



ABN 46 139 461 733

26 November 2015

Chairman's Address

In my address as Chairman, I will briefly comment on the June 2015 result and summarise some of the ongoing improvements to return AstiVita to profitability.

Financial Year 2015 Overview

	2015	2014	2013
	<u>\$000's</u>	<u>\$000's</u>	<u>\$000's</u>
Trading loss before tax	(2,170)	(1,982)	(4,206)
Add back Bompani brand amortisation	241	242	-
Increase to provision for stock	1,079	502	271
Adjusted Trading loss before tax	(850)	(1,238)	(3,935)

The headline trading loss before tax has increased by 9.48% compared to 2014, but the above table highlights a further 31.34% improvement in the trading losses when you add back the promotional stock impairment. The Board of AstiVita has taken a decision to create an increase to the provision to \$1.079 million, as a strategic marketing investment to create brand awareness and increase traffic on our new customer website.

Outlook

AstiVita's trading performance for the four months to October 2015 highlights a trading loss of approximately \$220,000 before tax based on unaudited management accounts. This is an improvement of 19% compared to the same period last year. This includes \$70,000 in advertising initiatives eg Google ad words, website enhancements and \$20,000 on photographs for the website and a catalogue produced for our old fashioned resellers. Further, the new business to business website has allowed customers to order more efficiently and has assisted the business in opening 40 new accounts in the past six months.

Sales on the new consumer website are improving each month with September and October \$30,000 plus each month and current month sales are expected to be above \$50,000.

We are yet to see the full positive impact from these website initiatives, but the Board hopes for a significant improvement in trading performance next year. At this stage for the month of November 2015 we are above breakeven point.

The legal action commenced in New Zealand against our former New Zealand distributor is ongoing with mediation to occur early in 2016 and a trial date set for August 2016. All costs have been expended as incurred on this matter.

AstiVita has filed an action in the Supreme Court of Queensland against a former officer of the company. That litigation is currently in its early stages and disclosure is yet to occur.

ENDS

Lev Mizikovsky
Chairman