VITA LIFE SCIENCES LIMITED

(ABN 35 003 190 421)

AND ITS CONTROLLED ENTITIES

HALF-YEAR REPORT

30 June 2004

Directors Report

Vita Life Sciences Limited and its controlled entities

for the half-year ended 30 June 2004

The directors present their report on the consolidated entity consisting of Vita Life Sciences Limited and the entities it controlled at the end of, or during, the half-year ended 30 June 2004.

Directors

The following persons were directors of Vita Life Sciences Limited for the whole of the half-year and up to the date of this report:

Vanda R. Gould
John S. Sharman

The following persons were either appointed directors or resigned as directors of Vita Life Sciences Limited during the half-year:

Henry G. Townsing (appointed at Annual General Meeting 31 May 2004)
Gerald K. Adams (resigned effective 30 June 2004)

Principal Activities

During the half year the principal continuing activities of the consolidated entity consisted of:

(a) packaging, sales and distribution of vitamins and supplements; and
(b) manufacture and sale of medical diagnostic equipment including associated research and development.

Review of Operations

2004 is a year of consolidation for Vita Life Sciences with the effects of the restructure of several parts of the business, including VitaHealth, being implemented and taking effect.

The after tax loss for the half year was $1.17 million. This compares to a loss of $5.58 million for the previous corresponding period.

Directors advised Shareholders during the Annual General Meeting on 31 May 2004 of the consolidation of the VitaHealth group under a newly formed Malaysian holding company, Vita Healthcare Asia Pacific Sdn Bhd. This provides maximum flexibility to the VitaHealth group in terms of future corporate activities, including a potential separate listing of the VitaHealth group on an Asian stock exchange, and to facilitate investment from potential third party strategic investors.

A summary of consolidated revenue and results for the half-year by segment is set out below:

AUD Million	Segment Gross Revenue		Segment Results	
	June 2003	June 2004	June 2003	June 2004
VitaHealth	8.78	7.92	(4.89)	(1.05)
Vita Medical	4.14	4.58	1.32	1.79
Vimed	-	-	(0.34)	(0.23)
Unallocated	0.07	-	(1.67)	(1.68)
Total	**12.99**	**12.50**	**(5.58)**	**(1.17)**

VitaHealth

The 2004 financial year for VitaHealth represents a year of rebuilding for our business and the wider industry. Most participants in the industry, including VitaHealth, are striving to rebuild trade and customer brand confidence after the negative impacts of the Pan recall. Overall VitaHealth has achieved a lower level of sales compared to the corresponding period in 2003. A number of key initiatives are expected to take effect in the second half of this year to improve VitaHealth's operating performance.

During the half-year the company completed the restructure of VitaHealth, introduced a number of new products and in early July 2004, completed an investment by Vital BioTech Holdings Limited ("Vital BioTech") into the VitaHealth group. The money invested by Vital BioTech will assist VitaHealth to consolidate its position and expand into China.

Of our three key markets, Malaysia and Australia are recovering faster than Singapore.

In Malaysia, most of the Pan affected products have been resourced and re-registered, however recovery has been partially hindered by irregular supply of product, particularly from Australia, as industry participants have sought to restock their ranges. A new RM2 million trading facility with a major Malaysian bank has been secured to help fund future stock requirements. Two new major products, Vita Young and Primolin GLA Max, were launched in Malaysia during the first six months of 2004. Within the first three months, Vita Young reached No. 2 position in the anti-ageing category and is now one of VitaHealth's best sellers.

In Australia, 95% of the original Herbs of Gold product portfolio (pre-Pan) has been restored, and slow moving stockkeeping units have been deleted from the range. VitaHealth has secured the Efamol agency line for the health food segment which is expected to be a solid contributor to revenue in the future, and launched a pharmacy only brand of VitaScience in Australia. A build up of revenue is expected from the VitaScience brand during the second half of this year, as is a substantial contribution from this initiative during 2005.

The dynamics of the Singapore market have changed. As a result of the Pan recall, many new participants have entered the Singapore market where product registration is not required. This has resulted in fierce competition between market participants and an over supply of product. In addition, consumer confidence has declined with market recovery slower than expected.

Vita Medical

The Vita Medical business has had an excellent half-year. Sales are on track with budget at $4.58 million and EBIT of $1.79 million for the period.

Geographically Canada achieved excellent results. Overall, Canada is expected to represent 5% of total PAS sales for the 2004 financial year and by so doing, will become the third most important market after Europe and Australia/New Zealand. Sales in Europe are up slightly compared to last year and Australia/New Zealand continue to perform well. Technegas is making inroads into China and other parts of Asia and the first sales of Technegas were made in Latin America.

New Drug Application

As has been well documented, the New Drug Application ("NDA") for Technegas has been suspended until such time as the Vita Life Sciences group has sufficient resources to reactivate the programme. To date, two thirds of the total required case studies have been completed and should be available for the NDA when the programme is restarted. However, several technical but critical issues concerning the clinical trial are yet to be resolved with the FDA in the United States.

Vimed BioSciences

As previously advised, the development programme for Thombrotrace has been suspended. Currently, Vimed BioSciences is considering several ways to restart the programme.

Significant Items

The Vita Life Sciences group has sold and assigned its rights to proceeds from claims against ACE Insurance Limited and against the Liquidator of Pan, pursuant to a Deed of Sale and Assignment. The assignment is limited to the principal sum of money lent to the Vita Life Sciences group by the assignee. Accordingly, any recoveries above the principal amount will revert to the Vita Life Sciences group. This arrangement facilitated security for the provision of $1,250,000 funding during the half-year.

At the Annual General Meeting on 31 May 2004, Shareholders gave approval for Vita Life Sciences to issue a limited recourse loan of $250,000 to Mr John Sharman. (Note: in all cases, recourse for the loan is strictly limited only to the value of the Vita Life Sciences shares purchased with the proceeds of the loan). This loan has been used to purchase 1,000,000 shares in Vita Life Sciences at 25 cents each.

Financing

Vita Life Sciences extended its offer for Unsecured Convertible Notes in October 2003 and currently has issued a total of 17.0 million notes to investors. In addition, since January 2004 the company has secured a loan from a professional investor of $1.25 million. As a condition of this loan, Vita Life Sciences has granted options to the investor (10 options for every dollar of principal) with an exercise price of 10 cents. The company also has an outstanding balance of $140,000 owing to CVC Investment Managers Ltd which it intends to repay by the end of the year.

Legal Cases

Shareholders received our letter of 6 August 2004 updating them of the outcome of the case against our former Managing Director, Mr Pang Seng Meng.

Since that time, both parties have appealed the decision and a summary of the proceedings is contained in note 4.1 (a) of this report.

A description of other legal matters can be found in Note 4 to the Financial Statements entitled “Contingent assets and liabilities”.

Dividends – Vita Life Sciences Limited

The directors have resolved not to pay an interim dividend for the period.

This report is made in accordance with a resolution of the directors.

John S. Sharman
Director
Melbourne
5th October 2004

Consolidated statement of financial performance

for the half-year ended 30 June 2004

	Half-Year 2004	2003 $
Sales Revenue	12,497,664	12,993,337
Sales Returns and adjustments	(369,029)	(4,523,466)
Net revenue from ordinary activities	**12,128,635**	**8,469,871**
Changes in inventories of finished goods and work in progress	(102,391)	935,787
Raw materials and consumables used	(4,960,777)	(4,518,975)
Employee expenses	(3,134,278)	(3,297,055)
Advertising and promotion expenditure	(1,736,487)	(1,724,644)
Depreciation and amortisation expenses	(321,621)	(477,441)
Borrowing costs	(1,010,984)	(718,747)
Research and development expense	(3,145)	(99,913)
Professional and consultancy costs	(822,674)	(599,516)
Insurance	(92,354)	(173,034)
Motor vehicle costs	(127,115)	(118,349)
Occupancy	(725,405)	(811,932)
Travel and accommodation	(276,562)	(455,236)
Provisions & write offs	(9,739)	(1,556,374)
Convertible Notes issue expenses	-	(256,515)
Other expenses from ordinary activities	(4,040)	(447,340)
Profit/(loss) from ordinary activities before income tax	**(1,198,937)**	**(5,849,413)**
Income tax (expense) / benefit relating to ordinary activities	88,569	223,093
Net profit/(loss) after income tax expense	**(1,110,368)**	**(5,626,320)**
Net (profit)/loss attributable to outside equity interests	(63,833)	41,709
Net profit/(loss) attributable to members of the parent entity	**(1,174,201)**	**(5,584,611)**
Non-owner transaction changes in equity		
Net exchange difference on translation of financial statements of self-sustaining foreign operations	**(289,524)**	(403,211)
Total changes in equity from non–owner related transactions attributable to members of the parent entity	**(1,463,725)**	**(5,987,822)**
Basic earnings per ordinary share	(2.2 Cents)	(10.8 Cents)
Diluted earnings per ordinary share	(2.2 Cents)	(10.8 Cents)

The above consolidated statement of financial performance should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

for the half-year ended 30 June 2004

	30 June 2004 $	31 December 2003 $
Current assets		
Cash assets	501,975	679,696
Receivables	3,048,463	2,283,795
Inventories	5,419,870	5,693,160
Other	1,224,529	844,658
Total current assets	**10,194,837**	**9,501,309**
Non current assets		
Other financial assets	-	2,000
Property, plant & equipment	2,237,144	2,391,221
Intangibles	7,615,617	7,678,160
Deferred tax assets	1,359	-
Other	24,566	24,409
Total non current assets	**9,878,686**	**10,095,790**
Total assets	**20,073,523**	**19,597,099**
Current liabilities		
Payables	9,533,941	9,046,910
Interest bearing liabilities	2,792,738	1,221,744
Current tax liabilities	200,149	200,149
Provisions	1,279,692	1,282,058
Total current liabilities	**13,806,520**	**11,750,861**
Non current liabilities		
Interest bearing liabilities	16,559,525	17,062,047
Provisions	184,149	111,395
Total non current liabilities	**16,743,674**	**17,173,442**
Total liabilities	**30,550,194**	**28,924,303**
Net assets	**(10,476,671)**	**(9,327,204)**
Equity		
Contributed equity	38,081,445	37,831,445
Reserves	(467,361)	(177,837)
Retained profits / (accumulated losses)	(47,966,739)	(46,792,538)
Shareholders' equity attributable to members of the company	(10,352,655)	(9,138,930)
Outside equity interest in controlled entities	(124,016)	(188,274)
Total equity	**(10,476,671)**	**(9,327,204)**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

for the half-year ended 30 June 2004

	Half-Year 2004 $	Half-Year 2003 $
Cash flows from operating activities		
Cash receipts in the course of operations	7,897,117	9,748,480
Cash payments in the course of operations	(9,093,030))	(12,213,418)
Interest received	7,366	48,424
Borrowing costs	(158,153)	(207,807)
Income taxes paid	(147,558)	(264,922)
Grant Income	-	31,633
Other	206,216	(13,975)
Net cash provided by / (used in) operating activities	**(1,288,042)**	**(2,871,585)**
Cash flows from investing activities		
Payments for property, plant and equipment	-	(67,256)
Proceeds from sale of property, plant and equipment	(1,132)	-
Payments for research and development	-	(2,846)
Payments for FDA approval capitalised	-	(707,971)
Other	59,898	9,309
Net cash provided by / (used in) investing activities	**58,766**	**(768,764)**
Cash flows from financing activities		
Proceeds from issue of Convertible Notes	-	11,375,544
Proceeds from borrowings	1,257,660	-
Repayment of borrowings	(234,561)	(5,894,606)
Other	-	1,460
Net cash provided by / (used in) financing activities	**1,023,099**	**5,482,398**
Net increase (decrease) in cash held	**(206,177)**	**1,842,049**
Cash at beginning of the financial period	679,696	(264,669)
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies	28,456	-
Cash at the end of the financial period	**501,975**	**1,577,380**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Note 1. Basis of preparation

The half-year consolidated financial report is a general purpose financial report which has been prepared in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting", the recognition and measurement requirements of applicable AASB standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. They have been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non current assets.

This financial report is to be read in conjunction with the annual financial report for the year ended 31 December 2003 and any public announcements made by Vita Life Sciences Limited and its Controlled Entities during the half-year in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

These accounting policies have been consistently applied by each entity in the economic entity and, except where stated, are consistent with those of the previous year and corresponding interim reporting period.

The half-year report does not include full note disclosures of the type normally included in an annual financial report.

Note 2. Going concern

As at 30 June 2004, the economic entity had current liabilities which exceeded current assets by $3.61 million. Cash flow forecasts indicate that further financial support may be required over the next 12 months to enable the company and economic entity to meet any debts arising in the ordinary course of the business. Whether or not the company will require additional cash over the next twelve months is dependant on the operating performance of VitaHealth and in particular the amount and timing of its investment in the China market.

The company has obtained financial support from an investor which has indicated it could make a $3.0 million facility available. As at the time of writing this report the company has used $1.25 million of that facility, and whilst no guarantee can be given that the balance of the facility will be made available if required, the directors believe it is appropriate to prepare the financial statements on a going concern basis.

The company has $17.0 million Unsecured Convertible Notes on issue. The unsecured notes are due to be converted into shares or redeemed by the company on 14 April 2006 and the Directors are currently considering a number of initiatives to ensure that the company's repayment obligations can be met. Amongst these initiatives includes a short term focus on the recovery of VitaHealth and a sustainable strong operating performance of each of the company's businesses, a potential listing of the VitaHealth business on an Asian stock exchange, a trade sale or merger of the Vita Medical business which may include a potential listing of the merged entity on a public stock exchange.

Note 3. Segment reporting

Primary reporting – business segments

	Health 2004 $	Medical 2004 $	Other 2004 $	Consolidated 2004 $
Revenue				
Segment revenue	7,914,726	4,582,938	-	12,497,664
Result				
Segment result	(1,056,365)	1,792,335	(1,910,171)	(1,174,201)
Profit from ordinary activities before income tax expense				**(1,198,937)**
Income tax (expense)/benefit				88,569
Profit from ordinary activities after income tax				**(1,110,368)**
Segment assets	9,683,227	6,834,676	3,555,620	20,073,523
Segment liabilities	15,686,759	1,518,399	13,345,036	30,550,194

Note 3. Segment report cont'd

Primary reporting – business segments

	Health 2003 $	Medical 2003 $	Other 2003 $	Consolidated 2003 $
Revenue				
Segment revenue	8,776,913	4,136,378	80,046	12,993,337
Result				
Segment result	(4,894,198)	1,318,998	(2,009,411)	(5,584,611)
Profit from ordinary activities before income tax expense				(5,849,413)
Income tax (expense)/benefit				223,093
Profit from ordinary activities after income tax				**(5,626,320)**
Segment assets	10,403,670	17,712,631	304,579	28,420,880
Segment liabilities	8,863,103	2,879,198	13,582,833	25,325,134

Note 4. Contingent assets and liabilities

Legal proceedings

The legal proceedings involving Vita Life Sciences and its subsidiaries have continued to be vigorously pursued. We provide a summary of the contingent assets and liabilities relating to the legal proceedings below.

4.1 Contingent assets

4.1 (a) Singaporean case

(against the former managing director, Mr Pang)

In the Singaporean proceedings the company claimed it suffered losses as a result of a number of alleged wrongdoings and alleged breaches of Singaporean Law and, in particular, alleged breaches of the Singaporean Companies Act by Mr Pang.

The matter was heard before Judicial Commissioner V. K. Rajah in the High Court of the Republic of Singapore between 8 March and 17 July 2004. On 23 August 2004 the Singaporean court delivered its final judgment in favour of the Vita companies ("Plaintiffs"). Judicial Commissioner V. K. Rajah made orders granting judgment in favour of the Plaintiffs against Mr Pang for the sum of SGD3,415,288.39.

Further, it was ordered that the bonus shares issued to the defendant be cancelled. Interest is to run on the sums awarded at 3% per annum from the date of filing the statement of claim. The company was awarded two thirds of its taxed costs which are estimated to be approximately SGD1.4 million.

The company was unsatisfied with the decision and has accordingly appealed the judgement. The grounds of appeal are against the parts of the judgement that:

- limit the damages payable by the defendant;
- does not grant damages to the parent company, Vita Life Sciences, for breaches of the warranties or for misrepresentation;
- the limiting of the award for costs to two thirds of the taxed costs; and
- does not entitle the Plaintiffs to recover their accounting expert's costs as a disbursement.

The Defendant has appealed the entire judgement of the court at first instance.

On 8 September 2004 the court ordered that the execution of the judgement be stayed pending the withdrawal or disposal of the Defendant's appeal. It is anticipated that both appeals will be heard together and they have been tentatively set down by the Singaporean Court of Appeal for the week commencing 24 January 2005.

The company intends to vigorously pursue the appeal and expects the legal proceedings in Singapore to be completed by early 2005.

4.1 (b) Malaysian case

The allegations by the company are against the company's contract packer and distributor in Malaysia, two senior managers in charge of the Malaysian business, the former Managing Director and his brother.

During 2002 it was discovered that the company's copyright and certain trademarks had been infringed in Malaysia and that a number of alleged wrong doings were made against it. Subsequent to seeking an Anton Pillar the company was granted injunctive relief requiring the defendants to cease infringing VitaHealth's trademark and copyright.

The proceeding continues and damages are unspecified.

The company has settled with the Malaysian distributor. The Malaysian contract packer has lodged a counter claim for RM10 million alleging wrongful termination of the packaging agreement.

To date, defences have been filed by the company's contract packer, the former Managing Director and his brother. The defences deny the company's allegations. The company's legal advice to date is that we have a good case.

The trial is expected to be listed for hearing sometime in 2005.

4.1 (c) Insurance recoveries

The claim arises out of the TGA Pan Recall. The Plaintiff seeks the sum of SGD1,000,000 pursuant to its insurance policy (less excess). The matter is listed to be set down for trial by 1 November 2004.

The company's legal advisers consider that the company has a strong case.

4.1 (d) Cross claim relating to the purchase of Herbs of Gold

The Plaintiff seeks the sum of $750,000 or alternatively $665,039.09 for breach of the sale agreement for Herbs of Gold Pty Limited.

The company has filed a defence denying liability and has also filed a Cross Claim against the Defendants. The Cross Claim alleges breaches of Warrantees under the sale agreement. Damages under the Cross Claim have not been finalised and an expert accountant's report is being sought.

The matter is expected to be listed for hearing in late 2005.

4.1 (e) Pan Pharmaceuticals Limited

On 28 April 2003 the Therapeutic Goods Administration informed Pan Pharmaceuticals Limited ("Pan") that:

- All products manufactured by Pan would be removed from the Australian Register of Therapeutic Goods, and that Pan was required to take immediate steps to recover all such goods manufactured and supplied by it since 1 May 2002. The recall to be conducted to consumer level; and

- The licence to manufacture therapeutic goods was suspended for a period of six months (collectively the "Pan Recall").

Pan was placed in Voluntary Administration on 22 May 2003. On 23 May 2003 the Voluntary Administrator was appointed Administrator of Pan's Australian subsidiaries. Subsequently the Voluntary Administrator was appointed as Liquidator of the Pan companies.

Pan manufactured products for the VitaHealth group for sale in Australia and Asia.

The Pan Recall has resulted in VitaHealth Laboratories (Aust) Pty Ltd and VitaHealth Laboratories Pte. Ltd suffering loss and damage estimated to be in the vicinity of AUD17,380,000. Formal Proofs of Debts have been filed with the Liquidator.

On 27 April 2004 the Liquidator announced a first interim dividend of 10 cents to unsecured creditors. However, as the Liquidator is still adjudicating on the Companies claims, they have to date only received a portion of the first interim dividend. The Liquidator has been unable to confirm a date upon when it anticipates completing the adjudication of the Companies claims.

The Liquidator estimates the ultimate dividend payable to be between 17 cents and 41 cents in the dollar.

4.2 Contingent liabilities

4.2 (a) Herbs of Gold

As noted in 4.1 (d) above the Plaintiff seek the sum of $750,000 or alternatively $665,039.09 for breach of the sale agreement for Herbs of Gold Pty Limited. The matter is expected to be listed for hearing in late 2005.

4.2 (b) Nordion

Vita Medical has been joined as a defendant to two separate proceedings in Australia and France. The proceedings seek damages for alleged wrongful termination of a distribution agreement between the parties in the sum of approximately EUR14.6 million. Vita Medical has filed a defence and counterclaim. The proceedings in Australia have proceeded to mediation but as yet the matter has not been settled. The matter has not been set down for trial.

The French proceedings are expected to be heard some time in late 2004.

4.2 (c) Malaysian case

As noted in note 4.1 (b) above the Malaysian contract packer has lodged a counterclaim for RM10 million alleging wrongful termination of the packaging agreement.

4.2 (d) Unfair dismissal

A former employee has filed an unfair contracts claim in the NSW Industrial Relations Commission seeking damages of $219,532. The company is defending the matter. The next directions hearing in this matter is listed for April 2005.

4.2 (e) Bank facilities of controlled entities

The company has guaranteed the bank facilities of controlled entities.

4.2 (f) Trade payables of controlled entities

The company has guaranteed the unspecified trade payables of various controlled entities in order to attain extended settlement terms.

Note 5. Events occurring after balance date

(a) Issue of Unsecured Convertible Notes

Under the Prospectus issued on 13 March 2003 and the Supplementary Prospectus dated 19 May 2003, an additional 562,674 Unsecured Convertible Notes have been issued since 30 June 2004 as payment in lieu of interest.

Apart from the information disclosed in this report there are no other events that have occurred between the balance date and reporting date anticipated to have significant effect on the company.

(b) International Financial Reporting Standards

For reporting periods beginning on or after 1 January 2005, the consolidated entity must comply with International Financial Reporting Standards (IFRS) as issued by the Australian Accounting Standards Board.

This financial report has been prepared in accordance with Australian accounting standards and other financial reporting requirements (Australian GAAP). The differences between Australian GAAP and IFRS identified to date as potentially having a significant effect on the consolidated entity's financial performance and financial position are summarised below. The summary should not be taken as an exhaustive list of all the differences between Australian GAAP and IFRS. No attempt has been made to identify all disclosures, presentation or classification differences that would affect the manner in which transactions or events are presented.

The consolidated entity has not quantified the effects of the differences discussed below. Accordingly, there can be no assurance that the consolidated financial performance and financial position as disclosed in this financial report would not be significantly different if determined in accordance with IFRS.

Regulatory bodies that promulgate Australian GAAP and IFRS have significant ongoing projects that could affect the differences between Australian GAAP and IFRS described below and the impact of these differences relative to the consolidated entity's financial reports in the future. The potential impacts on the consolidated entity's financial performance and financial position of the adoption of IFRS, including system upgrades and other implementation costs which may be incurred, have not been quantified as at the transition date of 1 July 2004 due to the short timeframe between finalisation of the IFRS standards and the date of preparing this report. The impact on future years will depend on the particular circumstances prevailing in those years.

The key potential implications of the conversion to IFRS on the consolidated entity are as follows:

- Financial instruments must be recognised in the statement of financial position and all derivatives and most financial assets must be carried at fair value.

- Income tax will be calculated based on the "balance sheet" approach, which will result in more deferred tax assets and liabilities and, as tax effects follow the underlying transactions, some tax effects will be recognised in equity.

- Revaluation increments and decrements relating to revalued property, plant and equipment and intangible assets will be recognised on an individual asset basis, not a class of assets basis.

- Intangible assets that are internally generated will not be recognised and intangible assets can only be revalued if there is an active market.

- Impairments of assets will be determined on a discounted basis, with strict tests for determining whether goodwill and cash-generating operations have been impaired.

- Changes in accounting policies will be recognised be restating comparatives rather than making current year adjustments with note disclosure of prior year effects.

DIRECTORS' DECLARATION

VITA LIFE SCIENCES LIMITED
(ABN 35 003 190 421)
AND ITS CONTROLLED ENTITIES

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 2 to 12:

   a) comply with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations; and

   b) give a true and fair view of the economic entity's financial position as at 30 June 2004 and of its performance for the half-year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the company 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.

John S. Sharman
Director

Dated this 5th day of October 2004.

Gould Ralph & Company
Chartered Accountants

Independent review report to members of Vita Life Sciences Limited

Scope

The Financial Report and Directors' Responsibility

The financial report comprises the concise consolidated statement of financial performance, statement of financial position, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Vita Life Sciences Limited (the consolidated entity), for the half-year ended 30 June 2004. The consolidated entity comprises both the company and the entities it controlled during that half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review Approach

We conducted an independent review in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia, and the Corporations Act 2001, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing and Assurance Standards applicable to review engagements. A review is limited primarily to inquiries of company's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. In addition to our review of the financial report, we were engaged to undertake share registry and miscellaneous professional services. The provision of these services has not impaired our independence.

Review Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Vita Life Sciences Limited is not in accordance with:

(a) the Corporations Act 2001, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2003 and of its performance for the half-year ended on that date; and

   (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

Emphasis of Matters

Without qualification to the review statement, attention is drawn to the following matters:

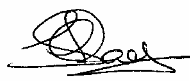
Inherent Uncertainty Regarding Continuation as a Going Concern

As a result of the matters described in Note 2, there is significant uncertainty whether the entity will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Inherent Uncertainty Regarding Litigations

As indicated in Note 4 to the concise financial statements, Vita Life Sciences Limited and several controlled entities are parties, both as appellant and defendant, to various separate litigations which give rise to potentially material contingent assets and liabilities. Whilst the company believes it will be successful in each of these cases, as with most litigation, the outcomes cannot presently be determined with an acceptable degree of reliability and accordingly no asset has been recognized nor has provision for any liability that may result, other than legal costs, been made in the concise financial statements.

GOULD RALPH & COMPANY
Chartered Accountants



Gregory C. Ralph, M.Com F.C.A.
Partner
Sydney, 5 October 2004