CYCLOPHARM LIMITED

PROSPECTUS

Offer for Sale by Vita Life Sciences Limited of 28,571,429 Exchange Shares at $0.21 each to raise up to $6 million

and

Offer of Non Renounceable Rights at $0.05 each by Vita Life Sciences Limited for Rights Issue Shares

This is an Important Document
It requires your immediate attention and should be read in its entirety.
This Offer is only available to Vita Life Sciences Limited Shareholders and holders of its unsecured convertible notes. If you are in any doubt as to the action you should take, please consult your professional advisers.

Head Office
Cyclopharm Limited (ABN 74 116 931 250)
Vita Life Sciences Limited (ABN 35 003 190 421)
Building 75, Business & Technology Park
New Illawarra Road
Lucas Heights, NSW 2234
Telephone: (03) 9867 2811
Facsimile: (02) 9543 0960

IMPORTANT NOTICE

The Prospectus is dated 27 March 2006 and a copy was lodged with ASIC on that date. ASIC takes no responsibility for the contents of this Prospectus. No securities will be transferred on the basis of this Prospectus later than 13 months after the date of this Prospectus.

The Offer contained in this Prospectus is an invitation by Vita Life Sciences Limited to persons wishing to offer to acquire shares it owns in Cyclopharm Limited. Vita Life is the vendor of the Exchange Shares and Rights. The offer is only made to Noteholders and Shareholders in Vita Life and is not available to the public. An investment in Cyclopharm should be considered speculative.

Important Document

The Offer and information in this Prospectus do not comprise financial advice and do not take into account the investment objective, financial situation and particular need of any investor. It is important that you read this Prospectus carefully and in its entirety before deciding to invest in Cyclopharm. The payment of dividends in respect of the Shares or repayment of capital invested is not guaranteed by any person. Investment in the Shares is speculative and is not a suitable investment for investors who require security of capital and income. See the discussion of risk factors on page 14 of this Prospectus. You should carefully consider these factors in light of your particular investment needs, objectives and financial circumstances (including financial and taxation issues) and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

Further, the Purpose and Key Features of the Prospectus and Overview of Cyclopharm are summaries only and are not intended to provide complete information about Cyclopharm, the Offer or the Shares. These sections should be read in conjunction with the information contained in the balance of this Prospectus.

Glossary

Certain terms and abbreviations used in this Prospectus are explained in the Glossary of Terms on page 54.

Disclaimers

No person is authorised to give any information or make any representation in connection with the Offer that is not contained in this Prospectus. Any information or representation not so contained may not be relied upon as having been authorised by Vita Life, as vendor of the Shares, or Cyclopharm itself.

There is no actual historical financial information for Cyclopharm. The Prospectus contains unaudited, pro forma, historical financial information prepared by the Directors to present potential investors with information to help them understand what the historical financial performance and financial position of Cyclopharm and its subsidiaries would have been, had all the businesses operated as a single consolidated group between 1 January 2005 and 31 December 2005.

Selling Restrictions

This Prospectus does not constitute an offer in any jurisdiction or to any person outside Australia.
Distribution of this Prospectus in jurisdictions outside Australia may be restricted by law. Consequently, all persons who receive the Prospectus must inform themselves of all applicable laws and observe such restrictions. The failure to comply with any of these restrictions may constitute a violation of those security laws. No action has been taken to register or qualify the Shares or the Offer, or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia. This Prospectus is not intended to, and does not, constitute an offer, or transfer, of securities in any place in which, or to any person to whom, the making of such an offer would not be lawful under the laws of any jurisdiction outside Australia. This Prospectus must not be supplied to any person in any jurisdiction outside Australia in which any restriction, qualification or other requirement exists, or would exist, with respect to any public offering of those securities.

Exposure Period and Timing

The Corporations Act prohibits Cyclopharm and Vita Life from processing applications or transferring Shares in the 7 day period (or up to 14 days if ASIC so decides) after the date on which the Prospectus is lodged with ASIC (Exposure Period). The Exposure Period ends on the date which is 7 days after the Prospectus lodgement date unless ASIC extends the Exposure Period by up to a further 7 days. The Exposure Period is to enable the Prospectus to be examined by market participants prior to the raising of funds. No preference will be conferred on Applications received during the Exposure Period and processing will commence after it expires.

Vita Life reserves the right to extend the Offer, close the Offer Period early, or withdraw the Offer, in each case without notice.

Electronic and Paper Prospectus

This Prospectus is available during the Offer Period in a paper version and in electronic form. The electronic version can be found on Cyclopharm's parent company's home page at www.vitalifesciences.com.au. Persons who access the electronic form of this Prospectus must ensure that they download and read the entire Prospectus. The Corporations Act prohibits any person from passing the Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus. The Offer constituted by this Prospectus in its electronic form is only available to Australian residents receiving the electronic Prospectus in Australia. Any person may obtain a hard copy of this Prospectus by contacting Cyclopharm on (02) 9541 0411.

Applications

Applications for Shares under this Prospectus can only be made on the Application Form at the back of this Prospectus or on a paper copy of the Application Form in the on-line version of this Prospectus which is completed in accordance with the instructions on the back of that Application Form. No Applications will be accepted if sent in electronic form.

Rounding and Currency

Certain amounts and percentages set out in this Prospectus may not sum up due to rounding. All figures are in Australian dollars unless otherwise indicated. All foreign currencies have been converted to Australian dollars at the rates applicable at the time of conversion.

CONTENTS

CORPORATE DIRECTORY
CYCLOPHARM LIMITED and VITA LIFE SCIENCES LIMITED

Directors and Board
Mr V L Gould - Chairman
Mr J S Sharman - Director
Mr H G Townsing – Director

Head Office
Building 75
Business & Technology Park
New Illawarra Road
Lucas Heights
New South Wales 2234

Email Address: enquiries@vitalifesciences.com.au

Web Site: www.vitalifesciences.com

Company Secretary
Mr J S Sharman

Share Registry
Gould Ralph Pty Ltd
Level 42, AAP Centre
259 George Street
Sydney New South Wales 2000
Telephone (+612) 9032 3000
Facsimile (+612) 9032 3088

Independent Accountants & Auditors
Gould Ralph & Company
Chartered Accountants
Level 42, AAP Centre
259 George Street
Sydney New South Wales 2000

Other Information
Vita Life Sciences Limited, incorporated and domiciled in Australia, is an unlisted public company limited by shares.
Cyclopharm Limited, incorporated and domiciled in Australia, is an unlisted public company limited by shares.

Privacy
The personal information that you supply to Cyclopharm will be used for the primary purpose of processing your application and establishing your investment in the Shares and corresponding with you as a Shareholder. If you do not supply Cyclopharm with all the information it needs, it may be unable to process your Application and establish your investment in the Shares and correspond with you as a Shareholder.

Cyclopharm may disclose personal information you provide to it to: any third party that Cyclopharm engages to provide services such as registry, auditing, mailing or printing services; government bodies, when and to the extent required by law; and any professional advisers to Cyclopharm (including legal and accounting firms, auditors and advisers to Cyclopharm).

You may request access to your personal information held by, or on behalf of, Vita Life, Cyclopharm or the share registry. Access to your personal information is by contacting Vita Life or the share registry (see Corporate Directory).

PURPOSE AND KEY FEATURES OF PROSPECTUS

Vita Life is holding Meetings of its Shareholders and Noteholders with a view to gaining approval to a proposal that if successfully implemented will result in its Notes being repaid and cancelled.

Part of the proposal being put to the Meetings, if approved, requires the transfer of Cyclopharm Shares in two transactions.

Section 707 of the Corporations Act requires a prospectus to be issued to Vita Life Shareholders and its Noteholders so they can properly consider whether or not to accept the Offer after the Meetings have considered the proposal.

OFFER STATISTICS	
Offer Price of Exchange Shares (per share)	$0.21
Number of Exchange Shares offered under the Offer	28,571,429
Offer Price of Rights Issue Shares – per Right	$0.05
– per Share	No further cost
Number of Rights Issue Shares offered under the Offer	Refer to Terms of the Offer, page 11
Shares on issue in Cyclopharm	106,666,667
Capitalisation of Cyclopharm at Offer Price of Exchange Shares	$22,400,000

KEY DATES*	
Entitlement to subscribe for Exchange Shares for Noteholders recorded on Note registry	10 April 2006
Offer opens for Exchange Shares	12 April 2006**
Closing Date for receipt of applications for Exchange Shares	1 May 2006
Dispatch of shareholding statements for Exchange Shares ***	22 May 2006
Entitlement to subscribe for Rights Issue Shares for Shareholders recorded on share registry	Refer to Terms of the Offer, page 11
Offer opens for Rights Issue Shares	Refer to Terms of the Offer, page 11
Closing date for receipt of application for Rights Issue Shares	Refer to Terms of the Offer, page 11

*This timetable is indicative only and the Directors reserve the right to close the Offer at an earlier or later date.
**Or expiry of the Exposure Period, whichever is the later.
***The dispatch of the shareholding statements for acceptance and Exchange Shares is subject to the approval of Shareholders and Noteholders at their respective meetings.

UPDATED INFORMATION

Information about this Offer may need to be updated by Vita Life or Cyclopharm. Any updated information about the Offer which is not materially adverse to investors will be made available from the website: www.vitalifesciences.com.au and otherwise in accordance with the Corporations Act. Vita Life will provide a copy of any updated information free of charge to any person who requests a copy by calling (02) 9541 0411. Where updated information about the Offer is materially adverse to investors, Vita Life will circulate a supplementary prospectus to persons who have accepted the Offer, in accordance with its obligations under the Corporations Act, as well as making it available on the above website.

CHAIRMAN'S LETTER

20th March 2006

Dear Vita Life Shareholder and/or Noteholder,

This letter has been prepared to accompany the Prospectus issued to satisfy section 707 of the *Corporations Act*, namely, an invitation to Noteholders and Shareholders in relation to repayment of Vita Life convertible unsecured notes and several other matters.

Both Noteholders and Shareholders would appreciate that Vita Life's survival has been a central concern for the Board in the face of the two major catastrophes which have befallen that company. Either the major fraud of the former managing director, Mr Pang or the Pan Pharmaceutical recall would usually have been terminal. Vita Life was fortunate in putting in place the Note issue prior to the Pan Pharmaceutical recall or otherwise there is no doubt that it would by now have been wound up.

The current proposal to be voted on at the Meetings reflects some of the pain for the events that have taken place being shouldered by Noteholders and Shareholders.

The Board has attempted in the proposal to achieve and restore value for Noteholders and Shareholders that in the strict situation of default in repaying the Notes would put their capital at risk. Whilst Shareholders are being given the opportunity to see the restoration of value to their Shares, Noteholders are better off by an orderly transition which may give them either virtually all money back or an exciting equity opportunity in Cyclopharm Limited that I, and the Board, believe will compensate them for any short term loss.

Vita Life's obligation to Noteholders amounts to approximately $19.19 million and is due for repayment on 14 April 2006. The repayment of the Notes pursuant to the Offer is proposed to be effected by the Noteholders electing to either (or in any combination they prefer):

(a) surrender $1.00 total face value of each Note in return for 4.7619 shares in Vita Life's wholly owned subsidiary, Cyclopharm Limited for up to 28,571,429 shares. $6.0 million of Notes will be cancelled if all of these shares are transferred to Noteholders. The ratio of shares in some circumstances transferred to the Noteholders may increase (refer to Terms of the Offer, page 11); or

(b) accept $0.90 cash for each $1.00 face value Note with interest for the period 1 January 2006 to the date of cancellation of the Notes to be paid concurrently with the final repayment of Notes. Payment of the $0.90 per Note is expected to be funded by Senior Debt (estimated at $0.45 per Note) paid around May 2006 and the sale of Cyclopharm shares to be sold concurrently with the offer of Cyclopharm's shares (estimated at $0.45 per Note) paid around October 2006. The maximum amount of cash Vita Life will make available for the cash redemption of Notes is $11.87 million resulting in the cancellation of a maximum 13,189,442 Notes.

Over acceptance for either (a) or (b) above by Noteholders will result in shares or cash (as the case may be) being pro rated and the balance in either case being satisfied by the transfer of shares or payment of cash, as applicable. Subject to the preceding sentence, any Noteholder who does not notify their election in the time provided to do so will be deemed to have elected to be paid cash.

It is the current intention of the Board to pursue a capital raising in Vita Life's wholly owned subsidiary, Cyclopharm Limited. In the event the price of shares under that offering (if a decision is made to in fact pursue an equity capital raising) is less than $0.30 per share then Noteholders who elect to accept Cyclopharm shares in exchange for some or all of their Notes will be issued additional shares so as to nominally reduce the cost of the shares to a price that is equivalent to a 30% discount to the price under the further capital raising.

Other resolutions to be put to Noteholders at the Noteholders' Meeting deal with:

- the movement of Vita Life group assets between Vita Life group companies;
- authorising the trustee to execute a supplemental deed modifying the Note trust deed in the manner Vita Life proposes if necessary to give better effect to the proposal resolutions; and
- obtaining Noteholders' permission to grant a charge over a subsidiary's assets in favour of its lenders.

Other resolutions to be put to Shareholders at the Shareholders' Meeting deal with:

- permitting Vita Life to distribute on a pro-rata basis, the Rights Issue Shares comprising the balance of shares owned by Vita Life (after the transfer of Exchange Shares under this Prospectus and the sale of Shares at the time of a further capital raising) to those Shareholders who exercise their rights by paying $0.05 per Right to Vita Life; and
- the granting by Vita Life of additional Loans under its incentive plan to executives.

If the proposal's various limbs are accepted at the Meetings:

- Vita Life will be almost debt free;
- it will only have one core business, Vita Health. The Technegas System will remain with Cyclopharm; and
- Shareholders who subscribe for their rights entitlement will then own shares in Cyclopharm.

The Board supports the resolutions to be put to both the Meetings (save in relation to the incentive plan resolution in which the Board Members may be deemed to have an interest) in order that Vita Life may repay its Note debt and other borrowings and embark on a direction that comprises the VitaHealth business. Personally as both a holder of Notes and Shareholder I believe the proposals, which have largely been conceived by my fellow Directors, strike the right balance and I commend the proposals to each of the Meetings.

Should the offer not be accepted at the Meetings of Shareholders and Noteholders, the consequences are that:

i) the rejection of the proposed resolutions will place the assets of Vita Life in jeopardy and force the Board to consider placing the Vita Life group into administration, as it will not otherwise be in a position to repay the Notes when they fall due on 14 April 2006; and

ii) the Noteholders are entitled to place Vita Life and its subsidiaries in receivership if the Notes are not repaid by 14 April 2006.

Please attend either or both of the Meetings applicable to you, and if you cannot, do complete the Proxy Form and return it to Vita Life. I urge you to consider the information in this Prospectus carefully before making any decision.

Yours faithfully,

Vanda Gould
Chairman

OUR BUSINESS

Cyclopharm was incorporated in 2005 to acquire seven companies that now comprise the Cyclopharm Group which operates the Technegas business. Completion of the acquisitions are subject to obtaining the necessary approvals at the Noteholders Meeting.

Cyclopharm is a successful radiopharmaceutical company servicing the medical profession. The Company's focus is Technegas, a well established proprietary drug.

Cyclopharm's strengths include:

- business operations which have been established for more than 15 years;
- participation in a growth industry and markets with significant barriers to entry;
- established marketing, sales and distribution networks in 40 countries providing a solid base for future growth.

OUR PRODUCT

Cyclopharm's principal product comprises the Technegas System, a lung imaging process which is primarily used in the specialised niche field of nuclear medicine, to diagnose lung complaints including pulmonary embolism (blood clots in lungs), a life threatening condition.

Nuclear medicine is a widely accepted and effective way of gathering information on virtually every major organ system of the body that may otherwise be unavailable or require a more expensive and risky diagnostic test.

OUR MARKETS

The Technegas System has a market share of approximately 38% and 41% respectively in its key markets of Asia Pacific and Europe as at December 2005. It is estimated that total potential worldwide markets for the Technegas System are in excess of 9,500 units. To date the Technegas System has been installed in approximately 912 hospitals and medical centres in many countries. The European Union currently forms the biggest market for the Technegas System.

The Technegas System is currently approved for sale in 47 countries. It is yet to be approved in the US, a potential key market. Technegas is now at the Phase III clinical trial stage, having had its safety and efficiency protocol accepted by the FDA. The FDA approval process is necessary before marketing and sales of the Technegas System can commence in the US.

OUR DISTRIBUTION AND SALES NETWORK

Cyclopharm has an established distribution and sales network in Australia, East Asia and Europe where Technegas products have been sold since the early 1990's.

The Technegas Business's products are marketed in many countries. Its foreign sales are channelled through its own subsidiaries and third party distributors, each covering specific countries or continents. Distributors include Qados (United Kingdom), Medicall (Sweden and Finland), Nucliber (Spain), Jason Co Ltd (Shanghai, China) and Veccsa SA (Buenos Aires, Argentina), as well as other distributors for various countries in Europe, Asia, Africa and South America. For the Australian, Canadian, Austrian, Belgium and German markets, the Cyclopharm Group markets its products directly to hospitals and medical centres.

Locations of current Technegas System Installations

OUR HISTORY

Major Achievements

1984-1986	Technegas discovered and commercialization begins
1988	Technegas enters European market
1992	European distribution network for Technegas established
1996	Technegas registered as a drug in European Union
1998	Work begins on FDA application for Technegas to enter the US.
2003	Technegas gains regulatory approval and begins selling in Canada.
2003	Protocol for Phase III trials for Technegas' submission to FDA in US commenced.
2005	Signed heads of agreement with Australian National University to continue research into liquid Technegas

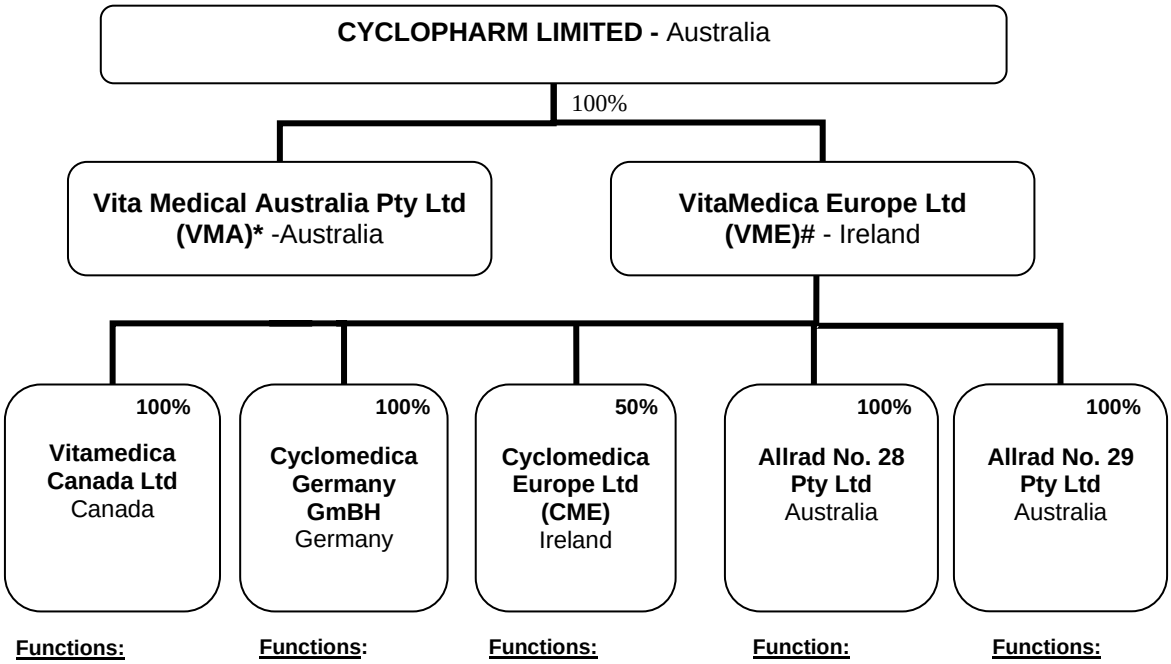
SHARE CAPITAL

	Number of Company Shares
Issued Capital	
Existing Shares on issue as at the date of this Prospectus	106,666,667
Options	Nil

OVERVIEW OF CYCLOPHARM

Cyclopharm was incorporated in 2005 and through its subsidiaries operates the Technegas business. The corporate structure of Cyclopharm, subject to approval at the Noteholders Meeting, is shown in Chart 1.

Chart 1



*VMA manufactures Technegas and sells Technegas products in Australia and Asia.

#VME holds EU Marketing Authority for Technegas

Cyclopharm is a successful radiopharmaceutical company servicing the medical profession. The Company's focus is Technegas, a well established proprietary drug used primarily for the detection of pulmonary emboli (blood clots in lungs), a life threatening condition.

Nuclear medicine is a widely accepted medical speciality that uses radioactive material (tracers) for the diagnosis and therapy of diseases of the human body. Nuclear medicine is cost effective, well accepted and a proven practice. For example, an estimated 18 million nuclear medicine procedures were performed in the USA in 2005. The Company is yet to operate in the USA.

The Technegas System is an established and accepted technique within the field of nuclear medicine and is used in performing ventilation studies on lungs to assist in the diagnoses or assessment of lung conditions that include pulmonary embolism, chronic obstructive airways disease, pulmonary hypertension and parenchyma lung disease.

The Technegas System is recognised in many countries as leading technology with over 200 medical and scientific papers published. It is the preferred technique for lung ventilation in Australia and is well accepted in many other countries.

Nuclear Medicine Industry Overview

Nuclear medicine can be used for imaging or treating the majority of the human bodies' organs, is cost effective and is a well accepted and proven practice.

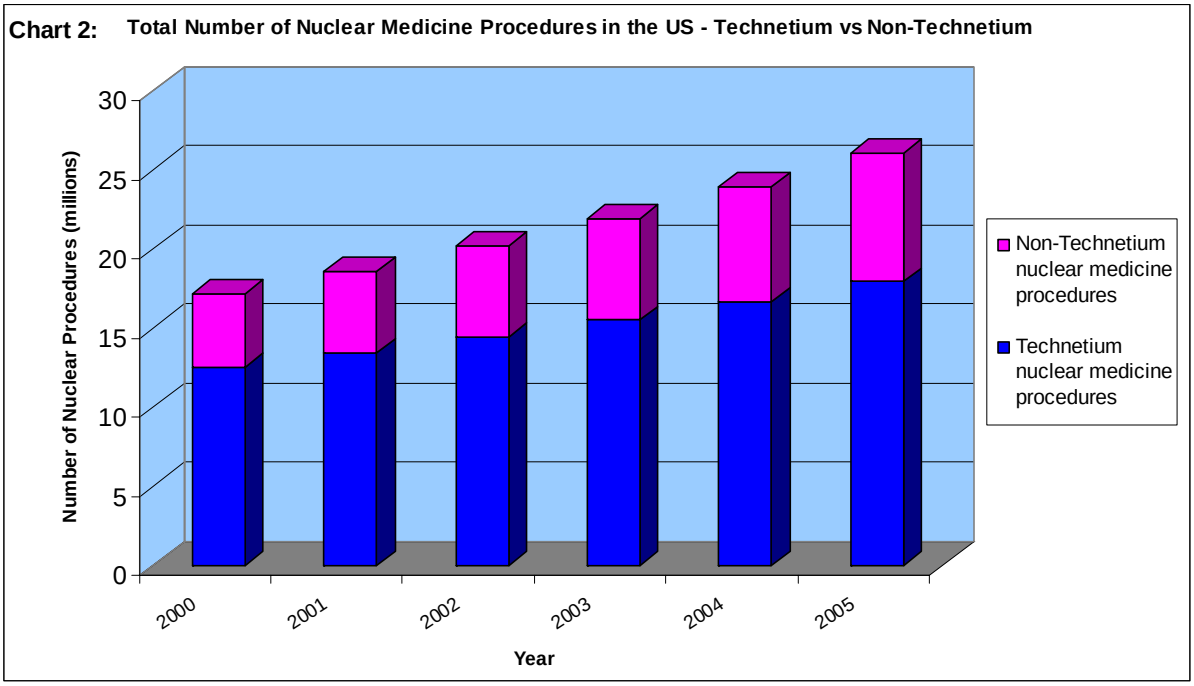
Examples of procedures that can be undertaken by nuclear medicine include:

Neurology	:	diagnoses of stroke / tumour / Alzheimer's disease
Oncology	:	tumour localisation / spread
Orthopaedic	:	evaluation of stress injuries / arthritis / joint disease
Renal	:	evaluation of kidney function / structure
Cardiac	:	diagnoses of coronary artery disease / cardiac muscle viability
Pulmonary	:	diagnoses of pulmonary embolism and other lung diseases
PET	:	primarily the diagnosis, evaluation of spread and monitoring of cancer

Procedure Volume Trends

In the USA in 2004, an estimated 16.7 million nuclear medicine procedures were completed of which an estimated 70% or 11.6 million used technetium - the same radio tracer that is used in the creation of Technegas. Refer to Chart 2. The number of hospitals and medical centres carrying out nuclear medicine procedures in the US in 2002 was 6,700. The Company is yet to operate in the USA.

Chart 2: **Total Number of Nuclear Medicine Procedures in the US - Technetium vs Non-Technetium**



Of the estimated 16.7 million technetium based procedures in the US in 2004, an estimated 2.07 million were for lung studies, the market segment that is of interest to Cyclopharm. The Company is yet to operate in the USA. The actual number of Technegas patient studies, as measured by the sale of Technegas patient administration sets sold in 2005 is shown in Chart 3.

Chart 3	**Actual Patient Administration Set Sales**
Region	
Europe	98,600
Asia Pacific	44,250
North America	13,250
Latin America	200
Middle East / South Asia	700
Africa	800
Total	**157,800**

Technegas – Device and Drug

Technegas uses a well established technique in nuclear medicine of lung ventilation. The Technegas technology is a structured ultra-fine dispersion of radio active labeled carbon, produced by using dried Technetium-99m in a carbon crucible, micro furnaced for a few seconds at around 2,500^{o}C. The resultant gaseous substance is inhaled by the patient via a breathing apparatus, which then allows multiple view and tomographic imaging under a gamma or SPECT (Single Photon Emission Computed Tomograph) camera for the superior diagnosis of pulmonary emboli.

The Technegas System consists of the TechnegasPlus generator and an associated single use only consumable or patient administration set. This consumable consists of a carbon crucible, plastic patient administration set and filters. Each time a patient undergoes a Technegas procedure, a single use consumable is used. As the number of Technegas Systems in operation increase, the use of the associated consumable grows. In 2005, 157,800 patient administration sets were sold.

One TechnegasPlus generator can test in the region of 2,000 patients per annum, although the typical usage in the clinical setting usage of most systems installed is much lower than this. Usage per Technegas generator in Australia is about 270 patient studies per annum, and in Western Europe, about 180 - 185 patient studies annually.

TechnegasPlus

A new model generator, TechnegasPlus was approved for sale by regulatory authorities late 2005 in the EU. Approval for the new generator in Australia, China, Korea and Japan is presently being sought. This is the first major upgrade of the generator that was introduced in 1986 and is designed to capture new customers as well as replace generators over 10 years old. The TechnegasPlus incorporates features that greatly increase the functionality of the machine.

Patents

New patents for the Technegas technology have been applied for in key markets, including Australia, EU and Canada, which cover the critical components of the Technegas System. If granted the new patents will give Technegas added protection. Existing patents in the USA are in place until 2010 and 2011 (see Risk Factors on page 20)

Technegas Usage

Technegas customers include general and teaching hospitals. For example:

- Barts Hospital – London, UK
- Hospital St Antoine Assistance Public – Paris, France
- Royal North Shore Hospital – Sydney, Australia
- Sherbrooke University of Quebec - Quebec, Canada
- Jieki University Hospital, Tokyo, Japan
- National University Hospital, Seoul, South Korea

- Peter MacCallum Cancer Institute – Melbourne, Australia
- University Hospital of Karlsruhe – Karlsruhe, Germany

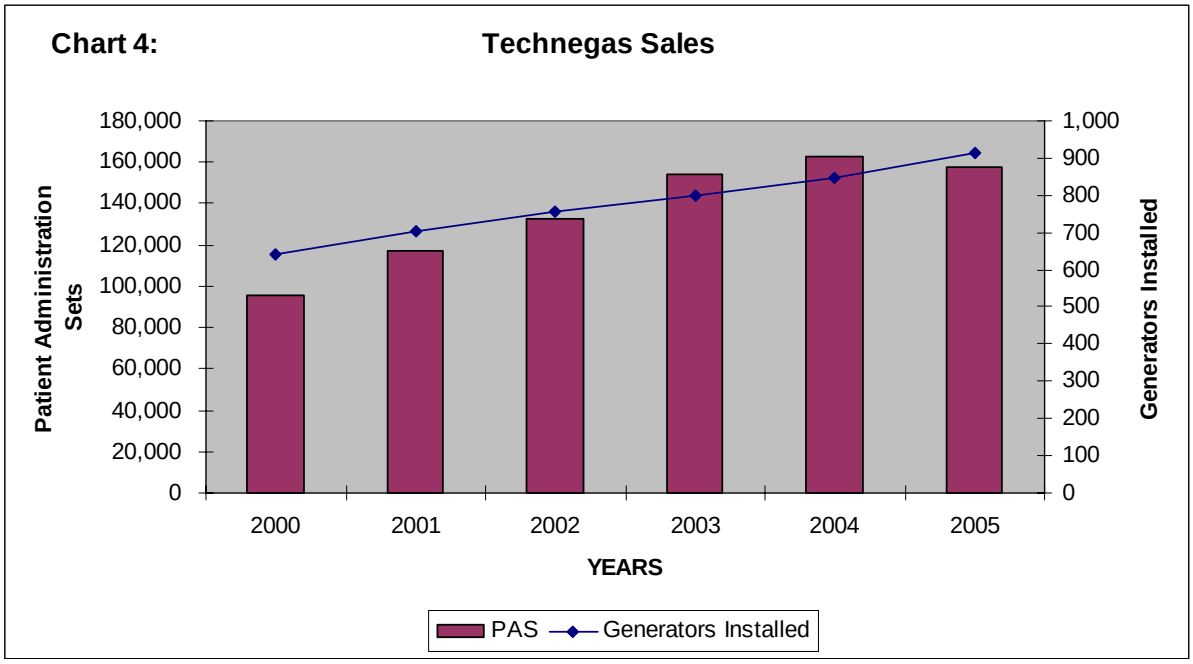


Chart 4 shows the growth in the number of Technegas generators installed in hospitals and medical centres in countries where the Technegas system is sold.

The US Market for Technegas

Cyclopharm is currently in the process of preparing its new drug application seeking approval of the FDA for Technegas to be sold in the USA. Whilst the process is protracted, Phase III clinical trials commenced in 2003 and were suspended in late 2003 at the request of Cyclopharm's parent company because of financial constraints and as a result of the FDA expressing concerns about the study protocol. The protocol has since been modified and Phase III program recommenced in late 2005. The Phase III clinical trials are an important component in the new drug application.

Six Australian hospitals including St. George Hospital, Sydney, Royal North Shore, Sydney, Concorde Hospital, Sydney, Austin Hospital, Melbourne, Queen Elizabeth Hospital, Adelaide and Royal Perth Hospital, Perth and four Canadian hospitals are involved in the Phase III clinical trials.

Of the 10 sites, 8 sites have concentrated on a comparison between Technegas and DTPA (a commonly used radiopharmaceutical for the diagnosis of pulmonary emboli in the USA) and the other 2 on biological and resection analysis. This will provide evidence that Technegas generates effective lung ventilation images when compared to DTPA, which is the current USA standard of care.

The new drug application protocol requires 168 patient studies. At December 2005 97 patient dossiers had been collected and completed. The remaining 71 patient dossiers to be collected comprise:

- 53 Technegas / DTPA studies
- 8 biological studies
- 6 resection studies

These are all in the process of being completed.

The protocol developed by the Company sees the patient studies completed by late 2006 and the new drug application is planned for submission to the FDA in the first quarter of 2007. The protocol is subject to the risk factors on page 14.

TERMS OF THE OFFER

Exchange Shares to be Offered

The Offer of Exchange Shares is subject to Shareholders and Noteholders voting in favour of the Offer at their respective Meetings. If the necessary resolutions are not passed, the Offer will lapse and no Shares will be available to be applied for.

The Exchange Shares offered pursuant to this Prospectus comprise 28,571,429 Exchange Shares owned by Vita Life.

Vita Life has determined that all Notes will be taken, for the purpose of entitlement to apply for Exchange Shares, to be held by the person who is recorded on the Note register, as the registered owner as at 9.30am 10 April 2006.

All Exchange Shares applied for by Noteholders will be allotted at $0.21 each. In the event that the price of a future issue for offer for sale of Shares by the Company in 2006 is less than $0.30 per share then the holders of Exchange Shares will be allotted additional Shares so as to reduce the cost of the Exchange Shares to a price that is equivalent to a 30% discount to the price of that future issue or offer for sale.

There is no minimum amount of Exchange Shares for which a Noteholder may apply after the expiry of the Exposure Period. Where Vita Life receives applications for more than 28,571,429 Exchange Shares then all applications for Exchange Shares will be reduced proportionately subject to no allocation of Exchange Shares being reduced to less than 2,500 Exchange Shares.

Payment for Exchange Shares will be effected by the cancellation of that number of Notes which is equivalent to the value of Exchange Shares applied for by Noteholders subject to the maximum number of Exchange Shares of 28,571,429. Where applications are reduced, Noteholders will receive a cash payment for the balance of the Notes subject to the terms of the resolutions summarised in the Chairman's Letter on page 3.

After the Exchange Shares have been allocated, the Notes in respect of the Exchange Shares will be cancelled.

Applications for Exchange Shares must be submitted by the Closing Date.

Only those Noteholders who wish to apply for Exchange Shares should complete the section marked "B" on the Application Form attached to this Prospectus. If you are also a Shareholder of Vita Life refer to the "Rights Issue Shares to be Offered" below.

This Offer of Exchange Shares is not extended to any existing Noteholder with a registered address outside Australia. An explanatory note will be sent to these foreign Noteholders providing details.

Rights Issue Shares to be Offered

The Rights Issue Shares offered pursuant to this Prospectus will comprise those Shares owned by Vita Life after all Note obligations have been retired. If the necessary resolutions are not passed at the Meetings, the Offer will lapse and no Rights will be available.

Vita Life will determine and advise Shareholders of the record date, which will be used for the purpose of determining Shareholders' entitlement to apply for rights to Rights Issue Shares.

The number of Rights Issue Shares available to be distributed to Shareholders (who exercise and pay for rights) is dependent on many factors and there is no assurance as to the amount, if any, that may be available.

Rights will cost $0.05 each to acquire and entitle the holder thereof to 1 Rights Issue Share. All Rights Issue Shares applied for by Shareholders will be allotted at no additional cost to the Shareholder.

There is no minimum amount of Rights Issue Shares for which a Shareholder may apply. Where Vita Life receives applications for more than the number of Rights Issue Shares held by Vita Life then all

applications for Rights Issue Shares will be reduced proportionately subject to no allocation of Rights Issue Shares being reduced to less than 2,500 Rights Issue Shares.

Shareholders may apply for two times their rights entitlement to Rights Issue Shares.

Where the number of Rights Issue Shares allotted is less than the number applied for, the surplus money will be refunded to the applicant within five days of allotment without interest. Vita Life will bear any applicable bank charges and retain any interest earned. Holding statements will be dispatched by Cyclopharm within 14 days of allotment.

Vita Life Shareholders wishing to apply for Rights Issue Shares will be sent documentation at a later time. You should only complete the expression of interest section marked "C" on the Application Form attached to this Prospectus. If you are also a Noteholder refer to the "Exchange Shares to be Offered" section above.

The Rights Issue Shares are not extended to Shareholders with a registered address outside Australia. An explanatory note will be sent to these foreign Shareholders providing details.

General Terms Applying to Exchange Shares and Rights Issue Shares

Exchange Shares and Rights Issue Shares rank equally in all respects with all other Shares presently on issue.

Cyclopharm and Vita Life will bear the Offer Costs including stamp duty (otherwise payable by purchasers) in the proportion 50:50.

Proposal in Shareholders and Noteholders Interests

The Directors of Vita Life consider the Offer in the best interest of Shareholders and Noteholders as a whole because:

- the allotment of any or all of the Exchange Shares to those Noteholders who elect to exchange Notes for Exchange Shares will have the effect of reducing the Note debt to an amount less than $19.189m and thereby improving the overall chances of other Noteholders being repaid.

- To encourage Noteholders to take up Exchange Shares and therefore improve the position of those continuing to hold Notes (refer above) the assets of the Cyclopharm Group and its subsidiaries will initially be unencumbered. Therefore the existing charge over Vitamedica Europe will be discharged (with 11 other charges remaining in place over Vita Life, Vimed BioSciences Pty Ltd and the Vita Health group of companies). In addition, the assets of Vita Medical Limited will be sold to Vita Medical Australia.

- Importantly, the remaining Noteholders will continue to have a charge over the balance of Cyclopharm shares owned by Vita Life via their existing charge over Vita Life. If all Exchange Shares are taken up, remaining Noteholders will have a charge over 73.2% of Cyclopharm's issued share capital. In the absence of any other secured charges, such as those required to raise Senior Debt, this should enable the trustee for the Noteholders to control the Cyclopharm Group and its subsidiaries in the event of default by Vita Life.

Purpose of Offer

The objectives of the Offer are:

- to facilitate the repayment of $6,000,000 of Notes;
- to facilitate the transfer of 28,571,429 Exchange Shares by Vita Life to Noteholders;
- to facilitate the distribution of any Rights Issue Shares owned by Vita Life after the repayment and cancellation of Notes to Vita Life Shareholders; and
- to facilitate the lifting of charges held by the Noteholders over the Cyclopharm Group.

ASX Quotation

No application for quotation of Exchange Shares or Rights Issue Shares will be made to the ASX under this Prospectus.

Underwriting

The Offer is not underwritten.

Allotment of Shares

The Directors reserve the right to:

- allot the full number of Exchange Shares applied for;
- allot any lesser number of Exchange Shares than the number applied for;
- allot the full number of Right Issue Shares applied for;
- allot any lesser number of Right Issue Shares than the number applied for; or
- reject any application.

Minimum Subscription

There is no minimum subscription for Exchange Shares by Noteholders when subscribing for all or part of their entitlement to Exchange Shares.

There is no minimum subscription for Rights by Shareholders when subscribing for all or part of their entitlement to Rights Issue Shares.

Brokerage

No brokerage or handling fees on applications for Exchange Shares or Rights or Rights Issue Shares will be payable by Noteholders or Shareholders or by Cyclopharm.

Investor Enquiries

Additional copies of this Prospectus or advice on how to complete the Application Form can be obtained by telephoning Cyclopharm's office in Melbourne on (03) 9867 2811.

Noteholders and Shareholders should, however, rely only on such information as is contained in this Prospectus as this and the Constitution will form the sole basis of any contract made with Cyclopharm.

HOW TO APPLY FOR SHARES

- Applications for Exchange Shares can only be made on the form attached to this Prospectus. Instructions as to how to complete an application are printed on the reverse side of the form. The Application Form attached to this Prospectus must not be circulated unless attached to a copy of this Prospectus.

- The application list for Exchange Shares will open on whichever is the later of 12 April 2006 or expiry of the Exposure Period, but applications can be received earlier. The list will remain open until the Closing Date. Accordingly, Noteholders and investors are encouraged to submit their applications as soon as possible.

- No brokerage or stamp duty is payable by applicants. The amount payable on application will not vary during the period of the Offer and no further amount is payable on allotment.

- Completed Application Forms should be posted, delivered or faxed to:

Cyclopharm Limited Suite 630, 1 Queens Road Melbourne, VIC 3004 Fax: 03 9820 5957	or	Cyclopharm Limited Unit 75, Business & Technology Park New Illawarra Road Lucas Heights NSW 2234 Fax: 02 9541 2066

and must be received at the above addresses by 5.00 p.m. Melbourne/Sydney time on the Closing Date.

RISK FACTORS

Prospective investors in Cyclopharm should be aware that there are risks associated with subscribing for Exchange Shares in Cyclopharm. Some are of a general nature, others are specific to the specialist nature of Cyclopharm's business or the circumstances under which that business is operating.

General

There are many factors, both specific to the Cyclopharm Group and of a general nature, which may affect the future operating and financial performance of Cyclopharm and the outcome of an investment in Cyclopharm. Some of these risks may be mitigated by the use of contingency plans and safeguards. However, many are outside the control of Cyclopharm and the Directors. Neither the Directors nor Cyclopharm make any representation or give any guarantee that Cyclopharm will achieve its stated objectives or its prospects in the Prospectus or that statements otherwise made in connection with the Offer will be realised, in whole or in part.

This section describes many of the risks which the Directors have identified may be associated with an investment in Cyclopharm. Each of the risks set out below could, if they eventuate, have an adverse impact on Cyclopharm's operating and financial performance and the value of the Shares. It is simply not possible to identify every risk that Cyclopharm could encounter which could affect Shareholders.

Before deciding to invest in Cyclopharm, potential investors should read the entire Prospectus and, in particular, should consider the risk factors that could affect the financial performance of Cyclopharm. Potential investors should specifically consider the factors contained within this section in order to fully appreciate the risks associated with an investment in Cyclopharm. You should carefully consider these factors in light of your personal circumstances and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to apply for Exchange Shares or Rights Issue Shares in Cyclopharm.

Specific Risk Factors

The business activities of the Cyclopharm Group are subject to a number of risks that could affect Cyclopharm and the industry in which it operates. These factors may substantially impact on its future performance.

The Directors believe that there a number of specific factors that should be taken into account before investors decide whether or not to apply for Exchange Shares or Rights Issue Shares. These include:

Competition

To date, Cyclopharm has demonstrated that it can compete effectively in the medical equipment / drug market in Australia and many other parts of the world.

The medical equipment / drug industry is very competitive and characterised by large international companies supplying much of the global market requirements. The emergence of new technologies could make Technegas redundant.

Accordingly, there is a business risk in that Cyclopharm's key revenue source from the Technegas System could be severely disrupted or reduced. However, the Directors note that the lengthy periods it takes to achieve regulators approval and medical practitioners' approval and acceptance of new products, Cyclopharm's reputation for timely and quality service, its competitive pricing, and the breadth of its distribution facilities, mitigate these risks.

Unanticipated changes in demand patterns for the Cyclopharm Group's product range may occur, for example, due to technological advances by suppliers of competitive products.

There can be no assurance that the competitive environment in this market will not change adversely due to actions of competitors, changes in customer preferences or rationalization in the industry. In addition, the Cyclopharm Group's business plan and stated strategy is to continue to develop sales in international markets. The Cyclopharm Group has a track record in this regard and no assurance can be given that it will be successful in doing so. Cyclopharm's financial performance could be adversely affected if the actions of competitors or potential competitors become more effective, or if new competitors enter the market and the Cyclopharm Group is unable to counter these actions.

Product Liability
The Cyclopharm Group is exposed to the risk of product liability arising from defective products. To a large extent this is managed by having in place quality control programs (which are, in the case of the Technegas System, consistent with licensing by the Therapeutic Goods Administration) and the Cyclopharm Group's staff are appropriately trained. In the case of the Technegas System, it has systems to detect defective products and ensure effective product recall. The Cyclopharm Group maintains appropriate insurance cover against potential claims.

The Cyclopharm Group maintains an internal risk management process, follows quality assurance procedures in relation to manufacturing and distribution of its products and carries product liability insurance. Testing of products is carried out prior to their marketing and sale. Typically, the Cyclopharm Group also provides a twelve month parts warranty and three month labour warranty (which may be extended if a customer takes out an applicable maintenance agreement upon installation) in respect of new products or parts manufactured by Cyclopharm. Although no express warranties are given as to performance standards of any products, it is possible that such performance warranties could be implied at law based on the conduct of the Cyclopharm Group's staff or marketing collateral. It is possible that claims against the Cyclopharm Group could arise if products fail to perform to implied warranted standards or alternatively if products manufactured and distributed by the Cyclopharm Group contain any defects. Such claims may be excluded from cover under Cyclopharm's existing product liability insurance. Because of the environment in which the Cyclopharm Group's products are likely to be installed, any such claims could be material and, if successful, have a material adverse effect on the financial position and performance of Cyclopharm.

Reliance on Key Personnel
As the Cyclopharm Group's business grows, future success will depend on the ability to attract and retain personnel. There can be no assurance that the Cyclopharm Group will be able to retain its key personnel or to attract and retain additional personnel in the future. Inability or delays in attracting and retaining the necessary personnel could have a material adverse effect upon the Cyclopharm Group. As noted in section headed "Directors and Senior Management" on page 40, Mr David Rundell has resigned as Chief Executive Officer of Vita Medical.

The Cyclopharm Group has experienced personnel who are integral to its business activities. The loss of such personnel may have a negative impact on the operating capabilities and profitability of the Cyclopharm Group.

Disruption of Business Operations
As a manufacturer, the Cyclopharm Group is exposed to a range of operational risks relating to both current and future operations. Such operational risks include equipment failures, IT system failures, external services failure (including energy supply), industrial action or disputes and natural disasters. If one or more such operational risks materialize, they may have an adverse impact on the operating and financial performance of Cyclopharm.

The Cyclopharm Group operates through a series of contractual relationships with customers, suppliers, distributors and independent contractors. To date, the Cyclopharm Group has generally provided products and services on the basis of tenders submitted to customers, followed by purchase orders incorporating the customer's standard terms and conditions of trade as a condition of the acceptance. Although the Cyclopharm Group endeavors to include standard exclusions and limitations of liability, this is not always incorporated into the documentation. So, there is a risk that if the products fail and the Cyclopharm Group is in breach, contractual damages would apply.

Reliance on Distributors
Whilst the Cyclopharm Group maintains a spread of customers, a loss of a major distributor could have a significant, adverse impact on Cyclopharm's projected earnings. Whilst the Cyclopharm Group has distribution arrangements, some may be terminated by the distributor on six months' notice prior to the expiration of the current terms (which vary). Others are not in writing and depend on the ongoing goodwill of the parties. The Directors are concerned to ensure that all such relationships are formalised.

All contracts, including those entered into by the Cyclopharm Group, carry a risk that the respective parties will not adequately or fully comply with their respective contractual rights and obligations or that these contractual relationships may be terminated.

Vitamedica Europe and Cyclomedica are negotiating new distribution terms and conditions with its French distributor Cyclopharma Laboratoiries S.A. (CLSA). Cyclopharm Group's legal advice is that

the existing distribution agreement expires on 31 March 2006. CLSA have put the Cyclopharm Group on notice that it disputes the expiry of the existing agreement and is seeking to extend the existing distribution arrangements. Whilst no legal action between the parties has commenced, there remains a risk that the distribution of product into the French market may be disrupted.

Insurance
Insurance of risks associated with industrial manufacturing companies is sometimes unavailable and may attract large premiums. Accordingly, no assurance can be given that the Cyclopharm Group will be able to obtain such insurance coverage at reasonable rates or at all, or that any coverage it arranges will be adequate and able to cover any such claims. In addition, the Cyclopharm Group's product liability insurance contains standard exclusions from cover in respect of any warranties given by the Cyclopharm Group, for defects in the design or manufacture of the products themselves, where liability is assumed under any contract entered into by the Cyclopharm Group or for work done outside Australia. If the Cyclopharm Group incurs uninsured losses or liabilities, this could have a material adverse affect on financial performance and position of Cyclopharm.

Reputation
The performance of the Cyclopharm Group's products is critical to its reputation and to its ability to achieve market acceptance of these products. Any product failure could have a material adverse effect on the Cyclopharm Group's reputation as a supplier of these products.

Growth Management
The development of the Cyclopharm Group may place a significant strain on its managerial, operational and financial resources. To manage its potential growth, the Cyclopharm Group must successfully implement management, operational and financial systems. There can be no assurance that the Cyclopharm Group will be able to manage effectively the implementation of such systems. Inability to manage growth could have a material adverse effect on the Cyclopharm Group. There is no assurance that the recent growth of the Cyclopharm Group can be maintained or is indicative of future profitability.

Acquisitions
Cyclopharm may assess strategic acquisitions as one of its growth strategies. There can be no assurance that Cyclopharm will be able to successfully identify, acquire or integrate such businesses.

The consideration payable in respect of any such acquisitions may consist wholly or partly of new Shares issued to the vendors, in which case the shareholding of existing Shareholders will be diluted. Further, Cyclopharm may seek to raise additional capital, in order to fund such acquisitions, or for other purposes, by the issue of new Shares. This may also have the effect of diluting the shareholding of Shareholders.

Capital Expenditure
Cyclopharm's budgeting is based on certain assumptions in relation to the level of capital expenditure required to maintain its operations. If the level of capital expenditure required is higher than expected, or if capital expenditure must be undertaken earlier than anticipated, or if there is significant operational failure requiring capital expenditure, the financial performance of Cyclopharm may be adversely affected.

Funding
While Cyclopharm believes it will have sufficient funds to meet all of its current growth and capital requirements, Cyclopharm may seek to exploit opportunities of a kind that will require it to raise additional capital from equity or debt sources. It is difficult to predict the level of funding required with accuracy. Any additional equity financing may be dilutive to Shareholders, and debt financing, if available, may involve restrictions on financing and operating activities. There can be no assurance that Cyclopharm will be able to raise such financing on favourable terms or at all.

Currency and Exchange Rate Fluctuations
The financial contribution to the Cyclopharm Group of the Technegas System will depend on the movement in exchange rates between the Australian dollar and a number of foreign currencies, particularly the Euro.

The exchange rate between various currencies may fluctuate substantially and the result of these fluctuations may have a material adverse impact on Cyclopharm's operating results and financial position. In the long term, Cyclopharm's ability to compete against imported products may be

adversely affected by an expectation of a sustained period of a high Australian dollar that would reduce the Cyclopharm Group's price competitiveness.

The majority of the Cyclopharm Group's expenses are currently payable in Australian dollars. The Cyclopharm Group also supplies its product to overseas markets and hence is exposed to movements in the A$ exchange rate. The Cyclopharm Group does not enter into forward exchange contracts to hedge its anticipated purchase and sale commitments denominated in foreign currencies. Therefore, Cyclopharm is exposed to exchange rate fluctuations.

Overseas investors may be affected by instability in their currencies and their financial markets, which may affect the value of their investment in Australian equities, including in Cyclopharm.

Litigation
So far as the Directors are aware (but at the date of this Prospectus the results of overseas searches are yet to be received by Cyclopharm) there are no claims or legal arbitration proceedings which are likely to have a significant effect on the business, financial position or financial condition of the Cyclopharm Group beyond the provisions included in the consolidated financial statements.

Various members of the Vita Life group are subject to actual and potential claims and legal or arbitration proceedings. The potential magnitude is assessed as is the prospects of defending the claim, along with the prospects of recouping all or part of the claim from the claimant or third parties, including insurers. When appropriate, provisions against these claims have been raised in the consolidated financial statements.

The Directors believe, however, that it is appropriate to set out specific reference in this Prospectus to the following matters:

- Cyclomedica is currently suing a former distributor in Germany for non payment of amounts due of approximately €198,784. In return, the former distributor has made a claim for wrongful termination.

- MDS Nordion SA sued Vita Medical Limited (VML) (not part of the Cyclopharm Group) and other parties in two separate legal actions in Australia and France in 2002. The proceedings seek damages for alleged wrongful termination of a distribution agreement in 2000 between the parties in the sum of approximately €14.6 million. VML has filed a defense and counter claim. The proceedings in Australia have proceeded to mediation but could not be settled. The Australian matter has not been set down for trial and the French proceeding is expected to be heard in May 2006. VML and Cyclopharm have certain common directors and, as part of this commercial transaction, Vita Medical has purchased the business of VML, subject to approval at the Meetings. Were VML to have damages awarded against it, which the Directors do not concede or accept as likely, the security charges and guarantees that the Noteholders have over VML would operate and the Noteholders would have priority over any claim MDS Nordion SA would make as a creditor of VML. MDS Nordion SA have been made aware of this.

- In December 2003, Kate Helena Fraser and Global Herbs Pty Ltd issued proceedings in the Supreme Court of New South Wales against Vita Life and a subsidiary (not part of the Cyclopharm Group) for breach of contract in the sum of A$750,000 and release from a 5 year restraint of business and competition with the Vita Life group. The defendants have filed a defense and cross claimed for breach of contracts and warranties.

- Ms Pang Mui Hua has lodged a Notice of Claim against various Vita Life group companies (not part of the Cyclopharm Group) in the Supreme Court (Civil) of New South Wales claiming 2,698,260 of 6,869,151 Vita Life shares presently held by the New South Wales Sheriff. The 6,869,151 shares have been levied by the New South Wales Sheriff to satisfy a judgment obtained by the Vita Life group against Mr Seng Meng Pang, a Singaporean undischarged bankrupt. The 2,698,260 shares in Vita Life claimed by Ms Pang were formerly held in the name of Mr Seng Meng Pang. Ms Pang claims the Vita Life shares pursuant to an alleged sale and purchase agreement. The sale and purchase agreement purports to sell to Ms Pang 2,910 shares in American Nutritionals Inc and the 2,698,260 Vita Life shares held by Pang Seng Meng. The Vita Life group take the view that the purported sale of the shares may have been a transaction at undervalue, an unfair preference or a conveyance to defraud creditors. Further the Singaporean Official Assignee of Mr Seng Meng Pang may be able to set aside the purported sale of the shares and claim the same as part of the bankruptcy estate of Mr Seng

Meng Pang. The New South Wales proceedings in which Ms Pang has lodged the Notice of Claim are ongoing.

- A Director of Vita Life and Cyclopharm, Mr Townsing, is also an executive of the venture capital companies Normandy Finance & Investments Asia Ltd and CVC Venture Managers. Refer to "Directors Interests and Remuneration" on page 48. In his capacity as a nominee of a Normandy group company (unrelated to the Cyclopharm Group) Mr Townsing became a director of a Singapore domiciled private company to which the Normandy group company loaned money. The Singapore company defaulted on the loan and Normandy sought to recover its loan. Subsequently the Singapore company, in civil proceedings, sued Mr Townsing and gained judgment against him for breach of his duty as a director and was awarded damages. Mr Townsing has appealed the decision following receipt of legal advice that he has good grounds to do so. The appeal is expected to be heard later in 2006.

- Vita Life and a subsidiary (not part of the Cyclopharm Group) issued proceedings in 2005 against Arthur Andersen and Ernst & Young in Singapore. Vita Life and its subsidiary seek damages for negligence in the preparation of and/or misstatements in their audit reports of the subsidiary and damages for the breach of duty and terms of the audit agreement. The damages claimed by Vita Life are yet to be fully quantified. Arthur Andersen and Ernst & Young are yet to file their defences.

The Directors or Board are not aware of any other litigation.

Occupational Health and Safety
In common with many industrial companies, the Cyclopharm Group faces the risk of work place injuries which may result in workers' compensation claims, related common law claims and potential occupational health and safety prosecutions. Further, the production processes used in conducting the Cyclopharm Group's business can be dangerous. The Cyclopharm Group has in place a range of practices and policies which seek to provide a safe and healthy working environment for its employees, customers and visitors.

While the Cyclopharm Group believes that appropriate safeguards have been put in place by the Cyclopharm Group, such production processes could result in serious injury to employees or other persons and give rise to liability under occupational health and safety laws and regulations and also under the general law.

Suppliers and Prices
The Cyclopharm Group depends upon a range of suppliers. If one or more is unable to supply commodities on their usual terms, ability to substitute alternative sources in order to service their customers may be inhibited.

Components are a significant input into the Cyclopharm Group's manufacturing process. Any changes to the terms of trade for components, particularly in relation to pricing or maximum/minimum quotas or disruption to supply, may adversely affect Cyclopharm's operating and financial performance.

There can be no guarantee given that the Cyclopharm Group can pass on price increases to customers or maintain its margins or that customer demand will not be adversely affected by product price rises.

General Risk Factors

Economic Conditions
The performance of the Cyclopharm Group may be influenced by the general condition of the Australian and overseas economies in which the Cyclopharm Group operates. Movements in the currencies in which Cyclopharm has to deal, changes in interest rates, employment rates, inflation, consumer spending and government policy may affect sales and operating profits. Changes in economic conditions may result in medical institutions and hospitals changing spending patterns or their level of consumption of the Technegas System, or even delaying the decision to introduce it, which may have an adverse impact upon Cyclopharm's operating and financial performance.

Doing Business Internationally
As the Cyclopharm Group will be and is operating in numerous countries, the Cyclopharm Group will be exposed to risks such as unexpected changes in regulatory requirements (including taxation), longer payment cycles, problems in collecting debts, fluctuation in currency exchange rates, foreign exchange controls which restrict or prohibit repatriation of funds and potentially adverse tax consequences, all of which could adversely impact on Cyclopharm.

The Cyclopharm Group currently requires, and in the future may require further, licenses to operate in foreign countries which may be difficult to obtain and retain depending on government policies and political circumstances.

Hostilities, Act of Terrorism and Politics
War or problematic trade or international relations may affect the ability of the Cyclopharm Group to export product to or import product from certain territories. Acts of terrorism or an outbreak of international hostilities may also adversely affect consumer confidence and lead to a downturn in customer spending. However, given the nature of business and spending on medical services, these activities may have negative, nil or beneficial impact on Cyclopharm's operating and financial performance.

Not on Share Market
There are a number of risks associated with any stock market investment but equally there are risks in holding an unlisted investment. There can be no guarantee that any market in the Shares will develop or continue. If a market does not develop or is not sustained, it may be difficult for investors to sell their Shares at a price that is attractive to them or at all.

The price at which the Shares will trade, if at all, may be affected by the financial performance of Cyclopharm and by numerous external factors over which the Directors and Cyclopharm have no control. These factors include availability of buyers, movement in local and international stock exchanges, local interest rates and exchange rates, domestic and international economic and political conditions, government taxation, market supply and demand and other legal, regulatory or policy changes. No assurance can be given that Cyclopharm's performance will not be adversely impacted by such market fluctuations or factors or the illiquidity of the Shares.

Regulatory
Changes in relevant taxes (including GST), legal and administrative regimes and government policies may adversely affect the financial performance of Cyclopharm. Any changes to the current rates of company income tax will impact on Shareholders' returns both in terms of profits that Cyclopharm may be able to distribute as dividends and the level of franking credits available to frank any future dividends. Any change to the current rate of income tax applying to individuals and trusts will similarly impact on Shareholder returns.

Change in Accounting or Financial Reporting
Cyclopharm was incorporated on 31 October 2005 and therefore must comply with the Australian equivalents to International Financial Reporting Standards (A-IFRS) as issued by the Australian Accounting Standards Board. These reporting standards are to be applied from 1 January 2005. Any future changes to A-IFRS may impact the financial results of Cyclopharm.

Reliance on Key Items of Equipment
The Cyclopharm Group relies on certain items of equipment to undertake the manufacturing process. The level of equipment productivity, availability and obsolescence, the effectiveness of plant maintenance and new equipment performance, together with unexpected mechanical failure or breakdown may adversely affect Cyclopharm's operating and financial performance.

Information Technology
Information technology is important to the success of the Cyclopharm Group's business as is the information technology and automation of its suppliers and distributors. For itself, the Cyclopharm Group guards against systems failures by having back-up facilities (including business recovery plans for restoring information) employing skilled staff to monitor and maintain those systems, and maintaining comprehensive computer breakdown insurance. In contracting with its suppliers and distributors, the Cyclopharm Group seeks to ensure that the same applies to those with whom it has dealings.

The Cyclopharm Group has invested in management information and telecommunications systems designed to facilitate the Cyclopharm Group's operations. While the Cyclopharm Group has

information technology disaster recovery plans in place, system failures may adversely impact on the Cyclopharm Group's performance.

Intellectual Property Rights
The Cyclopharm Group's success may be affected by its ability to maintain patent protection for products and processes, to preserve its trade secrets and to operate without infringing the proprietary rights of third parties.

- *Patents*
  Unless challenged the validity of a patent or trademark may be assumed. Any patent or trademark may be challenged on a number of grounds but the onus is on the party seeking revocation to establish those grounds.

  All patents and trademarks require renewal at regular dates and if not renewed will expire. It is the Cyclopharm Group's practice to renew its patents and trademarks as required. The Directors note that whilst some patents have not been renewed, or remain to be transferred or licensed to Cyclopharm Group companies, there remains sufficient protection in these countries through other patent arrangements in place or being put in place.

  The validity and breadth of claims covered in patents involve complex legal and factual questions and therefore may be highly uncertain. No assurance can be given that the pending applications will result in patents being issued, that such patents or the current patents will provide a competitive advantage or that competitors of the Cyclopharm Group will not design around any patents issued. Further, any information contained in the patent applications will become part of the public domain, so that it will not be protected as confidential information. As legal regulations and standards relating to the validity and scope of patents evolve, the degree of future protection of the Cyclopharm Group's proprietary rights is uncertain. However, those regulations and standards in the field of nuclear medicine (in which the Cyclopharm Group's technology resides) are relatively well established and non-controversial.

- *Confidentiality and Non-disclosure*
  There can be no assurance that the Cyclopharm Group's confidentiality or non-disclosure agreements and other safeguards will protect its proprietary information and know how or provide adequate remedies for the Cyclopharm Group in the event of unauthorized use or disclosure or such information or that others will not be able to independently develop such information.

- *Litigation*
  Litigation, which could result in substantial cost to and diversion of effort by the Cyclopharm Group, may be necessary to enforce patents, to protect trade secrets or know-how, to defend against claimed infringement of the rights of others or to determine the ownership, scope or validity of the proprietary rights of the Cyclopharm Group and others. An adverse determination in any such litigation could subject the Cyclopharm Group to significant liabilities to third parties, require the Cyclopharm Group to seek licences from third parties or prevent the Cyclopharm Group from using its technology.

  Furthermore, such disputes may require the Cyclopharm Group to develop non-infringing technology or seek to negotiate or enter into royalty or licensing agreements. Such agreements, even if necessary, may not be negotiable on terms acceptable to the Cyclopharm Group, if at all. Also, the Cyclopharm Group may be unable to develop non-infringing technology.

- *Third Party Challenge*
  No assurance can be given that others will not challenge the ownership or validity of the Cyclopharm Group's rights in its technology, a licensor's rights in relevant technology or the underlying patents or other intellectual rights in relevant technology.

- *Cost of Protection*
  The costs of seeking to protect the Cyclopharm Group's technology, trade secrets and proprietary information or in applying for or obtaining patents, particularly overseas, can be prohibitively expensive or not commercially practical. There is added difficulty at present in that with the re-organisation of the Vita Life group some intellectual property rights have been transferred pursuant to sale of business agreements, but the formalities of transferring those rights into the names of Cyclopharm Group companies remains to occur. After the Meetings

approve the underlying transactions, the Directors are committed to taking active steps to address these concerns.

Regulatory
The Technegas System is required to be registered with the relevant regulatory bodies in each country. If for any reason such product registrations are withdrawn, cancelled (or otherwise lose their registered status) or are not renewed, it would have a significant effect on the sales of products which rely on them in the relevant country or countries.

The Cyclopharm Group's manufacturing does not involve the emission of any environmentally sensitive materials and the Cyclopharm Group is not required to hold any environmental licence or consent under the Environmental Protection Act (C'wlth). It is possible that this could change with the development of new products and any additional regulatory requirements could impact the profitability of the group.

The Cyclopharm Group has obtained a Certificate of Device listing on the Australian Register of Therapeutic Goods Register for the Technegas System and must retain a current listing while it continues to produce the Technegas System.

In addition, a number of Cyclopharm Group company documents are to be executed by all parties or have stamp duty assessed where required as they are pending approval at the Meetings. The Directors are committed to completing this documentation at the appropriate time.

Loss of key customers
Cyclopharm's financial result could be adversely affected by the loss of large customers, a change in the terms of business with a large customer, or by such customers not adequately or fully complying with their respective contractual rights and obligations.

Gould Ralph & Company Chartered Accountants

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The Directors
Vita Life Sciences Limited
Building 75, Business & Technology Park
New Illawarra Road
LUCAS HEIGHTS NSW 2234

27 March 2006

The Directors
Cyclopharm Limited
Building 75, Business & Technology Park
New Illawarra Road
LUCAS HEIGHTS NSW 2234

Dear Sirs

INDEPENDENT ACCOUNTANT'S REPORT

1. INTRODUCTION

We have prepared this Independent Accountant's Report at the request of the Directors of Vita Life Sciences Limited ("Vita Life") and Cyclopharm Limited ("Cyclopharm" or the "Company") for inclusion in a Prospectus to be dated on or about 27 March 2006.

The Prospectus invites participation in the sale by Vita Life of up to 28,571,429 Exchange Shares in Cyclopharm at $0.21 per share to raise up to $6,000,000 and Rights at $0.05 each for Rights Issue Shares which are exercisable at no further cost.

The purpose of this report is to provide an understanding of the financial position of Cyclopharm as at 31 December 2005; illustrate the proforma financial position of Cyclopharm and its proposed subsidiary companies (which transactions are subject to Vita Life Noteholder and Shareholder approval) at 31 December 2005; and provide an illustration of the historical consolidated results of the companies that are intended to comprise the Cyclopharm Group for the year ended 31 December 2005, as are relevant in the circumstances.

This report does not address the rights attaching to the shares to be transferred or issued in accordance with the prospectus, the risks associated with the investment, nor forms the basis of an independent expert's opinion with respect to a valuation of Cyclopharm or a valuation of the share sale price of 21 cents or the Rights price of 5 cents.

2. BACKGROUND

Cyclopharm was incorporated as a public company on 31 October 2005 and, at the date of this report, is wholly owned by Vita Life.

Subsequent to incorporation, Cyclopharm has entered into various agreements with Vita Life and related companies to acquire certain subsidiaries of Vita Life that collectively constitute the radiopharmaceutical business (including the Technegas business), hitherto operated as part of the Vita Life group. These acquisitions are subject to Vita Life Shareholder and Noteholder approval at meetings to be held on 12 April 2006.

Details of the proposed Cyclopharm subsidiaries are set out in Table 1 as follows:

Table 1 – Details of Proposed Cyclopharm Subsidiaries

Entity and activity	**Place of Incorporation**	**Equity Interest**
Cyclopharm Limited - holding company	Australia	
Vita Medical Australia Pty Ltd - manufacturer of Technegas products	Australia	100%
Vitamedica Europe Ltd - holding company	Ireland	100%
Subsidiaries of Vitamedica Europe Ltd:		
Cyclomedica Europe Ltd - Master distributor in Europe, Africa and Middle East	Ireland	50%
Cyclomedica Germany GMbH - German distributor and service agent	Germany	100%
Vitamedica Canada Ltd - Canadian distributor and service agent	Canada	100%
Allrad No 28 Pty Ltd - holds Technegas and Thrombotrace patents	Australia	100%
Allrad No 29 Pty Ltd - holds Technegas and Thrombotrace patents	Australia	100%

The proposed corporate structure of Cyclopharm is set out in the "Overview of Cyclopharm" section of the Prospectus.

Pursuant to the acquisitions, Cyclopharm will be indebted to Vita Life in the approximate sum of $6,000,000. The Directors of Cyclopharm intend to fund the settlement of this debt by bank borrowings (termed "Senior Debt" in the Prospectus) which will be secured by the Cyclopharm Group assets and undertakings.

We further understand that subject to the approval of the restructuring of the Cyclopharm Group, it is the intention of the Directors of Vita Life to offer shares in Cyclopharm in partial settlement of Vita Life Notes and cash with a view to discharging the Notes in their entirety.

3. **SCOPE OF WORK**

You have requested Gould Ralph & Company prepare a Report for inclusion in the Prospectus, dealing with the following financial information:

- A Summary Income Statement of Cyclopharm for the period from incorporation (31 October 2005) to 31 December 2005 and a Summary Balance Sheet of the Company as at that date;
- A Summary Income Statement of Cyclopharm for the period from incorporation (31 October 2005) to 31 December 2005 and a proforma Summary Balance Sheet of the Company as at that date, assuming the acquisitions were completed on 31 December 2005; and
- A Summary Income Statement illustrating the consolidated historical results of the entities that are intended to comprise the Cyclopharm Group for the year ended 31 December 2005 and a Summary Proforma Consolidated Balance Sheet of the proposed Cyclopharm Group as at 31 December 2005.

We caution that the historical consolidated income statement does not take into account the financial effects of future expected transactions such as finance costs associated with Cyclopharm's proposed Senior Debt, nor does it recognise management's anticipated increases in revenues, such as arising from improved product pricing or other normalisation adjustments. The historical consolidated results are not intended to represent forecasts or be indicative of future performance. Accordingly the consolidated historical results are not appropriate for extrapolation to future periods and should not be used for that purpose.

Similarly, the proforma balance sheets do not recognise transaction costs involved in the acquisitions and Offer, including related party fees proposed by management in connection with the transactions. The offer costs, estimated to be in the order of $705,968 as set out in the "Additional Information - Summary of Offer Costs" section of the Prospectus are to be borne equally by Vita Life and Cyclopharm.

Review of Historical Financial Information and Pro-forma Financial Information

The 31 December 2005 historical financial statements of the relevant entities were subjected to statutory audit by Gould Ralph & Company in accord with Australian Auditing Standards and the Corporations Act.

We have conducted an independent review of the historical summary financial statements and proforma summary financial statements at 31 December 2005 in order to express an opinion on their preparation and presentation. The Company's directors are responsible for the financial statements from which the information in the Annexure has been extracted.

We undertook the 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 summary adjusted historical summary financial statements and proforma summary financial statements are not presented fairly in accordance with the measurement requirements of applicable Accounting Standards, other mandatory professional reporting requirements in Australia and the assumptions set out above. Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements.

We made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances including:-

(a) Review of the financial statements;

(b) Analytical review procedures applied to the financial data;

(c) Comparison of consistency in application of applicable accounting standards and accounting policies;

(d) Review of work papers, accounting records and other documents; and

(e) Inquiry of Directors, management and Others.

These review procedures were substantially less in scope than an audit examination conducted in accordance with Australian Auditing Standards, the purposes of which is the expression of an opinion on the financial statements. Accordingly, we do not express such an opinion.

The opinion expressed in this report has been formed on the above basis.

4. **OPINION**

In our opinion, the summary financial statements, comprising the summary income statements, summary balance sheets and notes thereto, have been properly prepared in accordance with the recognition and measurement principles (but not necessarily all the disclosure requirements) prescribed in Accounting Standards and other mandatory professional reporting requirements and the accounting policies adopted by the Cyclopharm Group described in the Annexure.

Accordingly:

(a) Based on our review of the historical summary Balance Sheet and Income Statement of Cyclopharm as at and for the period ended 31 December 2005, as set out in the Annexure, nothing has come to our attention which causes us to believe that those financial statements do not present fairly the financial position of Cyclopharm as at 31 December 2005, and its income for the period ended 31 December 2005;

(b) Based on our review of the proforma summary Balance Sheet and Income Statement of Cyclopharm as at and for the period ended 31 December 2005, as set out in the Annexure, nothing has come to our attention which causes us to believe that the proforma summary financial statements of Cyclopharm do not present fairly the financial position of Cyclopharm as at 31 December 2005, and its income for the period ended 31 December 2005 as if the acquisitions had been completed and the proposed Cyclopharm Group had been constituted at that date;

(c) Based on our review of the proforma consolidated summary financial statements of the Cyclopharm Group for the year ended 31 December 2005, as set out in the Annexure, nothing has come to our attention which causes us to believe that the proforma consolidated summary financial statements of Cyclopharm do not present fairly the financial position of Cyclopharm as at 31 December 2005, and the consolidated income of the entities intended to comprise the Cyclopharm Group for the year ended 31 December 2005 as if the acquisitions had been completed and the proposed Cyclopharm Group had been constituted at the beginning of that year;

5. SUBSEQUENT EVENTS

Apart from the matters dealt with in the report, and having regard to the scope of our report, to the best of our knowledge and belief, no material items, transactions or events outside of the ordinary business of the proposed Cyclopharm Group have come to our attention which would require comment on, or adjustment to, the information referred to in our report or that would cause the information to be misleading or deceptive.

6. INDEPENDENCE DISCLOSURE

Gould Ralph & Company does not have any pecuniary interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in relation to this report. Gould Ralph & Company will receive a professional fee for the preparation of this Report. Additionally, Gould Ralph & Company act as statutory auditors of Cyclopharm and an associated entity, Gould Ralph Pty Ltd, has been appointed to provide public share registry services to Cyclopharm. Gould Ralph & Company also act as statutory auditors of Vita Life and Gould Ralph Pty Ltd provides share registry and taxation services to Vita Life.

The partners of Gould Ralph & Company do not have any interest in any shares of the Company, Vita Life or its subsidiaries.

Consent has been given to the inclusion of this Independent Accountant's Report in the Prospectus in the form and context in which it appears. However, the giving of this consent should not be taken as an endorsement of Cyclopharm or a recommendation by the author of any participation in the offer by intending investors. Neither the author nor Gould Ralph & Company gives any assurance or guarantee whatsoever with respect to the future success of, or financial returns associated with, the subscription for shares being offered pursuant to this Prospectus.

Yours faithfully
GOULD RALPH & COMPANY

GREGORY RALPH M.Com, F.C.A.
Partner

ANNEXURE

CYCLOPHARM LIMITED

Summary Income Statements

for the year ended 31 December 2005

	Note	Company Actual 31 Dec 2005 (Reviewed) $	Company Proforma 31 Dec 2005 (Reviewed) $	Consolidated Proforma 31 Dec 2005 (Reviewed) $
Continuing operations				
Revenue				
Sale of goods		-	-	8,806,252
Finance income		-	-	210,420
Other revenue				109,070
		-	-	9,125,742
Raw Materials and consumables used		-	-	(2,027,960)
Employee benefits expense		-	-	(2,016,271)
Advertising and promotion expenditure		-	-	(66,706)
Depreciation and amortisation expense		-	-	(78,878)
Finance costs		-	-	(60,064)
Research and development costs		-	-	(113,115)
Administration expense		-	-	(1,516,600)
Other expenses		-	-	(586,649)
Profit before income tax expense		**-**	**-**	**2,659,498**
Income tax expense		-	-	(249,327)
Profit for the period		**-**	**-**	**2,410,171**
Profit attributable to minority interest		-	-	(54,736)
Profit attributable to members of the parent entity		**-**	**-**	**2,355,435**

The income statement should be read in conjunction with the accompanying notes.

CYCLOPHARM LIMITED

Summary Balance Sheets

as at 31 December 2005

	Note	Company Actual 31 Dec 2005 (Reviewed) $	Company Proforma 31 Dec 2005 (Reviewed) $	Consolidated Proforma 31 Dec 2005 (Reviewed) $
ASSETS				
Current Assets				
Cash and cash equivalents	3	10	10	152,562
Receivables	4	-	-	2,606,211
Inventories	5	-	-	1,217,353
Current tax asset		-	-	120,471
Deferred tax asset		-	-	5,572
Prepayments		-	-	157,826
Total Current Assets		10	10	4,259,996
Non-Current Assets				
Financial assets	6	-	8,952,743	-
Property, plant and equipment	7	-	-	1,088,526
Intangible assets	8	-	-	6,204,564
Total Non-Current Assets		-	8,952,743	7,293,089
Total Assets		10	8,952,753	11,553,086
LIABILITIES				
Current Liabilities				
Trade and other payables	9	-	-	1,588,135
Borrowings	10	-	-	9,116
Income tax payable				249,327
Provisions	11	-	-	146,443
Total Current Liabilities		-	-	1,993,021
Non Current Liabilities				
Borrowings	10	-	6,000,000	6,518,705
Provisions	11	-	-	88,606
Total Non Current Liabilities		-	6,000,000	6,607,311
Total Liabilities		-	6,000,000	8,600,333
Net Assets		**10**	**2,952,753**	**2,952,753**
EQUITY				
Contributed equity	13	10	2,952,753	2,952,753
Retained profits/ (accumulated losses)		-	-	-
Parent entity interest		10	2,952,753	2,952,753
Minority interest	14	-	-	-
Total equity		**10**	**2,952,753**	**2,952,753**

The balance sheet should be read in conjunction with the accompanying notes.

CYCLOPHARM LIMITED
Notes to the financial statements as at 31 December 2005

1. Summary of significant accounting policies

(a) Basis of Preparation

The summary financial statements have been prepared on a historical cost basis.

The summary financial statements represent a special-purpose financial report, in that they do not disclose all of the information required in general purpose financial reports prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards.

(b) Statement of compliance

The financial report complies with the recognition and measurement requirements (but not necessarily all the disclosure requirements) of Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standard ('AIFRS').

(c) Basis of consolidation

The consolidated proforma financial statements comprise the financial statements of Cyclopharm Limited and its proposed subsidiaries as at 31 December 2005("the Group").

The financial statements of subsidiaries are prepared using consistent accounting policies.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Each subsidiary has been included in the consolidated financial statements using the purchase method of accounting, which measures the acquiree's assets and liabilities at their fair value at acquisition date. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

Minority interests represent the interests in Cyclomedica Europe Limited (50%), not held by the Group.

(d) Foreign currency translation

Both the functional and presentation currency of Cyclopharm Limited and its Australian subsidiaries is Australian dollars (A$).

Transactions in foreign currencies are initially recorded in the functional currency at 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 sheet date.

All differences in the consolidated financial report are taken to the income statement.

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 rates at the date when the fair value was determined.

The functional currency of the overseas subsidiaries (Vita Medica Europe Limited, Cyclomedica Europe Limited, Cyclomedica Germany GmbH, Vita Medical Canada Limited) is European euro (EUR$) and Canadian dollars (CAD$) respectively.

As at the reporting date the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of Cyclopharm Limited at the rate of exchange ruling at the balance sheet date and the income statements are translated at the weighted average exchange rates for the year.

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

CYCLOPHARM LIMITED
Notes to the financial statements as at 31 December 2005

1. Summary of significant accounting policies

(e) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

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

Plant and equipment	- 10% to 33%
Leasehold improvements	- 20% to 50%
Motor vehicle	- 20% to 25%

Impairment
The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Revaluations
Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the balance sheet unless it reverses a revaluation decrease of the same asset previously recognised in the income statement.

Any revaluation deficit is recognised in the income statement unless it directly offsets a previous surplus of the same asset in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve is made to retained earnings for the depreciation relating to the revaluation surplus.

In addition, any accumulated depreciation as at revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is derecognised.

(f) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

CYCLOPHARM LIMITED
Notes to the financial statements as at 31 December 2005

1. Summary of significant accounting policies

(g) Intangible assets

Acquired both separately and from a business combination
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, the cost model is applied to the class of intangible assets.

The useful lives of these intangible assets are assessed to be either finite or indefinite.

Where amortisation is charged on assets with finite lives, this expense is taken to the income statement through the `administrative expenses' line item.

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.

Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of indefinite lived intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Research and development costs
Research costs are expensed as incurred.

Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured.

Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Any expenditure carried forward is amortised over the period of expected future sales from the related project.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

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

	Patents and Licences	Development Costs
Useful lives	Indefinite	Finite
Method used	Not depreciated or revalued	10 years — Straight line
Internally generated / Acquired	Acquired	Internally generated
Impairment test / Recoverable amount testing	Annually and where an indicator of impairment exists	Amortisation method reviewed at each financial year-end; Reviewed annually for indicator of impairment

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

1. Summary of significant accounting policies

(h) Recoverable amount of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(i) Inventories

Inventories are valued at the lower of cost and net realisable value.
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.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(j) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(k) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

(l) 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.

Gains and losses are recognised in the income statement when the liabilities are derecognised and as well as through the amortisation process.

1. Summary of significant accounting policies

(m) 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 income statement 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.

(n) Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(o) Revenue

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
Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

Interest
Revenue is recognised as the interest accrues (using the effective interest 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.

CYCLOPHARM LIMITED
Notes to the financial statements as at 31 December 2005

1. Summary of significant accounting policies

(p) Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases 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 *AASB 112.34* 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 sheet 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.

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 sheet date.

(q) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2. Proforma Statements

The proforma income statement reflects the actual historical results for the year ended 31 December 2005, on a consolidated basis, of the operations of the entities that are proposed to comprise the Cyclopharm Group. The proforma historical consolidated income statement is not intended to provide a forecast of future performance and does not include allowances for expected future costs, such as expected future finance costs nor does it recognise any additional revenues, such as anticipated benefits from pricing adjustments, or other "normalisation" adjustments.

The proforma balance sheets set out the assets and liabilities of the consolidated Cyclopharm Group on the assumption that the acquisition of the proposed subsidiary entities had been completed at 31 December 2005. No recognition has been provided with respect to any transaction costs associated with the acquisitions or the share issues. These acquisitions are subject to Vita Life Shareholder and Noteholder approval.

CYCLOPHARM LIMITED
Notes to the financial statements as at 31 December 2005

	Note	Company Actual 31 Dec 2005 (Reviewed) $	Company Proforma 31 Dec 2005 (Reviewed) $	Consolidated Proforma 31 Dec 2005 (Reviewed) $
3. Cash and cash equivalents				
Cash		10	10	152,562
		10	10	152,562
4. Receivables				
Current				
Trade debtors		-	-	2,776,176
Provision for doubtful debts		-	-	(448,693)
		-	-	2,327,483
Other debtors		-	-	278,728
		-	-	2,606,211
5. Inventories				
Raw materials - at cost		-	-	552,278
Finished goods - at lower of cost or net realisable value		-	-	665,076
		-	-	1,217,353
6. Financial assets				
Investment in controlled entities		-	8,952,743	-
		-	8,952,743	-
7. Property, plant and equipment				
Leasehold improvements				
At cost		-	-	198,851
Accumulated depreciation		-	-	(163,933)
		-	-	34,918
Plant and equipment				
At cost		-	-	1,748,355
Accumulated depreciation		-	-	(702,213)
		-	-	1,046,142
Leased plant and equipment				
At cost		-	-	156,590
Accumulated depreciation		-	-	(149,125)
		-	-	7,465
Total carrying value		-	-	1,088,526

CYCLOPHARM LIMITED
Notes to the financial statements as at 31 December 2005

	Note	Company Actual 31 Dec 2005 (Reviewed) $	Company Proforma 31 Dec 2005 (Reviewed) $	Consolidated Proforma 31 Dec 2005 (Reviewed) $
8. Intangible assets				
Intellectual property - at cost		-	-	17,666
Accumulated amortisation		-	-	(15,287)
		-	-	2,379
Product development costs - at cost		-	-	202,185
Goodwill		-	-	6,000,000
		-	-	6,204,564
9. Current trade and other payables				
Trade creditors		-	-	1,094,297
Other creditors and accruals		-	-	493,839
		-	-	1,588,135
10. Borrowings				
Secured				
At amortised cost				
Finance lease liabilities (i)		-	-	9,116
		-	-	9,116
Unsecured				
Loans from related entities		-	6,000,000	6,518,705
(i) Secured by the assets leased				
11. Provisions				
Current				
Employee benefits		-	-	108,943
Warranties		-	-	7,500
Other		-	-	30,000
		-	-	146,443
Non current				
Employee benefits		-	-	88,606
		-	-	88,606

CYCLOPHARM LIMITED
Notes to the financial statements as at 31 December 2005

	Note	Company Actual 31 Dec 2005 (Reviewed) $	Company Proforma 31 Dec 2005 (Reviewed) $	Consolidated Proforma 31 Dec 2005 (Reviewed) $
13. Contributed equity				
Issued and paid up capital				
106,666,667 (Historical - 10) Ordinary shares , fully paid		10	2,952,753	2,952,753

14. Minority interest	
Minority interest in controlled entities comprise:	
Interest in share capital	7,994
Interest in retained profits at end of year	(66,077)
Interest in reserves	(8,734)
Minority interest in controlled entities	(66,817)
Negative minority interests assumed by parent	66,817
Minority interest recognised	-

15. Segments

Geographic Segments

Proforma Year Ended 2005	Australia $	Asia $	Europe $	Canada $	Other $	Consolidated $
Sales Revenue	1,715,691	311,507	5,535,353	1,115,170	128,530	8,806,252
Other	319,490	-	-	-	-	319,490
Total revenue	2,035,181	311,507	5,535,353	1,115,170	128,530	9,125,741
Segment operating profit/ (loss) before income tax and minority interest	(940,974)	(22,870)	2,692,799	930,543	-	2,659,498
Income tax expense	-	-	(249,327)	-	-	(249,327)
Profit from ordinary activities after income tax	(940,974)	(22,870)	2,443,472	930,543	-	2,410,171

The basis of inter-segment pricing is determined on an arm's length basis.

Industry Segments

The economic entity operates wholly within the one industry segment, being the manufacture and sale of medical diagnostic equipment.

	Note	Company Actual 31 Dec 2005 (Reviewed) $	Company Proforma 31 Dec 2005 (Reviewed) $	Consolidated Proforma 31 Dec 2005 (Reviewed) $

16. Amounts payable/receivable in foreign currencies

The Australian dollar equivalents of unhedged amounts payable or receivable in foreign currencies, calculated at year end exchange rates are as follows:

United states dollars	
Amounts receivable	
Current	15,016
Euros	
Amounts payable	
Current	747,608
Amounts receivable	
Current	7,948,104
Canadian dollars	
Amounts receivable	
Current	446,664

17. Additional financial instruments disclosure

(a) Interest rate risk

	Note	Weighted average interest rate	Floating interest rate	Fixed interest maturing in 1 year or less	1 to 5 years	More than 5 years	Non-interest bearing	Total
2005								
Financial assets								
Cash assets	3	3.65%	152,562	-	-	-	-	152,562
Receivables	4	-	-	-	-	-	2,606,211	2,606,211
			152,562	-	-	-	2,606,211	2,758,773
Financial liabilities								
Payables	9	-	-	-	-	-	1,588,135	1,588,135
Loans	10	(i)	-	-	-	-	6,518,705	6,518,705
Lease liabilities	10	10.05%	-	9,116	-	-	-	9,116
Employee entitlements	11	-	-	-	-	197,548	-	197,548
			-	9,116	-	197,548	8,106,841	8,313,506

(i) Proforma loan interest will be subject to future negotiation.

(b) Net fair values of financial assets and liabilities

Valuation approach

Net fair values of financial assets and liabilities are determined by the consolidated entity on the following basis:

Recognised financial instruments

The carrying amounts of bank term deposits, trade debtors, other debtors, bank overdrafts, accounts payable, bank loans, lease liabilities, dividends payable, and employee entitlements approximate fair value. lease liabilities, dividends payable, and employee entitlements approximate fair value. The net fair value of investments in unlisted shares in other corporations is determined by reference to the underlying net assets and an assessment of future maintainable earnings and cash flows of the respective corporations.

Net fair values

Recognised financial instruments

The carrying amounts and net fair values of financial assets and liabilities as at the reporting date are as follows:

		Consolidated 2005	
		Carrying amount	Net fair value
	Note	$	$
Financial assets			
Cash assets	3	152,562	152,562
Receivables	4	2,606,211	2,606,211
Financial liabilities			
Payables	9	1,588,135	1,588,135
Lease liabilities	10	9,116	9,116
Employee entitlements	11	197,548	197,548

Note 18. Contingent liabilities

Settlement of Vita Life Notes

The assets included in the proforma balance sheets are presently subject to charges securing the obligations of Vita Life to its Noteholders, which are indirectly the subject of this prospectus. Accordingly, those proforma assets are not available to Cyclopharm until the relevant charges are extinguished.

Note 19. Events subsequent to balance date

Other than as disclosed in the Prospectus and the financial statements, there has not arisen in the interval between the end of the financial period and the date of this report, any item, transaction or event of a material or unusual nature, likely in the opinion of the Directors of the Company, to effect significantly the operation of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

DIRECTORS AND SENIOR MANAGEMENT

Directors

Mr. V. R. Gould - Chairman
Bachelor of Commerce University of NSW, Master of Commerce University of NSW. Fellow of the Institute of Chartered Accountants, Australia, Fellow of the Australian Society of Certified Practising Accountants.

Vanda has broad business experience having practiced as a chartered accountant for more than 30 years. As founding Chairman in 1983 of CVC Limited (listed on the ASX) he has overseen investments in several companies involved in the health services/medical industries including Vita Medical. He is also chairman of several other private and public companies and educational establishments.

Vanda lives in Sydney and is 57 years old.

Mr. J.S. Sharman – Executive Director
Mr Sharman holds a Master of Applied Finance from Macquarie University, NSW and a Bachelor of Economics Degree from Monash University Victoria and is an Associate of the Institute of Chartered Accountants.

John has over 15 years experience in private equity, investment banking and the corporate finance market. He has extensive experience in structuring transactions, capital raisings, negotiation of key agreements, recovery and commercial strategies for performing and non-performing companies in all stages of company development.

John lives in Melbourne and is 39 years old.

Mr. H.G. Townsing - Director
Mr Townsing holds an Associate Diploma of Valuation from the Royal Melbourne Institute of Technology, Victoria.

Henry has more than 20 years' experience in corporate finance and private equity. He was a director of Vita Life from 1985 to 1992 and was reappointed a director in 2004. He is a director of Normandy Finance & Investments Asia Ltd, one of Vita Life's largest shareholders, and several other companies.

Henry lives in Melbourne and is 50 years old.

Senior Management

Mr D Rundell
David Rundell has been the Chief Executive Officer of Vita Medical Limited since May 2004. Mr Rundell has offered his resignation, which the Board of Directors has accepted. Mr Rundell's tenure as Chief Executive Officer ends during May 2006.

The Board is currently conducting an executive search to replace Mr Rundell. In the interim, and until such time as this proposal is completed, and an appropriate person can be identified as a replacement, Mr John Sharman will undertake Mr Rundell's responsibilities. Mr Sharman has been the Executive Director of Vita Life and together with Mr Rundell and Mr Townsing, has been responsible for the operations of what is now the Cyclopharm Group since June 2004.

Mr G N Phillips
Mr Phillips holds a Bachelor of Business from the Institute of Technology in Sydney. He joined the Cyclopharm Group in May 2001. Mr Phillips is the Finance Manager for the Cyclopharm Group and has 20 years commercial experience.

Graham lives in Sydney.

Mr G T Somerville
Mr Somerville holds a Certificate in Electronics and Communications from NSW TAFE.

Gary joined the then Tetley Medical Limited in July 1990 moving into the Quality Manager role to implement a quality management system to ISO9000 and thereafter an expanded role to ensure products meet regulatory requirements for sale.

Gary has 29 years experience in production, research & development, engineering, service, and quality & regulatory with previous positions at management level in production and service.

Gary is lives in Sydney.

Mr B Altmann
Mr Altmann joined the Cyclopharm Group as General Manager for Germany after the formation of Cyclomedica Germany in 2005. Bjorn and his family have had a long association in the German nuclear medicine industry and an association with the Technegas System of over 20 years.

Mr P Lim
Mr Lim joined the Cyclopharm Group as General Manager for Asia in 2003. He has had a vast experience at management level within the pharmaceutical industry and brings to the Cyclopharm Group an intimate knowledge of Asian business dealing.

Ms L McLauchlin
Ms McLauchlin joined the Cyclopharm Group as General Manager for Canada in 2003. Lynn has over 23 years experience in clinical and commercial nuclear medicine.

CORPORATE GOVERNANCE

The Company is a holding company and its main corporate governance practices, as applied to all Subsidiaries are summarised below.

Role of the Board

The board is responsible to Shareholders for the Cyclopharm Group's overall corporate governance.

The board has established and approved a board charter. Under this charter the board is responsible for:

- Consideration and approval of corporate strategies proposed by the managing director/chief executive officer (CEO) and monitoring their implementation;
- Approving, overseeing and monitoring financial and other reporting to shareholders, employees and other stakeholders of the Company;
- Ensuring that the Company has the appropriate human, financial and physical resources to execute its strategies;
- Appointing, monitoring the performance of, and removing the CEO;
- Ratifying the appointment, and where appropriate, the removal of the chief financial officer / company secretary;
- Reviewing the effectiveness of the Company's policies and procedures regarding risk management, including internal control and accounting systems; and
- Ensuring appropriate governance structures are in place including standards of ethical behaviour and a culture of corporate and social responsibility.

In addition to the eleven scheduled meetings each year, other meetings may be held at short notice as required.

Composition of the Board

The board is currently comprised of two non-executive directors and one executive director, in conformity with the Company's policy that the board not have a majority of executive directors. The Chairman, Mr V.R. Gould, is a non-executive director.

The composition of the board has been determined using the following principles:

- The Constitution of the Company provides for a minimum of three directors and a maximum of 9;
- The chair of the Board should be a Non-Executive Director;
- The board should comprise a majority of Non-Executive Directors;

- The board should have enough directors to serve on various committees of the board without overburdening the Directors or making it difficult for them to fully discharge their responsibilities; and
- The board should comprise Directors with a broad range of expertise.

Conflict of Interest
In accordance with the Corporations Act and the Company's Constitution, Directors must keep the board advised of any interest that could potentially conflict with those of the Company.

In the event that a conflict of interest may arise, involved Directors must withdraw from all deliberations concerning the matter. They are not permitted to exercise any influence over other board members.

Independent Professional Advice
Each Director has the right, subject to prior consultation with the chairman, to seek independent professional advice at the Company's expense if such advice is essential to the proper discharge of the Director's duties. The Chairman may notify other Directors of the approach with any resulting advice being made available to all other board members.

The Chairman
The Chairman is elected by the full board of Directors and is responsible for:

- Leadership of the board;
- The efficient organisation and conduct of the board's functions;
- The promotion of constructive and respectful relations between board members and between the board and management;
- Contributing to the briefing of Directors in relation to issues arising at board meetings;
- Facilitating the effective contribution of all Directors; and
- Committing the time necessary to effectively discharge the role of the chairman

Committees
To assist the board in fulfilling its duties and responsibilities, it has established the following committees:

- Audit & Risk Committee;
- Remuneration Committee.

Audit and Risk Committee
The audit committee comprises three Directors, the majority being non-executive Directors. The non-executive Directors are Mr. V.R. Gould, Chairman of the Audit Committee and Mr. H.G. Townsing. The Audit Committee's responsibilities include:

- Review procedures, and monitor and advise on the quality of financial reporting (including accounting policies and financial presentation);

- Review the proposed fees, scope, performance and outcome of external audits. However, the auditors are appointed by the board;

- Review the procedures and practices that have been implemented by management regarding internal control systems;

- Ensure that management have established and implemented a system for managing material financial and non-financial risks impacting the Company;

- Review the corporate governance practices and policies of the Company; and

- To review procedures and practices for protecting intellectual property (IP) and aligning IP to strategy.

Remuneration Committee

The Remuneration Committee currently comprises Mr. V.R. Gould, Chairman of the Remuneration Committee and Mr. H.G. Townsing.

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 for all non-executive Directors during the present financial year is nil. These Directors fees are within the aggregate approved by the shareholders.

Directors fees cover all main board activities and membership of committees. There are no additional fees for committee membership. These fees exclude any additional 'fee for service' based arrangements with the Company, which may be agreed from time to time. There were no such additional fees paid during the previous or current financial year. Agreed out of pocket expenses are payable in addition to Director's fees. It is also noted that there are not retirement or other long service benefits that accrue on appointment to the board.

Retiring non-executive Directors are not currently entitled to receive a retiree allowance.

Investment and Business Risk Management

The board, based on the recommendations of the Executive Director, Mr. John Sharman and the Directors, makes decisions on investments for the Company. The board considers that the general retention by it of the power to make the final investment or divestment decision by 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 proposed major modification 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; and
- regular reports to the board by appropriate members of the management team and/or independent advisers, outlining the nature of particular risks and highlighting measures which are either in place or can be adopted to manage or mitigate those risks.

Shareholdings by Directors

Company policy restricts trading by the Directors in their Shares (if any) to certain times and circumstances. Directors and senior executives will only be entitled to trade their Shares without restriction for up to four weeks following announcements of the Company's half yearly and preliminary final results, any detailed announcements concerning profit forecasts, and after the Company's annual general meeting.

Ethical Standards

The board endeavours to ensure that the Directors, officers and employees of Cyclopharm 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.

ADDITIONAL INFORMATION

Cyclopharm

The Company was incorporated in Victoria on 31 October 2005. Its registered office is situated at Building 75, Business and Technology Park, New Illawarra Road, Lucas Heights, NSW, 2234.

As at the date of this Prospectus the Company has 106,666,667 fully paid ordinary shares on issue. The Company has no options on issue.

Rights Attaching to the Shares

The rights attaching to all Shares are set out in the Constitution. A summary of the more significant and relevant rights and restrictions attaching to the Shares is set out below.

General Meetings

Each shareholder is entitled to receive notice of and, except in certain circumstances may attend and, subject to the shareholder having voting rights, vote at general meetings of the Company. Each shareholder is also entitled to receive all notices and other documents required to be provided to shareholders under the Constitution and the Corporations Act.

Reports and Notices

Shareholders are entitled to be present in person or by proxy or representative, to speak and, subject to the shareholder having voting rights, vote at general meetings of the Company. Shareholders may requisition general meetings in accordance with the Constitution, the Corporations Act and the ASX Listing Rules (if applicable).

Voting

At meetings of the shareholders of the Company, and subject to any rights or restrictions for the time being attached to any class or classes of shares of the Company which relate to a shareholder's voting entitlement, each shareholder present in person, or by proxy or representative is:

i. on a show of hands, entitled to one vote.

ii. on a poll, entitled to one vote for each fully paid share of the Company that the shareholder holds, and a fraction of a vote for each partly paid share of the Company that the shareholder holds where the fraction is equivalent to the proportion of the amount paid to the total amounts paid and payable on that Share. Where a shareholder has failed to pay calls and other sums due and presently payable to the Company in respect of its Shares, that shareholder is not entitled to vote at a general meeting.

Where a shareholder's Shares are deemed to be restricted securities, as defined in the ASX Listing Rules (if applicable), the shareholder will not be entitled to vote at a general meeting during a breach of the ASX Listing Rules (if applicable) relating to restricted securities or a breach of a restriction agreement by that shareholder.

Dividends

The Directors may from time to time determine a dividend to be paid to shareholders according to their rights and interests in the profits of the Company. The Directors must deem the dividend to be justified by the profits of the Company. Interest is not payable by the Company in respect of any dividend on Shares. All dividends declared may be paid in cash, by the issue of shares of the Company, by the granting of options of the Company or by the transfer of assets.

Winding Up

If the Company is wound up and the liquidator has satisfied the claims of all preferred creditors in accordance with the Corporations Act the liquidator may, with the sanction of a special resolution, divide among the members in proportion to the capital paid up on the Shares the whole or any part of the remaining property of the Company and may set the value on any such property and may, subject to the Corporations Act, determine how such division is to be carried out. The liquidator may also, with the sanction of a special resolution, vest the whole or any part of the property in trustees on trust for the contributors as the liquidator thinks fit. No member is compelled to accept any property, including shares or other securities, in respect of which there is any liability attached. In the event that the Company is wound up, the holders of preference shares of the Company are entitled to a return of capital in preference to holders of ordinary shares of the Company.

Transfer of Shares
A shareholder may transfer Shares by a proper transfer effected in writing in any usual form, or in any other form that the Directors may approve.

Where Shares are transferred by instrument, the Company may only register the transfer of Shares, if the instrument complies with the Constitution and is delivered to the registered office of the Company. Except where otherwise permitted under the Corporations Act or the ASX Listing Rules (if applicable), the instrument must be accompanied by the certificate for the Shares (but only if there is one), or such other evidence as the Directors may require to prove the title of the transferor or the transferor's right to transfer the Shares.

The Directors may in their absolute discretion decline to register a transfer of Shares where to do so would not contravene the Constitution.

The Directors must decline to register a transfer of shares where required by the Corporations Act or where the shares are restricted securities and during the escrow period.

On any refusal to register a transfer of Shares, the Directors must give written notice to the transferee (and the relevant broker (if any)) of the refusal, and the reasons for the refusal, within five business days after the day on which the transfer was lodged with the Company. A failure to provide such notice will not invalidate the decision of the Directors.

Issue of Further Shares
Subject to the Constitution and the Corporations Act the Directors may issue and allot, grant options over, or otherwise deal with or dispose of, all unissued Shares of the Company on such terms and conditions as they determine.

Share Buy Backs and Reduction of Capital
Subject to the Corporations Act the Company may reduce the share capital if the reduction is fair and reasonable to the Company shareholders as a whole, does not materially prejudice the Company's ability to pay its creditors and is approved by the shareholders pursuant to the Corporations Act. There are no provisions in the Constitution that preclude the Company buying back its own Shares or which impose restrictions on the exercise of the Company's power to buy back its own Shares under the Corporations Act.

Variation of Rights Attaching to Shares
Subject to the Corporations Act and the Listing Rules (if applicable), the Company may vary or cancel the rights attached to Shares in any class of shares of the Company with the approval of a special resolution of the members of that class, or with the written consent of at least 75% of the votes attached to the Shares in that class.

Proportional Takeover Provisions
The Constitution prohibits the registration of any transfer of Shares of the Company giving effect to an offer made under a proportional takeover scheme (being, an offer for some but not all of a member's shares in the Company) unless and until the shareholders of the Company approve that scheme at a meeting of shareholders convened to consider the proportional takeover scheme. The offerer and any associates of the offerer are excluded from attending the members' meeting. Each shareholder entitled to be present and to vote at the relevant meeting is entitled to one vote for each Share of the Company they hold that is subject to the proportional takeover scheme. The offer is deemed to be approved if greater than one half of the votes cast are in favour of it.

Shareholder Statements
If there is a change in a Cyclopharm shareholder's shareholding during a month, the relevant shareholder will receive a statement to that effect during the following month. Such a shareholder may also require Cyclopharm to provide a statement at other times subject to Cyclopharm's right to charge an administration fee for additional statements.

Rights Attaching to Vita Life's Options
As part of an unsecured loan facility provided to Vita Life by Barleigh Wells Ltd Vita Life has granted options for Vita Life shares to Barleigh Wells Ltd.

The terms and conditions applying to the options issued by Vita Life are:

- Date of initial issue of options: 1 February 2004

- Expiry date of all options: 31 January 2009
- Number: As at 31 December 2004 the number of options on issue was 12.5 million and this quantity of options is being renegotiated.
  Barleigh Wells Ltd has agreed to reduce the number of options it holds on the basis of Vita Life providing Barleigh Wells Ltd security over Vita Life's subsidiary Herbs of Gold Pty Ltd. The granting of this charge is the subject of one of the resolutions to be considered at the Noteholders' Meeting. Noteholders presently enjoy a charge over Herbs of Gold Pty Ltd.
  In exchange for Vita Life arranging the charge over Herbs of Gold Pty Ltd Vita Life has offered Barleigh Wells 3 options for each $1.00 of loan monies advanced by Barleigh Wells or 8,610,427 options as at the date of this Prospectus and is awaiting a response from Barleigh Wells Ltd. Vita Life and Barleigh Wells Ltd have agreed to endeavour to finalise the number of options prior to the Meetings.
- Issue price: No charge
- Exercise price: each option confers on the holder the right to take up on ordinary fully paid share in Vita Life. The exercise price for each option is $0.10.
- Exercise period: the options may be exercised in whole or in part by notice in writing to the Company received at any time on or before 31 January 2009 which will be five years from the date of issue of the options at which they will lapse.

The option holder has been notified of the proposal being put to the Meetings.

Summary of Material Contracts

The Directors consider the material contracts described below are contracts which taken collectively an investor and their professional adviser would reasonably regard as material, and would reasonably require and reasonably expect to find in this Prospectus in relation to the material contracts for the purposes of making an informed assessment of the Offer contained in this Prospectus.

Sale & Purchase of Business between Vita Medical Limited (VML) and Vita Medical
Under this agreement VML sells and Vita Medical purchases all of VML's assets (including its rights to intellectual property) and assumes VML's operating liabilities (including assuming the creditors, employee entitlements and taxation expenses of VML). Vita Medical is to offer employment to all of VML's employees on terms at least as favourable as their current terms of employment, with Vita Medical assuming responsibility for salary and other employment conditions from the date of settlement.

Sale & Purchase of Assets between Vimed Biosciences Pty Ltd (VMB) and Allrad No 28
Under this agreement VMB sells and Allrad No 28 purchases all of VMB's assets (including its rights to intellectual property and assuming creditors, employee entitlements and taxation expenses of VMB).

Share Sale Agreement between Vita Life, Vitamedica Europe and Vita Medical Canada
Vita Medical Canada is a company limited by shares incorporated in Canada, and engages in the sale and marketing of nuclear medical products and in particular the sale and marketing of products relating to the Technegas System. Under this agreement, Vita Life agreed to sell all the shares of Vita Medical Canada to Vitamedica Europe, and Vitamedica Europe agrees to purchase all of the issued capital in Vita Medical Canada..

Share Sale Agreement between VMB, Vitamedica Europe *and Allrad No 28*
Allrad No 28 owns certain items of intellectual property which have been licensed or assigned to other entities for the purposes of commercializing those items of intellectual property. Under this agreement VMB agreed to sell all the shares of Allrad No 28 to Vitamedica Europe, and Vitamedica Europe agrees to purchase all of the issued capital in Allrad No 28

Share Sale Agreement between VMB, Vitamedica Europe and Allrad No 29
Allrad No 29 owns certain items of intellectual property which have been licensed or assigned to other entities for the purposes of commercializing those items of intellectual property. Under this agreement, VMB agreed to sell all the shares of Allrad No 29 to Vitamedica Europe, and Vitamedica Europe agrees to purchase all of the issued capital in Allrad No 29

Share Sale Agreement between Vita Life and Vita Medical
Under this agreement dated 31 December 2005, VML agreed to sell, and Vita Life agreed to purchase all the ordinary shares of Vita Medical.

Share Sale Agreement between Vita Life, Cyclopharm and Vitamedica Europe
Under this agreement, Vita Life agreed to sell all the shares of Vitamedica Europe, and Cyclopharm agrees to purchase all of the issued capital in Vitamedica Europe

Summary of Material Arrangements

The Directors consider the arrangements described below are matters which an investor and their professional adviser would reasonably regard as material, and expect to find in this Prospectus in order to make an informed assessment of the Offer it contains.

Manufacturing Arrangements
Vita Medical enters into, and has entered into, a large number of arrangements with manufacturers. The components of the Technegas system are sourced from approximately 80 sub-contractors/suppliers. Each supplier is easily replaceable so none of these agreements is itself a material contract for the purposes of this Prospectus. The TechnegasPlus generator and the patient administration sets are assembled at Vita Medical's Lucas Heights, Sydney premises where they are tested and shipped directly to customers and distributors. Payment terms to local suppliers are typically 30-45 days, whereas foreign suppliers accept payment on delivery.

FDA Trial
The Cyclopharm Group is currently in the process of preparing a New Drug Application seeking approval of the FDA for Technegas to be sold in the United States. To obtain the FDA approval Clinquest Inc. a specialist clinical trial company out of Boston, USA was retained to undertake a Phase III clinical trial. The Phase III clinical trial was commenced in 2003. The Phase III clinical trial was suspended in early 2004. Subsequently a new trial agreement was signed with Clinquest Inc. and the Phase III program recommenced in late 2005.

ANU & Licence Agreements
Collaborative research with the Australian National University is currently underway with agreement to form a jointly owned company to investigate the commercialization of "Liquid Technegas" or what was formerly called Thrombotrace. Intellectual property owned by the ANU and Vita Medical is to be licensed to the new company to allow this research to continue. Funding for this project is to be provided mainly by research grants sourced by the ANU.

Patent Summary
In October 2005, four original patents owned by Vita Medical covering Europe, Australia, Japan and Canada for the method of manufacturing Technegas (metallic vapour) expired. Two further USA patents for the 'metallic vapour' have expiry in 2010 and 2011 (see Risk Factors on page 20).

In July 2005 a provisional patent was lodged in Australia by Vita Medical, titled, 'Improved Process for the Production of a Radioactive Aerosol'. The new application protects the method of production of Technegas. Patent applications have been submitted for Australia, USA, and Europe. An additional patent cooperative treaty application has also been lodged that will allow an extended period of 30 months for the lodgement of additional patents in countries where protection is identified as needed.

The date of lodgement for this new patent was 11 July 2005 and the Cyclopharm Group fully believes this patent will protect the Technegas product until July 2025.

Other patents are held by Allrad No 28 and Allrad No 29 for the precipitator process that is used to make "liquid Technegas" or what was formerly known as Thrombotrace. Patents for this process are held for Europe, Japan, Canada, USA and Australia, with expiry in September 2015.

Product Registrations
Vita Medical has complied with the legal requirements for registering products in the countries where this is required. The Technegas System is formally recognised in 2 ways for product registration.

Firstly, in the EU, the carbon crucible used in the Technegas generator to manufacture Technegas is controlled as a drug while the Technegas generator and its accessories are controlled as medical devices.

The drug registration of the crucible is by marketing authorisation under the mutual recognition process between countries. France is the administrator of the drug authorisation for the EU. The marketing authorisation for the crucible is held in the name of Vitamedica Europe.

For the device components, the Technegas generator and its accessories have been assessed by SGS UK Ltd. SGS UK Ltd is an EU notified body and granted the use of the CE 0120 mark. The CE 0120 mark shows compliance of the products with the EU medical device directive and enables the product to be sold within the EU.

Other Technegas System products such as nose-clips and crucible ovens also bear the CE mark, but being low level risk, Class 1 devices, the application of the mark is by self-assessment.

Secondly, there are a number of countries that require formal registration, including Australia, Canada, China, Japan and South Korea. The Technegas generator and its accessories are approved under the appropriate medical device regulations for those countries where required.

For those countries where medical and medicinal product regulations are not yet developed, the Technegas generator and its accessories are accepted by local recognition of the product's formal registration in the country of origin Australia.

Distribution Agreements & Arrangements
Distribution of the Technegas product is conducted throughout many countries. Vita Medical has formalised distribution agreements with partners in Europe, Asia/Pacific, Latin America and the Arab States. The term of these agreements have been traditionally been based around on a one year or three year time period. At the conclusion of the initial term the distribution agreements have the option of a yearly renewal until terminated. At this point in time some country distributors are currently operating without any formalised agreement due to their long association and satisfactory operation of the Technegas System over many years. These distributors all operate under the spirit of a common agreement in terms of performance and termination clauses. Vita Medical currently has a process underway to formalise a standard written agreement with all distributors involved in the sales of the Technegas System. The Directors are of the view that most distribution arrangements are capable of substitution with new appointees.

Distribution arrangements cover the following countries:

Austria		
China	Argentina	Uruguay
Greece	Belgium	Switzerland
Hong Kong	France	Spain
Italy	Netherlands	Portugal
Mexico	Chile	Malaysia
Paraguay	Bolivia	Japan
Poland	Turkey	Denmark
Slovenia	Israel	United Kingdom
Sweden	Finland	Norway
Thailand	South Korea	Singapore

Australia, Germany and Canada are managed by the Cyclopharm Group.

Directors' Interests and Remuneration

Other than as set out below, no Director or proposed Director of the Company holds, or has held, at any time during the last 2 years an interest in the formation or promotion of, or in any property acquired or to be acquired by, the Company or in the Offer and no amounts have been paid or agreed to be paid, or benefit given or agreed to be given, to any such person either as an inducement to become or qualification as a Director, or otherwise for services rendered by that person in connection with the promotion or formation of the Company or the Offer.

Remuneration by Cyclopharm
The Constitution of the Company contains the following provisions as to the remuneration of Directors:

- as remuneration for services, each non-executive Director is to be paid by the Company a sum determined by the Company in general meeting, and that remuneration accrues from day to day. The remuneration may be divided among the non-executive Directors in such proportion as they from time to time agree and, in default of agreement, equally. Currently the remuneration paid to a non-executive Director in any year may not exceed $100,000 for the

year ended 31 December 2006. The Directors have elected to forgo all entitlements to directors fees.

- the non-executive Directors may be paid all travelling and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or otherwise in connection with the business of the Company;

- the Company may remunerate any non-executive Director who is required to perform extra services or make any special exertions (whether travelling or living abroad or otherwise) on behalf of the Company by way of a fixed sum determined by the Directors. Any remuneration paid to a Director in this way may be either in addition to or in substitution for part of that Director's remuneration determined by the Constitution; and

- an executive Director is (subject to the terms of any agreement entered into in a particular case) entitled to receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the Directors determine. No agreements are in place of this nature as at the date of this Prospectus.

Remuneration by Vita Life
The constitution of Vita Life contains the following provisions as to the remuneration of its Board:

- as remuneration for services, each non-executive director is to be paid by Vita Life a sum determined by Vita Life shareholders in general meeting, and that remuneration accrues from day to day. The remuneration may be divided among the non-executive directors in such proportion as they from time to time agree and, in default of agreement, equally. Currently the remuneration paid to a non-executive director in any year may not exceed $100,000 for the year ended 31 December 2006.

- the non-executive directors may be paid all travelling and other expenses properly incurred by them in attending and returning from meetings of the directors or any committee of the directors or general meetings of Vita Life or otherwise in connection with the business Vita Life;

- Vita Life may remunerate any non-executive director who is required to perform extra services or make any special exertions (whether travelling or living abroad or otherwise) on behalf of Vita Life by way of a fixed sum determined by the Board. Any remuneration paid to a director in this way may be either in addition to or in substitution for part of that director's remuneration determined by the constitution; and

- an executive director is (subject to the terms of any agreement entered into in a particular case) entitled to receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the Board determines.

CVC Venture Managers has been paid consulting fees and reimbursed for costs it incurred on behalf of Vita Life. CVC Venture Managers is responsible for paying Mr Sharman's salary, as Vita Life's Executive Director, from the consulting fees it receives from Vita Life. This consulting fee arrangement continues as at the date of this Prospectus and it may be terminated on 3 months' notice by either party.

The consulting fees paid to date are as follows:

2003 (Sept to Dec)	39,636	
2004	178,364	
2005	194,825	
2006 (Jan to March)	30,750	(estimate)
Total	**$443,575**	

From the consulting fees of $443,575 paid by Vita Life, CVC Venture Managers paid $263,416 to Mr Sharman as salary and retained $180,159 for its own benefit. In addition CVC Venture Managers has been paid director's fees of $52,250 by Vita Life for Mr Sharman's service since he became a director in 2002.

Mr Gould does not receive any part of the consulting fees paid by Vita Life to CVC Venture Managers. Vita Life has accrued directors' fees in its accounts for the period July 2002 to December 2005 of

$105,000 for the benefit of Mr Gould but this amount has not been paid due to the financial circumstances of the Vita Life.

Mr Townsing does not receive any part of the consulting fees paid by Vita Life to CVC Venture Managers. Vita Life has accrued directors' fees in its accounts for the period July 2004 (when he became a director of Vita Life) to December 2005 of $24,750 for the benefit of Mr Townsing but this amount has not been paid due to the financial circumstances of the Vita Life.

Permitted Interests of Directors
Subject to the Corporations Act and the Constitution of the Company, a Director and any firm, body or entity in which a Director has a direct or indirect interest may in any capacity:

- enter into any contract or arrangement with the Company;
- be appointed to and hold any office or place of profit under the Company other than that of auditor for the Company; and
- act in a professional capacity other than as auditor for the Company,

and may receive and retain for his or her own benefit any remuneration, profits or benefits as if he or she were not a Director.

The Directors have the following beneficial or non beneficial interests in, or entitlements to receive the following securities in Vita Life:

Director	Related Company	Number of Vita Life Shares	Number of Vita Life Notes
V R Gould	CVC Venture Managers Pty Ltd	101,649	19,211
	French Park Investments Pty Ltd	87,780	21,945
	Leagou Pty Limited	4,230	-
	South Seas Holdings Pty Ltd	408,494	123,324
	Stinoc Pty Ltd	6,445,393	-
		7,047,546	164,480
J S Sharman	Held personally	1,000,000	-
	CVC Venture Managers Pty Ltd	101,649	19,211
	JAAJ's Investments Pty Ltd	30,000	50,000
		1,131,649	69,211
H G Townsing	Glen Nominees Ltd	868,135	-
	Normandy Finance & Investments Asia Limited	3,446,247	822,481
	Normandy Finance & Investments Limited	356,032	-
	Normandy Nominees Ltd	4,212,974	-
	Pilmora Pty Ltd	81,524	50,000
		8,964,912	872,481

Other Public Company Directorships

Mr. V. R. Gould	Vita Life Sciences Limited, Cyclopharm Limited and CVC Ltd.
Mr. J. S. Sharman	Vita Life Sciences Limited and Cyclopharm Limited
Mr. H. G. Townsing	Vita Life Sciences Limited, Cyclopharm Limited and Aust-Wide Group Ltd.

Other Employment Arrangements

Mr. V. R. Gould	Executive Chairman of CVC Ltd
Mr. J. S. Sharman	Executive Director Vita Life Sciences Ltd and Managing Director CVC Venture Managers Pty Ltd
Mr. H. G. Townsing	Executive Director Normandy Finance & Investments Asia Pty Ltd and Investment Director CVC Venture Managers Pty Ltd

Other

CVC Venture Managers may receive fees in respect of the transfer of the Exchange Shares and Rights Issue Shares subject to Shareholders and Noteholders voting in favour of the Offer at their respective Meetings. If the necessary resolutions are not passed, the Offer will lapse and no fees will be paid to CVC Venture Managers. CVC Venture Managers fees are;

- A fee equivalent to 1.25% of the value of Notes repaid by Vita Life. If all of the Notes cancelled then CVC Venture Managers would receive a total of $239,868; and
- A fee equivalent to 2.25% of the price of a future issue or offer for sale of Shares by the Company in 2006 of each Rights Issue Share available to be distributed to Vita Life shareholders. The amount CVC Venture Managers could receive is dependant upon future events including the number of Rights Issue Shares Vita Life holds after the Exchange Shares are transferred and the price of a future issue or offer for sale of Shares by the Company in 2006.

Summary of Offer Costs

The Offer Costs associated with the Offer are estimated as follows:

	To be paid by			
	Cyclopharm 50%	**Vita Life 50%**	**Total**	
Fees to CVC Venture Managers				
- Exchange Shares	119,934	119,934	239,868	*
- Rights Issue Shares	196,800	196,800	393,600	#
Professional fees (financial,legal, accounting)	27,500	27,500	55,000	
Printing & posting	5,000	5,000	10,000	
Sundry expenses including ASIC fees	3,750	3,750	7,500	
Total	**352,984**	**352,984**	**705,968**	

* Assumes the maximum number of Exchange Shares will be alloted

Assumes the price of a future issue of or offer for sale of Shares by the Company in 2006 in Cyclopharm have a value of $0.30 each. If the value of Shares is higher or lower than this, the commission will be greater or smaller respectively, than that shown as the fees are based on 2.25% of the Shares value.

Expert's Interests

Other than as set out below, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus holds, or has held, at any time during the last 2 years an interest in the formation or promotion of, or in any property acquired or to be acquired by, the Company or in the Offer and no amounts have been paid or agreed to be paid, or benefit given or agreed to be given, to any such person for services rendered by that person in connection with the promotion or formation of the Company or the Offer:

- Gould Ralph & Company (GRC) has acted as investigating accountant to the Offer and has prepared the Investigating Accountant's Report contained in this Prospectus. The Company has paid or agreed to pay $12,000 (excluding disbursements and GST) for these services up to the date of this Prospectus. Further amounts may be paid to GRC in accordance with its usual time based charge-out rates. GRC are the Company's and Vita Life's statutory auditors. In

addition, an associated entity, Gould Ralph Pty Ltd (GRPL) has provided share registration, taxation and other consulting services to Vita Life during the previous 2 years.

Consents and Disclaimer of Responsibility

GRC has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its written consent to its being named in this Prospectus in its roles as investigating accountant and auditors to the Company and to the issue of this Prospectus with the Independent Accountant's Report in the form and context in which it is included and they are named.

GRPL has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its written consent to its being named in this Prospectus as share registry in the form and context in which it is included and named.

Save as stated above, and in the references to GRC and GRPL in the Corporate Directory and on this page, neither GRC nor GRPL has authorised or caused the issue of this Prospectus and does not make, or purport to make, any statement in this Prospectus. Each expressly disclaims and takes no responsibility for any omissions from this Prospectus.

Documents Available for Inspection

Copies of the following documents are available for inspection free of charge at the head office of the Company between 9:00 am and 5:00 pm Monday to Friday during the Offer Period:

i. the consents to the issue of this Prospectus referred to from page 53;

ii. the Constitution of the Company; and

iii. the original of the Investigating Accountant's report

Authorisation of this Prospectus

The Directors report that, in their opinion, since the date of the financial statements in the Investigating Accountant's Report, there have not been any circumstances that have arisen or that have materially affected, or will materially affect, the assets and liabilities, financial position, profits or losses, or prospects of the Company, other than as disclosed in this Prospectus or because they are matters that may reasonably be expected to be known to Noteholders and/or Shareholders, and their respective professional advisers.

This Prospectus is authorised by each Director of Vita Life Sciences Limited and each Director of Cyclopharm Limited and each of those respective directors has consented to its lodgement with ASIC and its issue.

V.R. Gould°

J.S. Sharman°

H. G. Townsing°

°each signing this Prospectus in his respective capacity as a director of Vita Life Sciences Limited and a director of Cyclopharm Limited.

Glossary of Terms

Term	Meaning
$ or A$	Australian dollars, being the lawful currency of Australia
Allrad No 28	Allrad No 28 Pty Ltd, ACN 060 648 802, a wholly owned subsidiary of Cyclopharm
Allrad No 29	Allrad No 29 Pty Ltd ACN 060 648 820, a wholly owned subsidiary of Cyclopharm
ASIC	Australian Securities and Investments Commission
Associates	Persons or entities each of whom is an "associate" as that term is defined in the *Corporations Act* for the purposes of Chapter 6 of that Act
ASX	Australian Stock Exchange Limited ABN 98 008 624 691
Board	The directors of Vita Life being Messrs., Gould, Townsing and Sharman
Business Day	Any day other than a Saturday, Sunday, bank holiday or public holiday in Melbourne.
Closing Date	5:00 pm Melbourne time on 1 May 2006 or such other date as determined by the Company, being the date on which applications for shares under the Offer must have been received. The Closing Date cannot be extended beyond 26 April 2007
Completion	The successful implementation at the Shareholders' Meeting of Resolutions 1, 2 and 3 incorporating a proposal in respect of the repayment of Notes and allotment of Rights Issue Shares and Resolutions 1 and 2 of the Noteholders' Meeting
Constitution	The constitution of the Company as amended from time to time.
Corporations Act	*Corporations Act 2001* (C'wlth) as amended and includes any regulations made under that Act
CVC Venture Managers	CVC Venture Managers Pty Ltd ACN: 006 535 299, with its registered office at Suite 630, Level 6, 1 Queens Road, Melbourne, VIC 3004
Cyclomedica	Cyclomedica Europe Ltd (Rec 353 656), a 50% owned subsidiary of Cyclopharm, the balance of shares being held by Cyclopharma Laboratoiries SA.
Cyclomedica Germany	Cyclomedica Germany GMbH (Company No DE8144 33262) AG, a wholly owned subsidiary of Vitamedica Europe
Cyclopharm Group	Cyclopharm, Vita Medical Australia, Vitamedica Europe, Vita Medical Canada, Vitamedica Germany, Cyclomedica, Allrad No 28 and Allrad No 29
Cyclopharm or the Company	Cyclopharm Limited ACN 116 931 250 with its registered office at Building 75, Business and Technology Park, New Illawarra Road, Lucas Heights, NSW 2234
Directors	The Directors of the Company being Messrs, Gould, Sharman and Townsing
Employees	Full-time and permanent part-time employees of Cyclopharm
EU	European Union
Exposure Period	Has the meaning given on the inside front cover
FDA	Federal Drug Administration of the United States of America

Term	Meaning
Meetings	The Shareholders' Meeting and Noteholders' Meeting, to be held on 12 April 2006 and any meeting held upon an adjournment of that meeting or those meetings.
Noteholders	The registered holder(s) of Notes issued by Vita Life as at 9.30am (Melbourne time) on 10 April 2006
Noteholders' Meeting	The Extraordinary General Meeting of Noteholders to be held 12 April 2006 and any meeting held upon an adjournment of that meeting
Notes	Unsecured Convertible Notes issued by Vita Life pursuant to a trust deed made 13 March 2003 between Vita Life and J P Morgan as trustee for the investor
Offer	The offer and transfer of Exchange Shares and/or Rights Issue Shares under this Prospectus
Offer Costs	Those fees and costs described in the section Summary the Offer Costs, page 51 of this Prospectus
Offer Price	The price at which Exchange Shares or Right Issue Shares are transferred/sold
Offer Period	The period during which the Offer is open
Proforma	In relation to the balance sheet of the Company, means the consolidated statement of financial position of the Cyclopharm Group as at 31 December 2005 had the transactions detailed on page 22 occurred at that date
Prospectus	This prospectus and any supplemental or replacement prospectus issued by the Company or Vita Life
Rights Issue Shares	That number of Cyclopharm shares owned by Vita Life after Exchange Shares are transferred and any offer for sale of shares by the Vita Life prior to the distribution of Vita Life shares to those Shareholders who are offered Rights Issue Shares by Vita Life.
Senior Debt	Bank borrowings of not more than $5,935,249 with a first registered charge over Cyclopharm Group and their respective assets.
Shareholders	The registered holders of ordinary shares in Vita Life as at 11:30am (Melbourne time) on 10 April 2006
Shareholders' Meeting	The General Meeting of Shareholders to be held on 12 April 2006 and any meeting held upon an adjournment of that meeting
Shares	Fully paid ordinary shares in the capital of Cyclopharm
Subsidiaries	The subsidiaries of Cyclopharm
Technegas System	The products and processes as described under the heading "Technegas – Device and Drug" on page 9.
Vita Life	Vita Life Sciences Limited ACN 003 190 421 with its registered office at Building 75, Business & Technology Park New Illawarra Road, Lucas Heights, NSW 2234
Vita Medical	Vita Medical Australia Pty Ltd, ACN 003 071 556, a wholly owned subsidiary of Cyclopharm
Vita Medical Canada	Vita Medical Canada Ltd (Company No 202 7079), a wholly owned subsidiary of Cyclopharm
Vitamedica Europe	Vitamedica Europe Ltd (Rec 332 779), a wholly owned subsidiary of Cyclopharm
USA	United States of America

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APPLICATION FORM

CYCLOPHARM LIMITED
ACN 116 931 250
VITA LIFE SCIENCES LIMITED
ACN 003 190 421

Note: Before completing this form applicants should carefully read the Prospectus to which it is attached. Instructions for A to D are set out on the reverse of this form. PLEASE USE BLOCK LETTERS.

A Complete Full Name Details
Given Name(s) or Company Name and ACN/ARBN

Number and Street

Suburb / Town	State	Postcode	Contact Name

Home Tel	Work Tel	Email
( )	( )	

Joint Applicants

1 Given Name(s) or Company Name and ACN/ARBN

2 Given Name(s) or Company Name and ACN/ARBN

Surname or <Account Designation>

B I / We apply for that number of Exchange Shares (or such lesser number of Exchange Shares as may be allocated to me/us by Vita Life) that results in:

Please tick one box only

i. Apply 100% of the value of Notes owned by me/us to the purchase of Exchange Shares ☐

OR

ii. Apply $..... of the value of Notes owned by me/us to the purchase of Exchange Shares, the balance if any to be paid in cash to the extent available or topped up with further Notes, if necessary ☐

C I / We wish to express my/our interest in Rights Issue Shares ☐

INSTRUCTIONS TO THE APPLICATION FORM

This application form **does not need to be signed.** By lodging this completed application form, I/We:

- acknowledge that this application is for the value of Exchange Shares referred to above (or the lesser number allocated to me/us) and such Exchange Shares will be transferred to me at $0.21 each subject to rounding down to the nearest whole Exchange share
- acknowledge that my/our expression of interest for Rights Issue Shares will not accord me any additional entitlement and I/we will be sent details of my/our Rights Issue Shares entitlement at a later date;
- authorise Cyclopharm to:
  (a) complete or amend this application where to do so is necessary to correct any error or omission;
  (b) complete and execute any Share transfer or other document necessary to effect the transfer of Exchange Shares to me/us;
- agree to:
  (a) be bound by the Constitution of Cyclopharm and the terms and conditions set out in the Prospectus; and
  (b) any contract between me/us and any other person arising from acceptance of this application being governed by the law of New South Wales, Australia;
- declare that I/We:
  (a) have read the Prospectus that expires on 26 April 2007; and
  (b) am/are not, as a result of the law of any place, a person to whom this Prospectus should not be given. In particular, I am/We are not in, or acting for a person in, the United States of America.
- acknowledge that the Corporations Act prohibits any person from passing on an application form to another person unless it is in the same electronic document file as the electronic prospectus or included in, or accompanied by, the Prospectus in hard copy.

Applications may be lodged at any time after the opening of the Offer pursuant to this Prospectus. Application lists will open on 12 April 2006 or the expiry of the Exposure Period (whichever is later) and will remain open until 5.00 pm Melbourne, Australia time on 1 May 2006 unless otherwise extended by the Directors.

All communications from Cyclopharm will be mailed to Noteholders at the address shown on the Note Registry. For joint applicants only one address may be given.

A Applications must be in the name(s) of natural person(s), companies or other legal entities acceptable to Cyclopharm up to a maximum of 3 names per application to ensure validity.

- Only legal entities are allowed to hold Exchange Shares.
- The full and correct name of each entity must be shown.
- Securities cannot be registered in the name of a trust and no trust can be implied.
- Securities should not be registered in the name of a minor or a deceased person.
- An account designation can be included <Super Fund A/C>. If shown, it must be contained within one line and with the "<>" symbols. The last word of the designation must be ACCOUNT or A/C.

The Directors of Cyclopharm reserve the right to reject or accept any application form which is incorrectly completed or which is incomplete.

B **Noteholders are to complete section "B" of the application form. (If you are also a Shareholder complete section "C" of the application form.)** There is no minimum value of Exchange Shares which may be applied for and less may be allocated to you.

C **Shareholders are to complete section "C" of the application form. (If you are also a Noteholder, complete section "B" of the application form if you wish to apply for Exchange Shares.)**

D **An Application Form must be forwarded to, or lodged with:**

Cyclopharm Ltd
Suite 630, 1 Queens Road
Melbourne, VIC 3004

Fax: 03 9820 5957

Cyclopharm Ltd
Building 75, Business & Technology Park
New Illawarra Road
Lucas Heights, NSW 2234
Fax: 02 9541 2066

Excess applications for Exchange Shares (including where a lesser number of Exchange Shares is allocated) will result in a lesser amount of Notes being cancelled by Vita Life

IMPORTANT: *Do not send cheques or cash.*

APPLICATION FORM

CYCLOPHARM LIMITED
ACN 116 931 250
VITA LIFE SCIENCES LIMITED
ACN 003 190 421

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Suburb / Town	State	Postcode	Contact Name

Home Tel	Work Tel	Email
( )	( )	

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Surname or <Account Designation>

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OR

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- agree to:
  (a) be bound by the Constitution of Cyclopharm and the terms and conditions set out in the Prospectus; and
  (b) any contract between me/us and any other person arising from acceptance of this application being governed by the law of New South Wales, Australia;
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CYCLOPHARM
LIMITED