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**Vita Life Sciences Limited (“Vita Life” or “Group”)  
[ASX Code: VSC]**

**Annual General Meeting 16 May 2012**

**Summary of Managing Director’s Address**

**2011 Financial highlights:**

The following were the key highlights for the financial year ended 31 December 2011:

- Vita Life’s sales revenue increased by \$3.2 million (m) or 15.6% compared to 2010.
- EBIT (Earnings Before Interest and Tax) of \$1.6 m was recorded, an approximately twofold increase on 2010’s ‘normalised’ EBIT (excluding a one-off non-operating net revenue arising from PAN case).
- Borrowings of \$1.8m fully repaid in January 2011. Group has no borrowings.
- All new businesses funded internally.

**2011 Sales Revenue:**

- 2011 sales improved by 15.6% for the Group (despite 5% offset by the stronger A\$)
- Sales growth in Australia, Malaysia and Singapore of approximately 14.1%, 20.4% and 3.0% respectively in their local currencies.
- Group Multi-Level Marketing (MLM) Business unit in Malaysia achieved 66.8% growth in sales, with a continued decrease in loss for the year. Group revenue contribution has increased to 9.2% compared to only 6.7% in 2010.

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### **2011 Segment Revenue:**

- Australia remains the single largest market contributing 45% of our total revenue, consistent with 2010
- In Australia, Group sells through approximately 750 health food stores and 150 pharmacies in Australia
- Malaysia is growing and contributed 37% of Group revenue compared to 34% in 2010, with both our Established Business and MLM Business units propelling the growth.
- Malaysia now has more than 1,000 pharmaceutical and health food retailers.
- New markets are small but growing steadily, a careful balancing act between investing and financial risks.

### **New Businesses:**

- Thailand sales grew by 58.5% in 2011 and profitable, with products sold through more than 2,000 pharmaceutical outlets.
- MLM grew 66.8% in 2011 and contributed 9.2% to total group revenue
- China sales have grown by more than 200% in each year since 2009, with continued growth in number of retailers.
- Vietnam and Indonesia have made insignificant revenue contributions due to their infancy, with losses made by both in 2011 from costs incurred in setting up the businesses.

### **2011 Balance Sheet:**

- Net Assets tripled since 2007 to \$8.9m (2010: \$8.1m) with Net Tangible Assets of \$0.17 per share.
- Cash and Cash Equivalents make up 40% of Net Assets.
- Group debts fully repaid in January 2011.
- Debt free and cash positive from operations.

### **Health Division Medium to Long Term**

- Established Business units continue to perform consistently, with stable growth.
- All New Business units continue to grow, with China, Malaysia and Thailand expected to replicate success of Established Business units.
- Continued focus on increasing sales, market share and profitability and controlling operating expenditures.
- Long term focus on China to underpin growth.

### **2012 1<sup>st</sup> Half Earnings**

- 2011 financial report reported expected 15% sales growth to continue as per previous financial years. This was exceeded in the first quarter of 2012.
- Strong start to 2012 expected to continue, with sales to June 2012 forecast to be 20% to 25% greater than the six months to June 2011.
- Profit before tax for the first half of 2012 forecast to be slightly more than double the six months to June 2011.

### **Dividend**

- Group maintained dividend payment of 0.5 cents per share for the 2012 financial year.
- Dividend payout ratio of 24% net profit after tax, with 76% reinvested in the business
- Subject to confirmation of the forecast results referred above, the Directors envisage an interim dividend 0.5 cents per share payable in October 2012.
- In light of the Group's continued strong performance, the Directors intend to declare a final dividend payable in April 2013.

### **Industry Recognition:**

- Vita Life Sciences Sdn Bhd awarded Asia Pacific Super Excellence Brand 2011 for Leadership Excellence in Brand Development and Management Organisation.
- VitaHealth awarded the 2011 Asia Pacific BrandLaureate for Best Brands in Wellness – Supplements.