which may impact on the future performance of the Group:

Competition

To date, Vita Life has demonstrated that it can compete effectively in the healthcare market in both Australia and Asia. The healthcare industry is highly competitive and characterised by many companies supplying much of the global market requirements. Vita Life's reputation for high quality products and service mitigates this risk.

Currency and Exchange Rate Fluctuations

The financial contribution of the Group will depend on the movement in exchange rates between the Australian dollar and a number of other foreign currencies. The exchange rate between various currencies may fluctuate substantially and the result of these fluctuations may have an adverse impact on the Group's operating results and financial position. The Group does not enter into forward exchange contracts to hedge its anticipated purchase and sale commitments denominated in foreign currencies.

Regulatory

Future expansion of the Company's range of products and services may be governed by regulatory controls in each target market and the Company cannot guarantee that approvals in all target markets will be obtained in the future. The Company's products are required to be registered with the relevant regulatory bodies in each country or relevant jurisdiction. If for any reason such product registrations are delayed, withdrawn or are cancelled, it may have an effect on the sales of products which rely on them in the relevant market or countries.

INDEMNIFICATION AND INSURANCE OF OFFICERS

The Company has agreed to indemnify, to the extent permitted by the Corporations Act 2001, the Directors and Officers of the Company, in respect of certain losses and liabilities which the Director(s) or Officer(s) may incur as a result of, or by reason of being a director or officer of the Company. In accordance with the provisions of the Corporations Act 2001, the Company has a Directors and Officers liability policy which covers all Directors and Officers of the Company. The terms of the policy specifically prohibit disclosure of details of the amount of the insurance cover and the premium paid.

The Company has not, during or since the financial year, indemnified or agreed to indemnify an auditor of the Company or any related body corporate.

ENVIRONMENTAL REGULATIONS

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. The Board believes that the Group has adequate systems in place for the management of its environmental requirements as they apply to the Group.

Kebumen, Indonesia

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director in the capacity of Director was as follows:

Director	Board		Audit and Risk Committe		Board nomination Committee		Renumeration Committee	
	Held by members	Attended	Held by members	Attended	Held by members	Attended	Held by members	Attended
Mr Andrew O'Keefe	10	10	*	*	*	*	*	*
Mr Shane Teoh	10	9	3	3	-	-	2	2
Mr Jonathan Tooth	10	9	3	3	*	*	*	*
Mr Henry G Townsing	10	10	*	*	-	-	2	2

AUDITOR'S INDEPENDENCE DECLARATION

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

The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Associates of Nexia Sydney Audit Pty Limited received or are due to receive the following amounts for the provision of non-audit services:

	$'000
Tax compliance services	19
Share registry services	44
TOTAL	**63**

ROUNDING OFF

In accordance with Australian Securities and Investments Commission (ASIC) ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191, dated 1 April 2016, the amounts in the Financial Report and Directors' Report are been rounded off to the nearest thousand dollars, unless otherwise indicated.

INVESTMENT AND BUSINESS RISK MANAGEMENT

The Board, based on the recommendations of the Managing Director, Mr O'Keefe and the other Directors, make decisions on investments for the Company. The Board considers that the general retention by it, or the power to make the final investment or divestment decision by a majority vote provides an effective review of the investment strategy. A majority of the Directors must approve any modification to the investment parameters applying to the Company's assets. Any modification to the investment strategy is notified to the ASX and any proposed major change in investment strategy is first put to shareholders for their approval.

The Board is also responsible for identifying and monitoring areas of significant business risk. Internal control measures currently adopted by the Board include:

- Monthly reporting to the Board in respect of operations and the Company's financial position, with a comparison of actual results against budget;
- Regular reports to the Board by appropriate members of the management team and/or independent advisers, outlining the nature of particular risks; and
- Other measures which are either in place or can be adopted to manage or mitigate those risks.

SHAREHOLDINGS BY DIRECTORS AND EXECUTIVES

On 23 December 2010, the Board resolved to adopt a new Policy concerning trading in Company securities. An Executive, Director or relevant employees ('employee') must not trade in any securities of the Company at any time when they are in possession of unpublished, price sensitive information in relation to those securities. An employee should not deal in securities of Vita Life Sciences Limited without receiving clearance:

- From a Director in the case an employee;
- From an Executive Director in the case of the Chairman; or
- From the Chairman, in the case of Directors.

Generally, an employee must not be given clearance to deal in any securities of the Company during a prohibited period. A "prohibited period" means:

- The period from year end and preliminary announcement of the full year results (usually 1 January to end February);
- The period from half year end and preliminary announcement of the half year results (usually 1 July to end August); and
- Any other periods advised to employees by the Board (via the Company Secretary).

As required by the ASX Listing Rules, the Company notifies the ASX of any transaction conducted by Directors in the securities of the Company.

ETHICAL STANDARDS

The Board endeavours to ensure that the Directors, officers and employees of Vita Life act with integrity and observe the highest standards of behaviour and business ethics in relation to their corporate activities. All officers and employees are expected to:

- Comply with the law;
- Act in the best interests of the Company;
- Be responsible and accountable for their actions; and
- Observe the ethical principles of fairness, honesty and truthfulness, including disclosure of potential conflicts.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

REMUNERATION REPORT (Audited)

The Remuneration Report outlines Directors' and Executives' remuneration arrangements of the Company and the Group and the remuneration disclosures required in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report Key Management Personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

For the purposes of this report, the term "executive" encompasses the Chief Executive/Managing Director, Senior Executives, General Managers and Secretaries of the parent and the Group.

Remuneration committee

The Remuneration Committee comprised Mr Townsing, Chairman of the Remuneration Committee, and Mr Teoh during the financial year. The Remuneration Committee is responsible for:

- Reviewing and approving the remuneration of Directors and other senior executives; and
- Reviewing the remuneration policies of the Company generally.

Total remuneration paid (excluding Share Based Payments expense) for all existing non-executive Directors during the financial year was $100,740 (2019: $123,527). These fees paid are within the aggregate remuneration of $150,000 (2019: $150,000) for all non-executive Directors as approved by shareholders at the Annual General Meeting (AGM) held on 12 May 2016.

Remuneration philosophy

The performance of the Company depends upon the quality of its Directors and Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives.

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

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to the performance of the Company and the creation of shareholders' value;
- Have a significant portion of executive remuneration "at risk"; and
- Establish appropriate, demanding performance hurdles for variable executive remuneration.

Remuneration structure

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

Non-executive director remuneration

Objective

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive Directors shall be determined from time to time by a general meeting. The latest determination was at the Annual General Meeting held on 12 May 2016 when shareholders approved an aggregate remuneration of $150,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the fee structure is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive Directors of comparable companies when undertaking the annual review process.

Each Director receives a fee (as set out in the Remuneration of Key Management Personnel table) for being a Director of the Company. Direct ors' fees cover all main Board activities and the membership of committees. There are no additional fees for committee membership. These fees exclude any additional "fee for service" based on arrangements with the Company, which may be agreed from time to time. Agreed out of pocket expenses are payable in addition to Directors' fees. There are no retirement or other long service benefits that accrue upon appointment to the Board. Retiring non-executive Directors are not currently entitled to receive a retirement allowance.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (CONTINUED)

Executive remuneration

Objective

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

- Reward executives for Company, business unit and individual performance against targets set by reference to appropriate benchmarks;
- Align the interests of executives with those of shareholders; and
- Ensure total remuneration is competitive by market standards.

In determining the level and make-up of executive remuneration, the Remuneration Committee engages external consultants as needed to provide independent advice and the recommendations of the Managing Director.

Structure

The Remuneration Committee has entered into a detailed contract of employment with the Managing Director and a standard contract with other executives. Details of these contracts are provided below.

Remuneration consists of the following key elements:

- Fixed remuneration (base salary, superannuation and non-monetary benefits); and
- Variable remuneration
  - Short term incentive; and
  - Long term incentive.

The proportion of fixed remuneration and variable remuneration (potential short term and long term incentives) for each executive is set out in the Remuneration of Key Management Personnel table.

Fixed Remuneration

Objective

Fixed remuneration is reviewed annually by the Remuneration Committee. The process consists of a review of Company, business unit and individual performance, relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. As noted above, the Committee has access to external advice independent of management.

Structure

Executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group. The fixed remuneration component of executives is detailed in the Remuneration of Key Management Personnel table.

Variable remuneration - Short Term Incentive ("STI")

Objective

The objective of the STI is to link the achievement of the Group's operational targets with remuneration received by the executives charged with meeting those targets. The total potential STI available is set at a level so as to provide sufficient incentive to the executive to achieve the operational targets and such that the cost to the Group is reasonable in the circumstances.

Structure

Actual STI payments granted to each executive depend on the extent to which specific targets set at the beginning of the year are met. The targets consist of a number of Key Performance Indicators (KPI's) covering both financial and non-financial, corporate and individual measures of performance. Typically included measures are sales, net profit after tax, customer service, risk management and leadership/ team contribution. These measures were chosen as they represent the key drivers for short term success of the business and provide a framework for long term value.

The Group has predetermined benchmarks that must be met in order to trigger payments under the STI scheme. On an annual basis, after consideration of performance against KPI's, the Remuneration Committee, in line with their responsibilities, determine the amount, if any, of the short term incentive to be paid to each executive. This process usually occurs within 3 months of reporting date.

The aggregate of annual STI payments available for executives across the Group is subject to the approval of the Remuneration Committee. Payments are delivered as a cash bonus in the following reporting period. Participation in the Short Term Incentive Plan is at the Directors' discretion.

Variable remuneration – Long Term Incentives

Objective

The Company's established Long Term Incentive Plan ("Plan") encourages employees or officers to share in the ownership of the Company, in order to promote the long-term success of the Company.

The plan was implemented in 2014 and at the date of this report, the Company had allocated 2,520,000 unexpired plan shares equivalent to 4.6% of the Company's capital. The principal terms and conditions of the Plan are:

- The Company lends money on a non-recourse basis to employees to buy Company shares at an interest rate as determined by the Remuneration Committee. Interest to be paid is to be derived from dividends paid by the Company or capitalised against the loan;
- The total allocation of share capital able to be issued is not to exceed 10.0% of issued capital;
- The term of the loan is up to 5 years at which point all outstanding monies must be repaid or the shares are forfeited;
- Hurdles are as determined by the Remuneration Committee and approved by the Board. Where hurdles are not met the Plan shares will be forfeited and the employee will not be required to make further payment;
- Vesting periods are as determined by the Remuneration Committee and approved by the Board; and
- Any dividends paid will be applied to the principal and or interest charged on the loan.

Employment contracts

Managing Director

Mr Andrew O'Keefe was appointed as the Managing Director on 1 January 2017.

The principal terms of Mr O'Keefe's contract are:

- Fixed remuneration of $461,369 (including superannuation) for the year ended 31 December 2020. The remuneration is reviewed by the Remuneration Committee on a yearly basis
- Mr O'Keefe is entitled to receive Plan shares subject to shareholders' approval. Refer to note 22, Share Based Payment Plans of the financial statements for information on Plan shares issued to Mr O'Keefe.
- Mr O'Keefe may be entitled to receive a bonus on achieving certain benchmarks and targets.
- The Company may terminate Mr O'Keefe's employment agreement by providing 6 months' written notice.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred.
- Mr O'Keefe may resign by providing 6 months' written notice.

Other Executives (standard contracts)

All executives have rolling contracts. The Company may terminate the executive's employment agreement by providing (depending on the individual's contract) between 1 and 3 months' written notice or providing payment in lieu of the notice period (based on the fixed component of the executive's remuneration). Where termination with cause occurs the executive is only entitled to that portion of remuneration that is fixed, and only up to the date of termination.

Related Parties

The Directors disclose any conflict of interest in Directors' meetings as per the requirements under the Corporations Act (2001). Any disclosures that are considered to fall under the definition of related parties as per AASB 124 "Related Party Disclosures" are made in the Directors' meetings and minuted.

Surfers Paradise, Queensland, Australia

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (CONTINUED)

Remuneration of Key Management Personnel

2020	Short term employee benefits			Long term employee benefits	Post employment benefits Superannuation	Total	Performance Rated
	Salary & Fees	Bonus	Share based payments				
	$	$	$	$	$	$	%
Directors							
Mr Henry Townsing Non-executive Acting Chairman	46,000	-	35,270	-	4,370	85,640	n/a
Andrew O'Keefe Managing Director	440,021	-	17,773	30,846	21,348	509,988	-
Mr Jonathan Tooth Non-executive Director	23,000	-	-	-	2,185	25,185	n/a
Mr Shane Teoh Non-executive Director	23,000	-	-	-	2,185	25,185	n/a
Total Directors Compensation	**532,021**	**-**	**53,043**	**30,846**	**30,088**	**645,998**	**-**
Key Management Personnel							
Chin L Khoo CFO & Company Secretary	180,000	10,000	13,157	-	18,032	221,189	4.5%
K S Beh Country Manager - Malaysia & Singapore	184,189	30,228	6,578	-	13,513	234,508	12.9%
Melissa Pereira* Group Marketing Manager	41,066	10,000	12,334	15,488	2,327	81,215	12.3%
Total Key Management Compensation	**405,255**	**50,228**	**32,069**	**15,488**	**33,872**	**536,912**	**9.4%**
Grand total	**937,276**	**50,228**	**85,112**	**46,334**	**63,960**	**1,182,910**	**4.2%**

* Ms Pereira was on maternity leave from 9 Mar 2020

REMUNERATION REPORT (CONTINUED)

Remuneration of Key Management Personnel (Continued)

2019	Short term employee benefits			Long term employee benefits	Post employment benefits Superannuation	Total	Performance Rated
	Salary & Fees	Bonus	Share based payments				
	$	$	$	$	$	$	%
Directors							
Mr Henry Townsing Non-executive Acting Chairman	46,000	-	20,573	-	4,370	70,943	n/a
Andrew O'Keefe Managing Director	442,000	66,000	(1,142)	7,791	20,526	535,175	12%
Mr Jonathan Tooth Non-executive Director	23,000	-	-	-	2,185	25,185	n/a
Mr Shane Teoh Non-executive Director	23,000	-	-	-	2,185	25,185	n/a
Mr Vanda R Gould (1) Non-executive Director	20,810	-	-	-	1,977	22,787	n/a
Total Directors Compensation	**554,810**	**66,000**	**19,431**	**7,791**	**31,243**	**679,275**	**10%**
Key Management Personnel							
Chin L Khoo CFO & Company Secretary	175,000	10,000	10,964	-	17,575	213,539	5%
Melissa Pereira Group Marketing Manager	147,000	10,000	10,279	4,159	14,915	186,353	11%
K S Beh Country Manager - Malaysia & Singapore	163,089	25,139	5,482	-	14,011	207,721	15%
Dr. Edward Choo (2) CEO-Asia Pacific	112,291	27,463	-	-	14,355	154,109	18%
Total Key Management Compensation	**597,380**	**72,602**	**26,725**	**4,159**	**60,856**	**761,722**	**10%**
Grand total	**1,152,190**	**138,602**	**46,156**	**11,950**	**92,099**	**1,440,997**	**10%**

(1) Mr Gould resigned on 26 November 2019
(2) Dr Choo resigned on 29 April 2019

DIRECTORS' REPORT (CONTINUED)

EQUITY HOLDINGS AND TRANSACTIONS

The number of ordinary shares in the Company held by each specified Director or specified executive, including their personally-related entities, during the 2020 and 2019 financial years are as follows:

2020		At 1 January 2020	Purchases	LTIP Shares: Allocated (1)	Disposal	At 31 December 2020
DIRECTORS						
Mr Andrew O'Keefe	Beneficial Interest	1,000,000	10,000	(500,000)	-	510,000
Mr Shane Teoh	Non beneficial interest	8,435,693	-	-	-	8,435,693
Mr Jonathan Tooth	Non beneficial interest	226,157	-	-	-	226,157
Mr Henry G Townsing	Beneficial Interest	515,270	-		-	515,270
	Non beneficial interest	438,597	-	-	-	438,597
KEY MANAGEMENT PERSONNEL						
Mr Chin L Khoo	Beneficial Interest	169,000	-	-	-	169,000
	Non beneficial interest	10,000	-	-	-	10,000
Mrs Melissa Pereira	Beneficial Interest	150,000	-	-	-	150,000
Ms K S Beh	Beneficial Interest	80,000	-	-	-	80,000
Total		**11,024,717**	**10,000**	**(500,000)**	**-**	**10,534,717**

(1) In 2020, 500,000 shares of Mr O'Keefe was cancelled as the performance hurdles set previously were not met.

(2) Any Directors or Key Management Personnel as disclosed in the remuneration tables at pages 16 and 17 who are not explicitly referenced in the tables above did not hold any ordinary shares in the Company for the periods shown.

LONG TERM INCENTIVE PLAN SHARES

The following table discloses the details of Long Term Incentive Plan Shares on issue to Directors and Key Management Personnel as at 31 December 2020.

	Number of LTIP shares on issue	Fair value at grant date	Exercise price per LTIP share	Amount payable	Terms - years	Expiry Date	Performance Hurdle
DIRECTORS							
Mr Andrew O'Keefe	500,000	0.11	1.00	500,000	3.0	30/06/2021	Cumulative EBIT of VLS (exc investment division) for 2 years ending 31 Dec 2019 and 31 Dec 2020 being not less than $16,000,000
Mr Henry Townsing	250,000	0.18	1.00	250,000	2.0	30/06/2021	Cumulative EBIT of VLS for 2 years ending 31 Dec 2019 and 31 Dec 2020 being not less than $13,000,000
	250,000	0.17	1.20	300,000	3.0	30/6/2022	Cumulative EBIT of VLS for 2 years ending 31 Dec 2020 and 31 Dec 2021 being not less than $15,000,000
KEY MANAGEMENT PERSONNEL							
Mr Chin L Khoo	80,000	0.22	1.00	80,000	2.0	30/06/2021	Cumulative EBIT of VLS for 2 years ending 31 Dec 2019 and 31 Dec 2020 being not less than $13,000,000
	80,000	0.23	1.20	96,000	3.0	30/06/2022	Cumulative EBIT of VLS for 2 years ending 31 Dec 2020 and 31 Dec 2021 being not less than $15,000,000
Mrs Melissa Pereira	75,000	0.22	1.00	75,000	2.0	30/6/2021	Cumulative EBIT of VLS for 2 years ending 31 Dec 2019 and 31 Dec 2020 being not less than $13,000,000
	75,000	0.23	1.20	90,000	3.0	30/6/2022	Cumulative EBIT of VLS for 2 years ending 31 Dec 2020 and 31 Dec 2021 being not less than $15,000,000
Ms K S Beh	40,000	0.22	1.00	40,000	2.0	30/6/2021	Cumulative EBIT of Asian Business for 2 years ending 31 Dec 2019 and 31 Dec 2020 being not less than MYR 25,500,000
	40,000	0.23	1.20	48,000	3.0	30/6/2022	Cumulative EBIT of Asian Business for 2 years ending 31 Dec 2020 and 31 Dec 2021 being not less than MYR 29,100,000
Total	**1,390,000**			**1,479,000**			

END OF REMUNERATION REPORT

Signed in accordance with a resolution of the Directors.

Andrew O'Keefe
Managing Director
25 March 2021

AUDITOR'S INDEPENDENCE DECLARATION

Oro Oro Ombo, Indonesia

Nexia Australia

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

To the Board of Directors of Vita Life Sciences Limited,

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

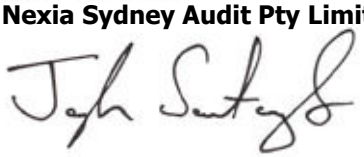
As lead audit director for the audit of the financial statements of Vita Life Sciences Limited for the financial year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

Yours sincerely,

Nexia Sydney Audit Pty Limited



Joseph Santangelo
Director

Dated: 25 March 2021
Sydney

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2020 FINANCIAL REPORT

Halong Bay, Vietnam

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 DECEMBER	Notes	Consolidated 2020 $'000	Consolidated 2019 $'000
CONTINUING OPERATIONS			
Sale of goods		46,481	42,452
Cost of sales		(17,209)	(14,555)
Gross profit		**29,272**	**27,897**
Other income	4 (a)	587	30
Distribution expenses		(3,962)	(3,933)
Marketing expenses		(2,201)	(3,442)
Occupancy expenses		(575)	(854)
Administrative expenses	4 (b)	(14,662)	(15,204)
Other expenses	4 (c)	(328)	(357)
Gain on disposal of investments	5	-	280
Share of associate's profit		-	26
Profit from continuing operations before interest and taxes		**8,131**	**4,443**
Finance income	4 (d)	192	131
Finance costs	4 (e)	(165)	(146)
Profit before income tax		**8,158**	**4,428**
Income tax expense	7	(2,296)	(1,334)
Net profit for the year		**5,862**	**3,094**
Other comprehensive income after income tax			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign controlled entities		(1,416)	498
Other comprehensive income for the year, net of income tax		(1,416)	498
Total comprehensive income for the year		**4,446**	**3,592**
Net profit/(loss) for the year attributable to:			
Non-controlling interest		(232)	(42)
Members of the parent		6,094	3,136
		5,862	3,094
Total comprehensive income attributable to:			
Non-controlling interest		(232)	(42)
Members of the parent		4,678	3,634
		4,446	3,592
Earnings per share (cents per share)			
- basic earnings per share	6	11.58	5.73
- diluted earnings per share	6	11.58	5.73

THE ACCOMPANYING NOTES SHOULD BE READ IN CONJUNCTION WITH THE ABOVE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME.

2020 FINANCIAL REPORT

CONSOLIDATED STATEMENT OF **FINANCIAL POSITION**

AS AT 31 DECEMBER	Notes	Consolidated 2020 $'000	Consolidated 2019 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	8	14,477	10,478
Trade and other receivables	9	6,942	7,760
Inventories	10	7,127	6,838
Other assets	11	645	684
Total Current Assets		**29,191**	**25,760**
Non Current Assets			
Property, plant and equipment	12	8,372	9,139
Intangible assets		12	12
Deferred tax assets	7 (c)	1,529	1,602
Total Non Current Assets		**9,913**	**10,753**
Total Assets		**39,104**	**36,513**
LIABILITIES			
Current Liabilities			
Trade and other payables	13	6,216	5,669
Interest bearing loans and borrowings	14	343	364
Current tax liability		894	277
Employee entitlements	15	1,286	951
Contract return liability	16	4,025	4,575
Lease liability	17	274	280
Total Current Liabilities		**13,038**	**12,116**
Non Current Liabilities			
Deferred Tax Liability	7 (c)	70	75
Interest bearing loans and borrowings	14	1,161	1,401
Employee entitlements	15	98	83
Lease liability	17	294	304
Total Non Current Liabilities		**1,623**	**1,863**
Total Liabilities		**14,661**	**13,979**
Net Assets		**24,443**	**22,534**
EQUITY			
Contributed equity	18	41,593	42,249
Accumulated losses		(17,925)	(22,046)
Employee share based payments reserve		714	622
Share options reserve		992	992
Revaluation Reserve		325	325
Foreign currency translation reserve		(978)	457
Parent entity interest		**24,721**	**22,599**
Non-controlling interest		(278)	(65)
Total Equity		**24,443**	**22,534**

THE ACCOMPANYING NOTES SHOULD BE READ IN CONJUNCTION WITH THE ABOVE CONSOLIDATED STATEMENT OF FINANCIAL POSITION.

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE YEAR ENDED 31 DECEMBER	Notes	Consolidated 2020 $'000	Consolidated 2019 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		50,258	45,115
Payments to suppliers and employees		(41,062)	(41,241)
Income tax paid		(1,679)	(1,831)
Interest received		192	131
Borrowing costs		(165)	(146)
Net cash flows provided by operating activities	8 (d)	**7,544**	**2,028**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(89)	(54)
Net cash flows used in investing activities		**(89)**	**(54)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of external borrowings and leasing		(402)	(577)
Dividends Paid		(1,973)	(2,017)
Shares bought back (net of costs)		(656)	(145)
Net cash flows used in financing activities		**(3,031)**	**(2,739)**
Net increase in cash and cash equivalents		4,424	(765)
Net foreign exchange differences		(425)	302
Cash and cash equivalents at beginning of the year		10,478	10,941
Cash and cash equivalents at end of the year	8	**14,477**	**10,478**

Reconciliation of liabilities arising from financing activities

	Notes	2020 $'000	Cashflows $'000	Non-cash changes Foreign exchange movement $'000	2019 $'000
Interest bearing loans and borrowings	14	1,504	(119)	(142)	1,765

THE ACCOMPANYING NOTES SHOULD BE READ IN CONJUNCTION WITH THE ABOVE CONSOLIDATED STATEMENT OF CASH FLOWS.

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

	Note	Contributed Equity	Employee Share Based Payments Reserve	Share Options Reserve	Revaluation Reserve	Accumulated Losses	Foreign Currency Translation Reserve	Attributable to Equity Holders of Parent	Non-controlling Interest	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2020		42,249	622	992	325	(22,046)	457	22,599	(65)	**22,534**
Comprehensive income										
Profit attributable to members of parent entity		-	-	-	-	6,094	-	6,094	(232)	**5,862**
Other comprehensive income for the year		-	-	-	-	-	(1,435)	(1,435)	19	**(1,416)**
Total comprehensive income for the year		-	-	-	-	6,094	(1,435)	4,659	(213)	**4,446**
Transactions with owners, in their capacity as owners										
Shares bought back		(656)	-		-	-	-	(656)	-	**(656)**
Employee share based expense		-	92	-	-	-	-	92	-	**92**
Dividends paid	18(e)	-	-	-	-	(1,973)	-	(1,973)	-	**(1,973)**
Total transactions with owners		(656)	92	-	-	(1,973)	-	(2,537)	-	**(2,537)**
Balance at 31 December 2020		**41,593**	**714**	**992**	**325**	**(17,925)**	**(978)**	**24,721**	**(278)**	**24,443**

THE ACCOMPANYING NOTES SHOULD BE READ IN CONJUNCTION WITH THE ABOVE CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY (CONTINUED)**

	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		-	-	-	-	77	(32)	45	(54)	**(9)**
Adjusted Balance at 1 January 2019		43,742	570	992	325	(23,166)	(43)	22,420	(22)	**22,398**
Comprehensive income										
Profit attributable to members of parent entity		-	-	-	-	3,137	-	3,137	(42)	**3,095**
Other comprehensive income for the year		-	-	-	-	-	500	500	(1)	**499**
Total comprehensive income for the year		-	-	-	-	3,137	500	3,637	(43)	**3,594**
Transactions with owners, in their capacity as owners										
Equal Reduction in capital		(1,348)	-		-	-	-	(1,348)	-	**(1,348)**
Shares bought back		(145)	-	-	-	-	-	(145)	-	**(145)**
Employee share based (income)/expense		-	52	-	-	-	-	52	-	**52**
Dividends paid	18(e)	-	-	-	-	(2,017)	-	(2,017)	-	**(2,017)**
Total transactions with owners		(1,493)	52	-	-	(2,017)	-	(3,458)	-	**(3,458)**
Balance at 31 December 2019		**42,249**	**622**	**992**	**325**	**(22,046)**	**457**	**22,599**	**(65)**	**22,534**

THE ACCOMPANYING NOTES SHOULD BE READ IN CONJUNCTION WITH THE ABOVE CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.

NOTES TO THE FINANCIAL STATEMENTS

Kuala Lumpur, Malaysia

1 CORPORATE INFORMATION

The financial report of Vita Life Sciences Limited for the year ended 31 December 2020 was authorised for issue in accordance with a resolution of the Directors on the date of this report.

Vita Life Sciences Limited is a Company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange ("ASX") under the code VLS. The nature of the operations and principal activities of Vita Life Sciences Limited and its controlled entities are described in the Directors' Report.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the *Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Statement of compliance

The Financial Report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ("IFRS").

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Vita Life Sciences Limited and its subsidiaries ("the Group") as at 31 December 2020. Interests in associates are equity accounted and are not part of the consolidated Group.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries held by Vita Life Sciences Limited are accounted for at cost in the separate financial statements of the parent entity.

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

Minority interests represent the interests in Vita Life Sciences (Thailand) Co. Ltd and Vitahealth (Thailand) Co. Ltd not held by the Group. Minority interests are allocated their share of net profit or loss after tax in the statement of comprehensive income and are presented within Equity in the consolidated statement of financial position, separately from the parent shareholders' equity.

Operating segments are presented using the "management approach' where information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

(d) Foreign currency translation

(i) Functional and presentation currency

Both the functional and presentation currency of Vita Life Sciences Limited and its Australian subsidiaries are Australian dollars ($).

The functional currency of the main operating overseas subsidiaries Vita Healthcare Asia Pacific Sdn Bhd, VitaHealth Malaysia Sdn Bhd, Herbs of Gold Sdn Bhd, Vita Life Sciences Sdn Bhd and Pharma Direct Sdn Bhd are Malaysian Ringgit (RM), whilst Vitahealth IP Pte Ltd, VitaHealth Asia Pacific (S) Pte Ltd, Herbs of Gold (Singapore) Pte Ltd and Vita Corporation Pte Limited are Singapore Dollars (SGD), Herbs of Gold (Shanghai) Company Ltd is Chinese Renminbi (RMB), PT Vita Health Indonesia is Indonesian Rupiah (IDR), Vita Health (Thailand) Co Ltd and Vita Life Sciences (Thailand) Co Ltd are Thai Baht (THB) and Vita Health (Vietnam) Company Limited is Vietnamese Dong (VND).

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

The exchange differences arising on the retranslation of foreign subsidiaries are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the Consolidated Statement of Comprehensive Income.

(e) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and on hand and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(f) Trade and other receivables

Trade receivables, which generally have 30-90 days terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment using the expected credit losses model.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivable are recognised at amortised cost less any allowance for expected credit loss.

(g) Inventory

Inventories including raw materials are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated selling costs.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials – purchase cost on a first-in, first-out basis.
- Finished goods and work-in-progress – cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

(h) Property, plant and equipment

Land and building are initially recognised at costs and was previously measured at cost less accumulated depreciation and impairment losses. Land and building are measured at fair value and restated at its revalued amount. An independent professional valuer is appointed to determine the fair value of the land and building. Increases in carrying amount are recognised in the asset revaluation reserve, unless they offset previous decreases in the carrying amount of the same asset, in which case they are taken to profit or loss in the statement of comprehensive income. Decreases in carrying amounts that offset previous increases of the same asset are recognised against the asset revaluation reserve. All other decreases in carrying amounts are recognised as a loss in the statement of comprehensive income.

All other plant and equipment are measured at cost less accumulated depreciation and impairment losses.

The cost of fixed assets constructed within the economic entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amounts of all fixed assets including capitalised lease assets are depreciated on a straight-line basis over the estimated useful lives. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

	Rate	Method
Buildings	2%	Straight-line method
Plant and equipment	10-33%	Straight-line method
Leasehold Improvements	20-50%	Straight-line method
Motor Vehicles	20-50%	Straight-line method

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated statement of comprehensive income in the year the item is derecognised.

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.

(i) Intangibles

Intangibles

Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of these intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at that cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on prospective basis.

Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets other than goodwill that suffer impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(j) Trade and other payables and, Contract Return Liability

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade payables are normally settled within 30 to 90 days.

A summary of the policies applied to the Group's intangible asset is as follows:

	Development costs
Useful lives	Finite
Method used Internally generated or Acquired	3 years – Straight line Internally generated
Impairment test or Recoverable amount testing	Amortisation method reviewed at each financial year-end annually for indicator of impairment

Contract Return Liability

Contract return liability is recognised where the Group receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A contract return liability is measured at the amount of consideration received or receivable for which the consolidated entity does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product range to estimate such returns at the time of sale based on an expected value methodology.

(k) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

Borrowing costs

Borrowing costs are recognised as an expense when incurred. Borrowing costs that are directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

(l) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(m) Employee entitlements

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled plus related on-costs. All other employee benefit liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on "Group of 100" corporate bonds, which have terms to maturity approximating the terms of the related liability, are used.

Employee benefit expenses and revenues arising in respect of wages and salaries, non-monetary benefits, annual leave, long service leave and other leave benefits and other types of employee benefits, are recognised against profits on a net basis in their respective categories.

(n) Leases

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 entity's or 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.

(o) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the gross proceeds.

(p) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

The Group's contracts with customers for the sale of goods generally include one performance obligation. The Group has concluded that revenue from sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. However, the amount of revenue to be recognised was affected by variable consideration i.e. transaction price.

Contractual terms and geographical business practice provide retail customers with a right of return of goods up to the point at which they about to expire or have expired. The right of return gives rise to variable consideration which is required to be reflected in the revenue recognised in the period. Revenue should be constrained until such time that any uncertainty in the amount to be recognised is resolved. Revenue recognised by the Group is required to reflect the right of return in its expectation for consideration to be received for a sale.

Interest

Revenue is recognised as the interest accrues (using the effective interest rate method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Dividends

Revenue is recognised when the Group's right to receive the payment is established.

(q) Taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- Except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- Except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Tax consolidation

The Company is the head entity of the tax consolidated group comprising all the Australian wholly owned subsidiaries. The implementation date for the tax consolidated group was for the tax period ended 30 June 2003.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using a "Stand-Alone Taxpayer" approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under consolidation.

Any current tax Australian liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries is assumed by the head entity in the tax consolidated group and are recognised as amounts receivable from (payable to) other entities in the tax consolidated group. Any difference between these amounts is recognised by the head entity as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax consolidated group to the extent that it is probable that future taxable profits of the tax consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax

losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

(r) Other taxes

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax ("GST") (or its equivalent in non-Australian tax jurisdictions) except:

- Where the GST incurred is not recoverable from the Australian Taxation Office ("ATO") or similar tax authorities outside Australia and, is therefore recognised as part of the asset's cost or as part of the expense item.
- Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position. Cash flows are presented in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to the taxation authority are classified as operating cash flows.

(s) Financial instruments

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

De-recognition of financial instruments

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- The Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

(t) Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing the net profit/(loss) after income tax attributable to members of the Company by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(u) Share-based payment transactions

Equity settled transactions:

The Group provides benefits to its employees (including key management personnel) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of Vita Life Sciences Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, 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 relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the consolidated statement of comprehensive income is the product of:

- The grant date fair value of the award;
- The current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and
- The expired portion of the vesting period.

The charge to the consolidated statement of comprehensive income for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards are vested than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(v) New and Amended Accounting Standards and Interpretations Adopted by the Group

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

The following Accounting Standards and Interpretations are most relevant to the Group:

Conceptual Framework for Financial Reporting (Conceptual Framework)

The Group has adopted the revised Conceptual Framework from 1 January 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

(w) New Accounting Standards and Interpretations for Application in Future Periods

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 31 December 2020. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

(x) Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and

estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Sale of goods

When recognising revenue in relation to sale of goods to customers, the key performance obligation of the Group is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Contract Return Liability

The contract return liability requires a degree of estimation and judgement. It is measured based on projected historical data across market/ product range to estimate such returns at the time of sale based on an expected value methodology.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for customer. These assumptions include recent sales experience and historical collection rates.

Taxation

The Group's accounting policy for taxation requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the statement of financial position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the consolidated statement of comprehensive income.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

The Group measures the cost of share-based payments at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment), lease terms (for leased equipment) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Inventory obsolescence

Inventories are stated at the lower of cost and net realisable value. The Directors assess slow moving or obsolete inventory on a regular basis and a provision is raised to write down inventory to net realisable value as described in note 2 (g).

(y) Comparative figures

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(z) Rounding of amounts

The Group has applied the relief available to it under ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 2016/191, dated 1 April 2016. Accordingly, amounts in the financial statements and Directors' report are rounded off to the nearest $1,000.

3 SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Group is managed primarily on the basis of geographical market as the Group's risk and returns are affected predominantly by differences in the regulatory environment of the countries in which the Group operates. Products sold are similar across all countries, being vitamins and health supplements.

The operating businesses are organised and managed separately according to the location of the products sold, with each segment representing a strategic business unit that offers similar products in different geographical markets.

Geographical segment

The consolidated entity operates in the regions identified as Australia, Singapore, Malaysia, and Others. The Others segment is comprised of business operations in Thailand, Vietnam, Indonesia and China.

The following tables present revenue and profit information and certain asset and liability information regarding geographical segments for the years ended 31 December 2020 and 31 December 2019.

	Australia $'000	Singapore $'000	Malaysia $'000	Others $'000	Corporate $'000	Total $'000
Year ended 31 December 2020						
Revenue						
Sales to external customers	20,779	4,884	16,864	3,954	-	46,481
Total segment revenue	20,779	4,884	16,864	3,954	-	46,481
Segment results						
Earnings before interest and tax	3,528	850	4,306	(224)	(329)	8,131
Net interest	14	(31)	(2)	46	-	27
Profit before income tax						8,158
Income tax expense						(2,296)
Net profit for the year						5,862
Assets and liabilities						
Segment assets	11,955	5,011	19,351	2,336	451	39,104
Total assets						39,104
Segment liabilities	5,262	2,493	6,140	325	441	14,661
Total liabilities						14,661
Other segment information						
Capital expenditure	(245)	-	(38)	(154)	-	(437)
Depreciation and Fair Value Adjustment	(118)	(123)	(170)	(134)	-	(545)
Amortisation	-	-	-	(8)	-	(8)

3. SEGMENT INFORMATION (CONTINUED)

Geographical segment (continued)

	Australia $'000	Singapore $'000	Malaysia $'000	Others $'000	Corporate $'000	Total $'000
Year ended 31 December 2019						
Revenue						
Sales to external customers	16,662	5,911	15,547	4,332	-	42,452
Total segment revenue	16,662	5,911	15,547	4,332	-	42,452
Segment results						
Earnings before interest and tax	1,342	551	2,724	(164)	(36)	4,417
Net interest	16	(13)	(39)	21	-	(15)
Share of profit of associates	-	-	-	26	-	26
Profit before income tax						4,428
Income tax expense						(1,334)
Net profit for the year						3,094
Assets and liabilities						
Segment assets	10,553	5,038	18,535	2,350	37	36,513
Total assets						36,513
Segment liabilities	3,604	3,120	6,493	380	382	13,979
Total liabilities						13,979
Other segment information						
Capital expenditure	(24)	(361)	(59)	(135)	-	(579)
Depreciation and Fair Value Adjustment	(115)	(63)	(195)	(136)	-	(509)
Amortisation	-	-	(69)	(3)	-	(72)

4. REVENUE AND EXPENSES

	2020 $'000	2019 $'000
(a) Other income		
Realised loss on foreign exchange	12	-
Unrealised loss on foreign exchange	(70)	(6)
Other income	645	36
	587	**30**
(b) Administrative expenses		
Legal and other professional fees	(383)	(546)
Consultants	(265)	(244)
Allowance for impairment income	(24)	5
Wages, salaries and other employee expenses	(11,606)	(11,786)
Defined contribution superannuation expense	(1,082)	(1,076)
Travelling expenses	(124)	(338)
Share based payment expense	(92)	(52)
Depreciation	(545)	(532)
Amortisation	(8)	(72)
Other administrative expenses	(533)	(563)
	(14,662)	**(15,204)**
(c) Other expenses		
Product registration costs	(327)	(357)
Loss on disposal of property, plant and equipment	(1)	-
	(328)	**(357)**
(d) Finance income		
Interest received - external parties	192	131
	192	**131**
(e) Finance expenses		
Interest expense - external parties	(128)	(112)
Bank charges	(37)	(34)
	(165)	**(146)**

5. EQUAL REDUCTION OF CAPITAL

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

(a) the transfer of its shares and assets in Mitre Focus (owned by its subsidiary Lovin Pharma Ltd) to another wholly-owned subsidiary at the date of the transaction being completed, Macarthur National Ltd (MNL); and

(b) a pro-rata in specie distribution of all the shares of MNL to all 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 withshareholders receiving 1 new MNL shares for every 10 shares held in the Company.

The fair value of the shares and assets of Mitre Focus at the Spin off 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, represented by an investment in an associate. The distribution resulted in a gain as stated below.

The gain from the equal reduction of capital/distribution is as follows:

	$'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.

6. EARNINGS PER SHARE

Earnings per share (cents per share)

	2020	2019
- basic earnings per share	11.58	5.73
- diluted earnings per share	11.58	5.73

(a) Earnings used in calculating earnings per share

	2020 $'000	2019 $'000
Net profit attributable to equity holders from continuing operations	5,862	3,094
Loss attributable to non-controlling interest	232	42
Earnings used to calculate basic and dilutive earnings per share	**6,094**	**3,136**

(b) Weighted average number of shares

	2020 Number	2019 Number
Weighted average number of ordinary shares for basic earnings per share	52,612,612	54,764,409
Adjusted weighted average number of ordinary shares for diluted earnings per share. Plan shares and options were not classified as dilutive for purposes of this calculation as they are not exercisable.	52,612,612	54,764,409

7. INCOME TAXES

(a) Income tax expense

	2020 $'000	2019 $'000
The major components of income tax expense are:		
Income Statement:		
Current income tax		
Current income tax charge	2,458	1,514
Prior year (over)/under provision	(138)	237
Deferred income tax		
Relating to origination and reversal of temporary differences	(24)	(417)
Income tax expense reported in the income statement	**2,296**	**1,334**

(b) A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

	2020 $'000	2019 $'000
Total accounting profit before income tax	8,158	4,428
At the parent entity's statutory income tax rate of 27.5% (2019: 27.5%)	2,243	1,218
Adjustment in respect of current income tax of previous year	(138)	236
Foreign tax rate adjustment	(233)	(289)
Share based payments	(25)	(14)
Other expenditure not allowable for income tax purposes	104	402
Deferred tax asset recognised during financial year	(24)	(417)
Tax losses and timing differences not brought to account	369	198
Aggregate income taxes	**2,296**	**1,334**
The applicable weighted tax rates are as follows:	28%	30%

7. INCOME TAXES (CONTINUED)

(c) Deferred income tax at 31 December relates to the following:

	2020 $'000	2019 $'000
Deferred tax assets		
Doubtful debts	129	129
Provision for sales returns/ stock obsolescence	805	1,029
Provision for annual leave	83	66
Provision for long service leave	95	23
Other provision	347	280
Net deferred tax assets	**1,459**	**1,527**
Presented in the consolidated Statement of Financial Position as follows:		
Deferred tax assets	1,529	1,602
Deferred tax liabilities	(70)	(75)
	1,459	**1,527**

(d) Tax losses

The Group has carry forward tax losses of SGD $16.2million (A$15.9m) (2019: SGD $16.7 million (A$17.3m)) held within a wholly owned subsidiary, for which no deferred tax asset is brought to account. These losses are available indefinitely for offset against taxable income of the companies in which those losses arose subject to the meeting of the conditions required under the shareholders' continuity test. The benefit of these tax losses has not been brought to account as the probable recognition criteria has not been satisfied. Were these tax losses to be recognised, it would result in a deferred tax asset at the Singaporean company tax rate of 17%.

(e) Tax consolidation

Members of the tax consolidated group and the tax sharing agreement

The Company is the head entity of the tax consolidated group comprising all the Australian wholly owned subsidiaries. The implementation date for the tax consolidated group was for the tax period ended 30 June 2003. Members of the group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity defaults on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

Measurement method adopted under AASB 112 Tax Consolidation Accounting

The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. Current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 Income Taxes.

The current and deferred tax amounts of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using a "Stand-Alone Taxpayer" approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under consolidation.

Any current tax Australian liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax consolidated group and are recognised as amounts receivable from (payable to) other entities in the tax consolidated group. Any difference between these amounts is recognised by the head entity as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax consolidated group to the extent that it is probable that future taxable profits of the tax consolidated group will be available against which the asset can be utilised. Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

7. INCOME TAXES (CONTINUED)

Nature of the tax funding agreement

Members of the tax consolidated group have entered into a tax funding agreement, which sets out the funding obligations of members of the tax consolidated group. Payments required to / (from) head entity are equal to the current tax liability / (assets) assumed from the members of the tax consolidated group. The inter-entity receivable (payable) is at call.

Tax consolidation contributions / (distributions)

The Company has recognised the following amount as tax-consolidation contribution adjustments:

	2020 $'000	2019 $'000
Total increase in intercompany receivable of Vita Life Sciences Limited	1,143	468

8. CASH AND CASH EQUIVALENTS

	2020 $'000	2019 $'000
Cash at bank and in hand (a)	10,095	8,370
Short term deposit (b)	4,382	2,108
Total cash and cash equivalents	**14,477**	**10,478**

(a) Cash at bank of $10,095,000 (2019: $8,370,000) earns interest at floating rates based on daily bank deposit rates.

(b) Short term deposit earns interest at the respective short-term deposit rates.

(c) The fair value of cash equivalents for the Group is as stated above.

8. CASH AND CASH EQUIVALENTS (CONTINUED)

(d) Information pertaining to the Cash Flow Statement:

(i) Reconciliation of net profit after tax to net cash flows from operations

	2020 $'000	2019 $'000
Net profit after tax	5,862	3,094
Adjustments for non-cash income and expense items:		
Depreciation and Fair value adjustment	545	532
Amortisation	8	72
Shared based expense	92	52
Reversal of impairment loss	24	(5)
Gain on disposal of investments	-	(280)
	6,531	3,465
Increase/decrease in assets and liabilities:		
Increase in inventories	(289)	(707)
Increase in investment in associates	-	(26)
Increase in receivables	793	(662)
Increase in other assets	39	(52)
Decrease in deferred tax balances	68	(434)
Decrease in current income tax payable	617	(206)
Increase in trade and other payables	546	524
Increase in other liabilities	(200)	72
Effect of foreign exchange translation of assets and liabilities	(561)	54
Net cash provided by operating activities	**7,544**	**2,028**

(ii) Non-cash financing and investing activities:

During the year ended 31 December 2020, Nil (2019: 1,470,000) new Long Term Incentive Plan (LTIP) Shares were issued and, 500,000 (2019: 500,000) existing LTIP shares were cancelled. Refer to Note 25 for further details.

9. TRADE AND OTHER RECEIVABLES

	2020 $'000	2019 $'000
Current		
Trade receivables, third parties	6,532	7,212
Allowance for expected credit losses	(39)	(15)
	6,493	7,197
Other receivables:		
Other receivables (a)	434	542
Net tax receivable	15	21
	6,942	**7,760**

(a) Other receivables are non-interest bearing and have repayment terms between 30 to 90 days. It is expected that these other balances will be received when due.

(b) **Fair value**
The carrying value for trade and other receivables is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of receivables.

(c) **Foreign exchange and interest rate risk**
Details regarding foreign exchange and interest rate risks exposure are disclosed in Note 24.

10. INVENTORIES

	2020 $'000	2019 $'000
Current		
Raw materials at cost	1,692	2,531
Finished goods at lower of cost and net realisable value	5,929	4,795
Less: Provision for stock obsolescence	(494)	(488)
	7,127	**6,838**

11. OTHER ASSETS

	2020 $'000	2019 $'000
Current		
Prepayments	391	421
Security deposits	254	263
	645	**684**

12. PROPERTY, PLANT AND EQUIPMENT

	Land and Building $'000	Leasehold improvements $'000	Plant and equipment $'000	Leased Plant and Equipment $'000	Right of Use-Building $'000	Right of Use-Plant and Equipment $'000	Total $'000
Year ended 31 December 2020							
At 1 January 2020 net of accumulated depreciation and impairment	7,949	14	607	6	491	72	9,139
Additions	-	5	93	15	322	2	437
Disposals	-	-	-	-	(24)	-	(24)
Depreciation / amortisation for the year	(72)	(10)	(153)	(5)	(281)	(24)	(545)
Exchange differences	(568)	-	(38)	(1)	(25)	(3)	(635)
At 31 December 2020 net of accumulated depreciation, adjustments and impairment	**7,309**	**9**	**509**	**15**	**483**	**47**	**8,372**
At 31 December 2020							
Cost/ revalued	7,677	118	2,000	175	888	111	10,969
Accumulated depreciation and impairment	(368)	(109)	(1,491)	(160)	(405)	(64)	(2,597)
Net carrying amount	**7,309**	**9**	**509**	**15**	**483**	**47**	**8,372**

The Group leases office premises and warehouse facilities under various agreements of between two and three years and, in some cases with options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The Group also leases equipment under agreements of between three and five years.

(a) Fair Value Measurement

In December 2018, the Company engaged a professional independent valuer, to determine the fair value of its land and building, which was based on recent transactions for similar assets within the same location. The directors do not believe that there has been a material movement in the fair value since the valuation date. The directors consider the fair value of the land and buildings to be materially correct at year-end.

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and Building $'000	Leasehold improvements $'000	Plant and equipment $'000	Leased Plant and Equipment $'000	Right of Use-Building $'000	Right of Use-Plant and Equipment $'000	Total $'000
Year ended 31 December 2019							
At 1 January 2019 net of accumulated depreciation and impairment	7,882	14	735	11	-	-	8,642
Adjustments due to AASB 16	-	-	-	-	240	58	298
Additions	-	10	44	-	489	36	579
Depreciation / amortisation for the year	(73)	(10)	(183)	(5)	(238)	(23)	(532)
Exchange differences	140	-	11	-	-	1	152
At 31 December 2019 net of accumulated depreciation, adjustments and impairment	**7,949**	**14**	**607**	**6**	**491**	**72**	**9,139**
At 31 December 2019							
Cost/ revalued	8,273	122	2,251	166	844	115	11,771
Accumulated depreciation and impairment	(324)	(108)	(1,644)	(160)	(353)	(43)	(2,632)
Net carrying amount	**7,949**	**14**	**607**	**6**	**491**	**72**	**9,139**

13. TRADE AND OTHER PAYABLES

	2020 $'000	2019 $'000
Current		
Trade payables (a)	3,088	2,526
Net tax payable	283	189
Other payables and accruals	2,845	2,954
	6,216	**5,669**

(a) Trade payables are non-interest bearing and are normally settled within 90-day terms. Other payables are non-interest bearing and have an average term of 3 months.

(b) **Fair value**

Due to the short term nature of these payables, their carrying values are assumed to approximate their fair value.

(c) **Interest rate, foreign exchange and liquidity risks**

Information regarding interest rate, foreign exchange and liquidity risks is set out in note 24.

14. INTEREST BEARING LOANS AND BORROWINGS

	2020 $'000	2019 $'000
Current		
Property facility - secured (a)	343	364
	343	**364**
Non - Current		
Property facility - secured (a)	1,161	1,401
	1,161	**1,401**

At the balance date, the following financing facilities were available:

	2020 $'000	2019 $'000
Total facilities available:		
Property facility (a)	**1,504**	**1,765**
Facilities utilised at balance date:		
Property facility (a)	**1,504**	**1,765**
Facilities not utilised at balance date:		
Property facility (a)	-	-

(a) Property facility

The property facility is provided by a Malaysian bank to the Group's main operating subsidiary in Malaysia. The interest rate for the facility as at 31 December 2020 was fixed at 4.25% (2019: 4.25%) for a further term to 30 June 2024. The facility is secured by a charge over the premises.

Fair Value

In regard to the 10-year property facility loan, a further term of 3.5 years exists post 31 December 2020, which is secured by the charge over the premises. The carrying value of the loan approximates to the fair value amount.

(b) Interest rate, foreign exchange and liquidity risks

Details regarding the interest rate, foreign exchange and liquidity risks are disclosed in Note 24.

(c) Default and breaches

During the current and prior year, there were no defaults nor breaches on any of the loans.

15. EMPLOYEE ENTITLEMENTS

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

	Employee Entitlements $'000
Balance at 1 January 2020	**1,217**
Charged during year	1,197
Used during year	(990)
Foreign exchange difference	(40)
Balance at 31 December 2020	**1,384**
At 31 December 2020	
Current	1,286
Non-Current	98
	1,384
At 31 December 2019	
Current	951
Non-Current	83
	1,034

16. CONTRACT RETURN LIABILITY

The Contract Return Liability is to account for the right of return assets and refund liabilities.

	2020 $'000	2019 $'000
Balance at 1 January	**4,575**	**4,722**
Charged in the year	1,823	2,166
Used during year	(2,033)	(2,427)
Foreign Exchange Difference	(340)	114
Balance at 31 December	**4,025**	**4,575**

17. LEASE LIABILITY

	2020 $'000	2019 $'000
At 31 December		
Current	274	280
Non-Current	294	304

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities as at 31 December 2020 is as follows:

Minimum lease payments due within:	1 Year $'000	2-3 Years $'000	4-5 Years $'000	Total $'000
31 December 2020				
Lease Payments	297	254	57	608
Finance charges	(23)	(10)	(7)	(40)
Lease Liability	**274**	**244**	**50**	**568**

18. CONTRIBUTED EQUITY

	2020 Number	2019 Number	2020 $	2019 $
Issued and paid up capital				
Ordinary shares	54,082,612	55,587,257	41,593,088	42,248,693
Ordinary shares				
Balance at beginning of the year	**55,587,257**	**54,842,257**	**42,248,693**	**43,742,222**
Share buy back (a)	(1,004,645)	(225,000)	(655,605)	(145,440)
Cancellation of Plan Shares of certain:				
- Employees and Directors (b)	(500,000)	(500,000)	-	-
Issue of shares to Employees and Director (c)	-	1,470,000	-	-
Equal Reduction of Capital (Note 5)	-	-	-	(1,348,089)
Balance at end of the year	**54,082,612**	**55,587,257**	**41,593,088**	**42,248,693**

Ordinary shares participate in dividends and the proceeds on winding-up of the parent entity in proportion to the number of shares held.

(a) Share Buy-Back

A total of 1,004,645 (2019: 225,000) ordinary shares were bought back for year ended 31 December 2020 as approved by the shareholders in the 31 May 2019 and 23 July 2020 Annual General Meetings at a total cost of $655,605 (2019: $145,440).

(b) Cancellations of Long Term Incentive Plan Shares to key executives

In 2020, 500,000 Long Term Incentive Plan shares expired as the 2019 financial year performance conditions were not achieved

In 2019, 500,000 Long Term Incentive Plan shares were cancelled following the resignation of the relevant employee.

18. CONTRIBUTED EQUITY (CONTINUED)

(c) Issue of Long Term Incentive Plan Shares to key executives

In 2020, the Company recognised net expense of $91,690 (2019: $51,640) in the income statement with a corresponding increase (2019: increase) in employee share based payment reserve.

In 2019, the Company approved loans to a Director, 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 Company also approved loans to employees totalling $1,067,000 in order for them to purchase a total of 970,000 shares under the Company's Long Term Incentive Plan. Of these, 500,000 shares with loans of $550,000, were cancelled in 2019 following the resignation of the relevant employee.

(d) Capital management

When managing capital, management's objective is to ensure the Company continues as a going concern as well as to maintain optimal returns for shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management constantly assesses the capital structure to take advantage of favourable costs of capital and / or high returns on assets. As the market is continuously changing, management may issue dividends to shareholders, return capital to shareholders, issue new shares, increase the short or long term borrowings or sell assets to reduce borrowings.

(e) Dividends

The Directors declared a fully franked interim dividend of 1.5 cents per share and a fully franked final dividend of 2.75 cents per share in respect of the financial year ended 31 December 2020 (2019: interim dividend of 1.5 cents fully franked and a final dividend of 2.25 cents fully franked).

The final dividend of 2.75 cents per share has not been recognised in these consolidated financial statements as it was declared subsequent to 31 December 2020.

	2020 Cents per Share	2019 Cents per Share	2020 $'000	2019 $'000
Fully paid ordinary shares				
Final dividend for the previous financial year				
- Full franking credits attached	2.25	2.25	1,184	1,211
Interim dividend for the financial year				
- Full franking credits attached	**1.50**	**1.50**	**789**	**806**
	3.75	**3.75**	**1,973**	**2,017**

19. NET TANGIBLE ASSETS PER SHARE

	2020 $	2019 $
Net assets per share	0.45	0.41
Net tangible assets per share	0.42	0.38
	Number	**Number**
Number of ordinary shares for net assets per share	**54,082,612**	**55,587,257**

Following the adoption of AASB 16: Leases on 1 January 2019, the net assets as at 31 December 2019 include both right-of-use assets and corresponding lease liabilities accounted for under the new requirements.

20. RESERVES

(a) Employee share based payments reserve

The employee share based payments reserve is used to record the value of share based payments provided to employees, including Key Management Personnel, as part of their remuneration.

(b) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

21. RELATED PARTY DISCLOSURE

(a) Key Management Personnel

Details relating to Key Management Personnel, including remuneration paid, are included in note 22.

(b) Ultimate holding company

Vita Life Sciences Limited is the ultimate holding company for the Group.

(c) Transactions with related parties

The total amount of transactions that were entered into with related parties for the relevant financial year were:

i. Land Real Pty Ltd, a company in which Mr Henry Townsing is a Director and therefore a related party, was paid $2,400 for storage charges (2019: $2,800) during the financial year.

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms.

Outstanding related party payables at year-end are unsecured, interest free and settlement occurs in cash.

21. RELATED PARTY DISCLOSURE (CONTINUED)

(d) Subsidiaries

The consolidated financial statements include the financial statements of Vita Life Sciences Limited and the subsidiaries listed in the following table. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company have been eliminated on consolidation and are not disclosed in this note.

Name	Place of Incorporation	Percentage of Equity Interest 2020 %	2019 %
Tetley Research Pty Limited	Australia	100	100
Tetley Treadmills Pty Limited	Australia	100	100
Tetley Manufacturing Pty Limited	Australia	100	100
Vimed Bio Sciences Pty Limited	Australia	100	100
Allrad No 19 Pty Limited	Australia	100	100
Lovin Pharma International Limited	Ireland	100	100
Herbs of Gold Pty Limited	Australia	100	100
Herbs of Gold (Shanghai) Co. Limited	People's Republic of China	100	100
VitaHealth Laboratories Australia Pty Limited	Australia	100	100
Vita Institute of Health Pty Ltd	Australia	100	100
VitaHealth Australia Pty Ltd	Australia	100	100
Vita Corporation Pte Limited	Singapore	100	100
Herbs of Gold (S) Pte Ltd	Singapore	100	100
VitaHealth Laboratories (HK) Limited	Hong Kong, SAR	100	100
Vita Healthcare Asia Pacific Sdn Bhd	Malaysia	100	100
VitaHealth Malaysia Sdn Bhd	Malaysia	100	100
VitaHealth Biotech Sdn Bhd	Malaysia	100	100
Vita Lifesciences Sdn Bhd	Malaysia	100	100
Vita Science Sdn Bhd	Malaysia	100	100
Herbs of Gold Sdn Bhd	Malaysia	100	100
VitaHealth Asia Pacific (S) Pte Limited	Singapore	100	100
Vita Life Sciences (S) Pte Limited	Singapore	100	100
VitaHealth IP Pte Limited	Singapore	100	100
Vita Life Sciences (Thailand) Co. Ltd	Thailand	49	49
VitaHealth (Thailand) Co. Ltd	Thailand	74	74
Vita Health Vietnam Company Limited	Vietnam	100	100
Sino Metro Developments Limited	British Virgin Island	100	100
VitaHealth (Macao Commercial Offshore) Limited	Macao, SAR	100	100
Pharma Direct Sdn Bhd	Malaysia	100	100
PT. Vita Health Indonesia	Indonesia	100	100

22. DIRECTORS AND KEY MANAGEMENT PERSONNEL REMUNERATION

Information regarding individual Directors and executives' compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 are provided in the Remuneration Report section of the Directors' Report.

Summary of remuneration of Directors and Key Management Personnel (KMP):

	Short term salary, bonus, fees and leave $	Post- employment benefits $	Other long term benefits $	Share based payment expense $	Total $
2020	987,504	63,960	46,334	85,112	**1,182,910**
2019	1,290,792	92,099	11,950	46,156	**1,440,997**

Short-term salary, bonus, fees and leave

These amounts include fees and benefits paid to the non-executive Chair and non-executive Directors as well as salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive Directors and other KMP.

Post-employment benefits

These amounts are the current-year's estimated cost of providing for superannuation contributions made during the year and post-employment life insurance benefits.

Other long term benefits

These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

Share based payment expense

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

Further information in relation to KMP remuneration can be found in the Directors' Report.

23. PARENT ENTITY DISCLOSURES

Financial Position as at 31 December	2020 $'000	2019 $'000
ASSETS		
Current Assets	192	250
Non - Current Assets	10,392	10,392
Total Assets	**10,584**	**10,642**
LIABILITIES		
Current Liabilities	1,367	848
Non-Current Liabilities	15,601	13,382
Total Liabilities	**16,968**	**14,230**
Equity		
Issued capital	41,593	42,249
Accumulated losses	(49,683)	(47,451)
Employee share based payments reserve	1,706	1,614
Parent entity interest	**(6,384)**	**(3,588)**
Non-controlling Interest		
Total Equity	**(6,384)**	**(3,588)**
Financial performance for the year ended 31 December		
Income/ (Loss) for the year	35	(851)
Other comprehensive income / (expense)	-	-
Total comprehensive income/ (loss) for the year	**35**	**(851)**

The Parent Entity (Vita Life Sciences Limited) has a net current asset deficiency at 31 December 2020, consistent with that at 31 December 2020. The Parent Entity is able to call on the resources of the Vita Life Sciences Group as required, and as such the financial statements of the Parent Entity are prepared on a going concern basis.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise receivables, payables, bank overdrafts, secured loans, finance leases, cash and short-term deposits.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk and credit risk. The Group manages these risks in accordance with the Group's financial risk management policy. The objective of this policy is to support the delivery of the Group's financial targets whilst protecting future financial security. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate movements. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk.

The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Risk exposures and responses

Interest rate risk

The Group's exp osure to market risk for changes in interest rates relates primarily to the Group's long term property loan obligations. The level of borrowings is disclosed in note 14. The Group's policy is to manage its interest cost using a variable rate debt.

At balance date, the Group had the following mix of financial assets exposed to variable interest rate risk:

	2020 $'000	2019 $'000
Financial assets		
Cash at bank and in hand - see Note 8	10,095	8,370
Short term deposit - see Note 8	4,382	2,108
	14,477	**10,478**
Financial liabilities		
Property loan Facility - see Note 14	1,504	1,765
	1,504	**1,765**
Net exposure	**12,973**	**8,713**

At 31 December 2020, if interest rates had moved, as illustrated in the table below, with all variables held constant, post-tax profit and equity would have been affected as follows:

	Annual Post Tax Profit and Equity Higher/ (Lower)	
	2020 $'000	2019 $'000
+ 1.00% (100 basis points)	97	60
- 0.50% (50 basis points)	(49)	(30)

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

Credit risk arises mainly from the risk of counterparties defaulting on the terms of their agreements. The carrying amounts of the following assets represent the Group's maximum exposure to credit risk in relation to financial assets:

	2020 $'000	2019 $'000
Financial assets		
Cash at bank and in hand (a)	10,095	8,370
Short term deposit (a)	4,382	2,109
Trade and other receivables (b)	6,942	7,761
	21,419	**18,240**

(a) Cash at bank and short term deposit

The Group mitigates credit risk on cash at bank and short term deposit by dealing with government regulated banks in Australia and Asia.

(b) Trade and other receivables

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

For transactions that are not denominated in the measurement currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Managing Director or Executive Director of that business.

Exposure at balance date is addressed in each application note. The Group does not have any assets which are past due at balance date.

Foreign currency risk

As a result of significant operations in the Asian countries, the Group's statement of financial position can be affected significantly by movements in the exchange rates of these countries. The Group does not hedge this exposure. The Group also has transactional currency exposures. Such exposure arises from sales or purchases by an operating entity in currencies other than the functional currency.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk (continued)

At 31 December, the Group had the following exposure to foreign currencies:

	2020 $'000	2019 $'000
Financial assets		
Cash and cash equivalents		
Singapore Dollar (SGD)	3,155	1,797
Malaysia Ringgit (RM)	6,135	4,064
Hong Kong Dollar (HKD)	180	449
Chinese Yuan Renminbi (RMB)	108	127
Indonesian Rupiah (IDR)	101	122
Vietnamese Dong (VND)	1,222	1,064
Thai Baht (THB)	86	152
Trade and other receivables		
Singaporean Dollar (SGD)	573	953
Malaysian Ringgit (RM)	2,923	2,859
Chinese Yuan Renminbi (RMB)	3	2
Indonesian Rupiah (IDR)	2	2
Vietnamese Dong (VND)	181	223
Thai Baht (THB)	372	498
	15,041	**12,312**
Financial liabilities		
Trade and other payables		
Singapore Dollar (SGD)	363	402
Malaysia Ringgit (RM)	2,072	2,063
Hong Kong Dollar (HKD)	38	128
Chinese Yuan Renminbi (RMB)	5	5
Indonesian Rupiah (IDR)	56	66
Vietnamese Dong (VND)	121	98
Thai Baht (THB)	13	40
Property Facility		
Malaysia Ringgit (RM)	1,504	1,765
	4,172	**4,567**
Net exposure	**10,869**	**7,745**

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Financial risk management objectives and policies (continued)

Price risk

The Group's direct exposure to commodity price risk is minimal.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of loans.

The table below reflects all contractually fixed pay-offs for settlement of financial liabilities and collection of financial assets. Trade payables and other financial liabilities generally originate from the financing of assets used in our ongoing operations such as investment in working capital (inventories, trade receivables and investment in property, plant and equipment). These assets are considered in the Group's overall liquidity risk. To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, the Group monitors its expected settlement of financial assets and liabilities on an ongoing basis.

At 31 December 2020, the Group has $Nil (2019: $Nil) unused credit facilities.

	Weighted average interest rate	Interest Free $'000	Floating interest rate $'000	Fixed interest maturing 1 year or less $'000	Fixed interest maturing 1 to 5 years $'000	Total $'000
2020						
Financial Assets						
Cash assets-see Note 8	1.70%	-	10,095	4,382	-	14,477
Trade and other receivables - see Note 9	n/a	6,942	-	-	-	6,942
		6,942	10,095	4,382	-	21,419
Financial Liabilities						
Trade and other payables - see Note 13	n/a	6,216	-	-	-	6,216
Property facility-see note 14	4.25%	-	-	343	1,161	1,504
		6,216	**-**	**343**	**1,161**	**7,720**
2019						
Financial Assets						
Cash assets-see Note 8	2.38%	-	8,432	2,046	-	10,478
Trade and other receivables - see Note 9	n/a	7,760	-	-	-	7,760
		7,760	8,432	2,046	-	18,238
Financial Liabilities						
Trade and other payables - see Note 13	n/a	5,669	-	-	-	5,669
Property facility-see Note 14	4.25%	-	-	364	1,401	1,765
		5,669	**-**	**364**	**1,401**	**7,434**

Fair value

All of the Group's financial instruments recognised in the Consolidated Statement of Financial Position have been assessed as at fair values.

25. SHARE BASED PAYMENT PLANS

(a) Recognised share based payment expenses

Expense arising from equity settled share based payment transactions:

	2020 $'000	2019 $'000
Share based expense on Long Term Incentive Plan	92	52

The share-based payment plans are described below.

(b) Types of share based payment plans

(i) Shares

Long Term Incentive Plan ("Plan") Shares are granted to certain executive Directors and certain employees.

In valuing transactions settled by way of issue of shares, no account is taken of any performance conditions, other than market conditions linked to the price of the shares of Vita Life Sciences Limited.

All Plan Shares issued have market performance conditions and certain performance conditions ("Hurdles") so as to align shareholder return and reward for the Company's selected management and staff ("Participants").

The Board has residual discretion to accelerate vesting i.e. reduce or waive the Hurdles and exercise of Plan Shares in the event of a takeover or merger or any other circumstance in accordance with the terms of the Plan.

Plan Shares in relation to which Hurdles have not been satisfied i.e. that do not vest will lapse and will not be able to be exercised, except in the circumstances described below.

Plan Shares which have not vested will lapse where a Participant ceases employment with the Company other than on retirement, redundancy, death or total and permanent disablement or unless as otherwise determined by the Board in its absolute discretion.

Where a Participant has ceased employment with the Company as a result of resignation, retirement, redundancy, death or total and permanent disablement prior to the end of a performance period, only Plan Shares that have vested may be retained by the Participant on a pro-rata basis. If a Plan share holder ceases employment for any reasons mentioned above prior to the first anniversary of the grant date, the Participant forfeits all entitlement to Shares.

(ii) Plan shares issued in 2018

In 2018, the Company approved loans to the Managing Director totalling $900,000 in order for Mr O'Keefe to purchase a total of 1,000,000 new shares in place of the 1,000,000 shares issued in 2017 which has since been cancelled. 500,000 shares have performance hurdles combining the 2018 and 2019 financial years with a final expiry date of 30 June 2020 and an exercise price of $0.80 should the hurdle be reached. As the financial hurdle was not achieved, these 500,000 shares were cancelled in 2020. The other 500,000 shares have performance hurdles combining the 2019 and 2020 financial years with a final expiry date of 30 June 2021 and an exercise price of $1.00 should the hurdle be reached.

(iii) Plan shares issued in 2019

In 2019, the Company at the AGM, approved loans to a Director, Mr Henry Townsing totalling $550,000 in order for Mr Townsing to purchase a total of 500,000 under the Company's Plan. The Company also approved loans to employees totalling $1,067,000 in order for them to purchase a total of 970,000 shares under the Plan. Of these, 500,000 shares with loans totalling $550,000, were cancelled in 2019 following the resignation of the relevant employee.

25. SHARE BASED PAYMENT PLANS (CONTINUED)

(b) Types of share based payment plans (continued)

(iv) Plan Shares

AASB 2 Share Based Payments requires that the benefit to an employee arising from an employee share scheme such as the Vita Life Plan be treated as an expense over the vesting period. All of the above issues of Plan shares have been treated as Plan Share Options ("implied options") in accordance with AASB 2. The employee benefit is deemed to be the fair value of the implied option arising from the Plan. Consequently, the value of the discount which has been determined using the Black Scholes option pricing model will be charged to the Statement of Comprehensive Income and credited to the Employee Share Based Payments Reserve over the vesting period.

Where employee shares are issued under a non-recourse loan payment plan, the loan assets and the increments to Contributed Equity are not recognised at grant date but rather the increments to Contributed Equity are recognised when the share loans are settled by the relevant employees.

The following table illustrates the number (No.) and weighted average exercise price (WAEP) of, and movements in Plan Shares during the year:

	2020 No.	2019 No.	2020 WAEP	2019 WAEP
Outstanding at the beginning of the year-b(ii) & b (iii)	1,970,000	1,000,000	1.08	0.90
Granted during the year - b(iii)	-	1,470,000	-	1.10
Cancelled/ Expired during the year-b(ii) & b (iii)	(500,000)	(500,000)	(0.80)	(1.10)
Outstanding at the end of the year	**1,470,000**	**1,970,000**	**1.10**	**1.08**

(vii) Range of exercise price, weighted average remaining contractual life, weighted average fair value and weighted average value of share price at date of exercise of Plan Shares and unlisted Share Options

The range of exercise prices for Plan Shares outstanding at the end of the financial year was $1.00 to $1.20 (2019: $0.80- $1.20).

The weighted average remaining contractual life for the Plan Shares outstanding at the end of the financial year was 1.2 years (2019: 1.5 years). The weighted average fair value of Plan Shares granted in 2019 financial year was $0.20.

No plan shares nor unlisted share options were exercised during the year (2019: Nil).

25. SHARE BASED PAYMENT PLANS (CONTINUED)

(viii) Implied option and share options pricing

The following assumptions were used to derive a value for the implied options granted using the Black Scholes Option model as at the grant date, taking into account the terms and conditions upon which the Plan Shares were granted:

Plan Shares issued in 2018	
No of shares issued -b(ii)	**500,000**
Exercise price per implied option	$1.00
Dividend yield	-
Expected annual volatility	31.51%
Risk-free interest rate (p.a.)	2.01%
Expected life of implied option (Years)	3.0
Fair value per implied option	$0.11
Exercise price per implied option	$1.00
Share price at grant date	$0.76
Model used	Black Scholes

Plan Shares issued in 2019				
No. of shares issued - b (iii)	235,000	**235,000**	**250,000**	**250,000**
Exercise price per implied option	1.00	1.20	1.00	1.20
Dividend yield	-	-	-	-
Expected annual volatility	50.31%	50.31%	46.85%	46.85%
Risk-free interest rate (p.a.)	1.58%	1.58%	1.46%	1.46%
Expected life of implied option (Years)	2.2	3.2	2.0	3.0
Fair value per implied option	$0.22	$0.23	$0.18	$0.17
Exercise price per implied option	$1.00	$1.20	$1.00	$1.20
Share price at grant date	$0.87	$0.87	$0.84	$0.84
Model used	Black Scholes	Black Scholes	Black Scholes	Black Scholes

In respect of the implied options arising from the Shares granted in 2019, the expected volatility was determined using historic data over a 1-year period from Mar 2018 to Mar 2019 and, Apr 2018 to Apr 2019.

26. SUBSEQUENT EVENTS AFTER BALANCE SHEET DATE

Final Dividend

On 19 February 2021, the Directors declared a final fully franked dividend of 2.75 cents per share in respect of the financial year ended 31 December 2020.

Long Term Incentive Plan Shares

On 22 Jan 2021, the Company issued 1,050,000 new shares at a total costs of $945,000 to three employees under the Company's Long Term Incentive Plans (LTIP). The Company also announced that 1,000,000 new shares at a total costs of $900,000, subject to approval from shareholders at a General Meeting, will be issued to the Managing Director under the Company's LTIP.

Other than the above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, financial position of the Group or the state of affairs of the Group in future financial periods.

27. AUDITOR'S REMUNERATION

The auditor of Vita Life Sciences Limited is Nexia Sydney Audit Pty Limited.

	2020 $'000	2019 $'000
Amount receivable or due and receivable by the auditor of the parent entity:		
An audit or review of the financial report of the entity and any other entity in the consolidated group	97	121
Other services in relation to the entity and any other entity in the consolidated group provided by associate firm of auditor		
- tax compliance services	19	21
- share registry	44	48
	160	190
Amount receivable or due and receivable by other auditors:		
- audit or review of the financial reports of controlled entities	113	119
	273	**309**

28. CONTINGENT ASSETS AND LIABILITIES

The Group has no contingent assets or liabilities at 31 December 2020 (2019 $Nil).

29. CAPITAL COMMITMENTS

The Group has no capital commitments as at 31 December 2020 (2019: $Nil).

Kuala Lumpur, Malaysia

DIRECTORS DECLARATION

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The Financial Statements and notes as set out on pages 23 to 66 are in accordance with the Corporations Act 2001 and:

(a) Comply with Accounting Standards, which, as stated in accounting policy note 2 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

(b) Give a true and fair view of the financial position as at 31 December 2020 and of the performance for the year ended on that date of the Company and Consolidated Group.

2. The Chief Executive Officer/Managing Director and Chief Financial Officer have each declared that:

(a) The financial records of the Consolidated Group for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

(b) The financial statements and notes for the financial year comply with Accounting Standards; and

(c) The financial statements and notes for the financial year give a true and fair view.

3. In the Directors' opinion there are reasonable grounds to believe that the Consolidated Group will be able to pay its debts as and when they become due and payable.

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

Andrew O'Keefe
Managing Director
25 March 2021

Independent Auditor's Report to the Members of Vita Life Sciences Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Vita Life Sciences Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

i) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the year then ended; and

ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

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

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition ($46,481,000) Refer to note 2(p) in the financial report.	Our procedures included, amongst others: ▪ We assessed the implementation and design of relevant internal controls in relation to revenue transactions by performing walkthroughs on a sample of revenue transactions to identify potential control deficiencies and weaknesses;

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Key audit matter	How our audit addressed the key audit matter
Revenue is an important measure by which to assess the performance of the Group. The measurement of revenue from contracts with customers is affected by a number of management's estimated and judgements including volume discounts, marketing rebates, and sales returns particularly relating to the Group's Malaysian operations. Revenue recognition is considered a key audit matter as it is the most significant balance in the Group's statement of comprehensive income, is the key driver to the Group's operations is affected by management judgement and estimation in the measurement of contract liabilities.	▪ We performed gross margin analysis at a product level to determine whether trends were aligned to expectations and market activity; ▪ We tested the occurrence and valuation of sales by agreeing a sample of transactions to the source and initiating documentation; ▪ We instructed and reviewed the audit work papers of the component auditor in Malaysia including reviewing management assumptions relating to volume discounts, marketing rebates and historical return values in order to assess management's estimate of the transaction price and the value of contract liabilities. ▪ We considered the quantum of claims and sales returns during the current and previous years and other factors to assess the reasonableness of management's estimates; and ▪ We performed cut off testing on sales transactions for cut-off and completeness.

Other information

The directors are responsible for the other information. The other information comprises the information in Vita Life Sciences Limited's annual report for the year ended 31 December 2020, but does not include the financial report and the auditor's report thereon. Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. We have nothing to report in this regard.

Directors' responsibility for the financial report

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

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

Auditor's responsibility for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 19 of the directors' Report for the year ended 31 December 2020.

In our opinion, the Remuneration Report of Vita Life Sciences Limited for the year ended 31 December 2020, complies with section 300A of the Corporations Act 2001.

Responsibilities

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

Nexia Sydney Audit Pty Limited

Joseph Santangelo
Director

Dated: 25 March 2021
Sydney

Singapore

ASX ADDITIONAL INFORMATION
THE FOLLOWING INFORMATION IS CURRENT AS AT 28 FEBRUARY 2021

A. SUBSTANTIAL SHAREHOLDERS

The following have advised that they have a relevant interest in the capital of Vita Life Sciences Limited. The holding of a relevant interest does not infer beneficial ownership. Where two or more parties have a relevant interest in the same shares, those shares have been included for each party.

Shareholder	No of ordinary	Percentage held of issued ordinary capital
CHEMICAL TRUSTEE LIMITED	8,551,439	15.5%
VICKY TEOH	8,435,693	15.3%
BARINGS ACCEPTANCE LIMITED	7,371,832	13.4%
ANGLO AUSTRALIAN CHRISTIAN & CHARITABLE FUND	6,276,040	11.4%
TIE LIM SUNG	5,396,017	9.8%

B. DISTRIBUTION OF EQUITY SECURITY HOLDERS

(i) Analysis of number of equity security holders by size of holding as at 28 February 2021:

Category	Ordinary shareholders
1 - 1,000	157
1,001 - 5,000	301
5,001 - 10,000	115
10,001 - 100,000	181
100,001 and over	41
	795

(ii) There were 53 holders of less than a marketable parcel of ordinary shares.

ASX ADDITIONAL INFORMATION

ASX ADDITIONAL INFORMATION
THE FOLLOWING INFORMATION IS CURRENT AS AT 28 FEBRUARY 2021

C. EQUITY SECURITY HOLDERS

	Ordinary shares	
Twenty largest quoted equity security holders	Number held	Percentage of shares issued
CHEMICAL TRUSTEE LIMITED	8,551,439	15.5%
VICKY TEOH	8,435,693	15.3%
BARINGS ACCEPTANCE LIMITED	7,371,832	13.4%
ANGLO AUSTRALIAN CHRISTIAN & CHARITABLE FUND	6,276,040	11.4%
TIE LIM SUNG	5,396,017	9.8%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	1,777,905	3.0%
SOUTH SEAS HOLDINGS PTY LTD	1,345,430	2.4%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	990,155	1.8%
TAN TEIK WEI	811,607	1.5%
NORMANDY FINANCE & INVESTMENTS ASIA LIMITED	577,381	1.0%
CHIN L KHOO	519,000	0.9%
HENRY TOWNSING	515,270	0.9%
ANDREW O'KEEFE	510,000	0.9%
GE PROPERTIES PTY LTD	472,876	0.9%
K S BEH	430,000	0.8%
REDBROOK NOMINEES PTY LTD	363,375	0.7%
SHAUN RUTHERFORD	350,000	0.6%
B F A PTY LTD	327,591	0.6%
CITICORP NOMINEES PTY LTD	295,207	0.5%
JYSF MANAGEMENT PTY LTD	288,970	0.5%

D. VOTING RIGHTS

The Company's Constitution details the voting rights of members and states that every member, present in person or by proxy, shall have one vote for every ordinary share registered in his or her name.

CORPORATE DIRECTORY

Board of Directors

Henry Townsing
Acting Chairman
Non-Executive Director

Andrew O'Keefe
Managing Director

Jonathan Tooth
Non-Executive Director

Shane Teoh
Non-Executive Director

Company Secretary

Chin L Khoo
Company Secretary
Chief Financial Officer

Registered Office
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NSW 2232
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F: 61 2 9545 1311

Asian Regional Office
No. 23, Jalan Jurunilai U1/20
Hicom Glenmarie Industrial Park
Seksyen U1
40150 Shah Alam
Selangor Darul Ehsan
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
National Australia Bank Limited
Westpac Banking Corporation

Solicitor
Mark J Ord
Lawyer & Consultant
68 Dorcas Street
Southbank VIC 3006

Share Registry
Next Registries
Level 16, 1 Market Street
Sydney NSW 2000
T: 61 2 9276 1700
F: 61 2 9251 7138

Share Registry
Commencing 19 April 2021
Automic
Level 5, 126 Phillip Street
Sydney NSW 2000
T: 1300 288 664
F: 61 2 9698 5414

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

Corporate Governance Statement
www.vitalifesciences.com/investors/#governance

NOTES

VITA LIFE
SCIENCES

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ABN 35 003 190 421

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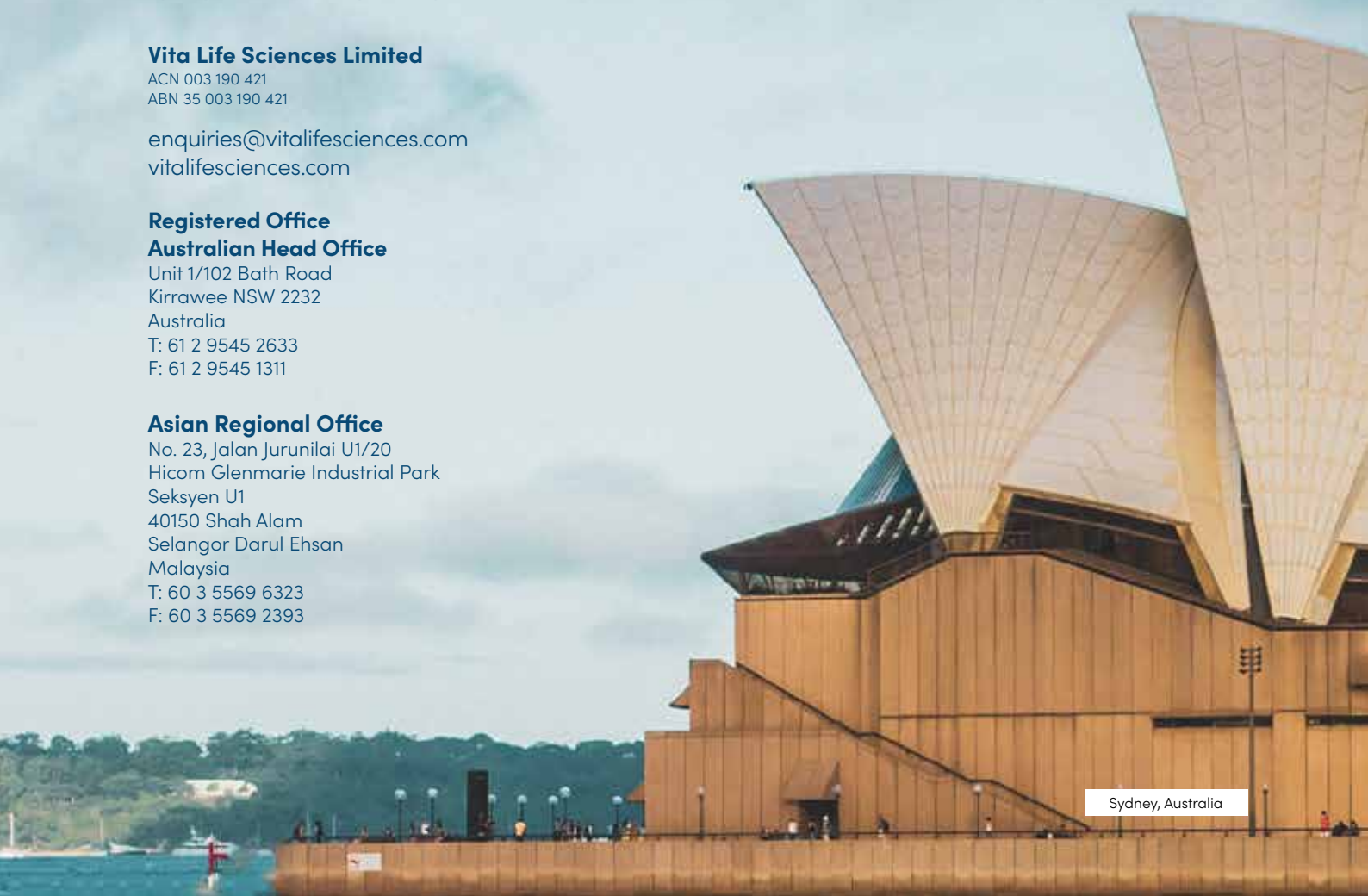

Sydney, Australia