



Vita Life Sciences Limited
Appendix 4D
For the half year ended 30 June 2008

To : Company Announcements

Company:	Australian Securities Exchange	Fax No.:	02 9227 0334
Date:	21 August 2008	No. of pages	4 incl. cover
From:	Terry Kong	Fax No.:	03 9820 5957
Subject :	Appendix 4D		

Please see attached 30 June 2008 Half Yearly Report for Vita Life Sciences Limited (ASX - VSC).

This announcement is made pursuant to Listing rule 4.2A.3. For all enquiries please contact

Mr Terry Kong
Company Secretary
Vita Life Sciences Limited

Telephone 03 9867 2811

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1. Company details

Name of entity

VITA LIFE SCIENCES LIMITED

ABN or equivalent company reference	Half year ended ('current period')	Half year ended ('previous period')
35 003 190 421	30 June 2008	30 June 2007

2. Results for announcement to the market

		Percentage Change %	2008 A\$
2.1 Revenue	up	19.41	6,693,884
2.2 Profit before income tax	up	166.82	255,893
2.3 Net profit after tax	up	199.37	255,893
2.4 Net profit attributable to members	up	225.86	255,893

Dividends (distributions)	Amount per security	Franked amount per security
Interim dividend per share	Nil	Nil
Final dividend per share	Nil	Nil

Record date for determining entitlements to dividend

N/A

2.6 Brief explanation of any of the figures in 2.1 to 2.4 above necessary to enable the figures to be understood.

Half Year Performance

The Company's revenue grew by \$1.09m or 19.4% to \$6.69m in 1HY08 compared to the corresponding period in 2007. Strong sales growth was achieved in the Group's 3 principal markets: Australia up 33%, Malaysia up 18% and Singapore (including export sales) up 12% (measured in local currency).

2. Results for announcement to the market (Continued)

The Company's principal activity is undertaken by its Health division and sales of health products in Australia accounted for 47% of Group revenue (43% 1HY07) due to higher sales and the strong Australian dollar. Conversely, the strong Australian dollar weighed down the Groups overall result as 52% of revenue was derived from Asian markets.

Other key financial results were:

- ✚ Variable operating costs (distribution and marketing expenses) were equivalent to 16.6% of sales (16.1% 1HY07);
- ✚ Fixed operating expenses (occupancy, administrative and sundry) were \$3.21m and comparison with 1HY07 is not relevant as the Company was not listed on the ASX at that time;
- ✚ Net interest costs reduced to \$0.10m (\$0.24m 1HY07) as a result of borrowings reducing to \$1.24m (\$3.54m as at 30 June 07);
- ✚ Health division EBIT of \$0.15m (loss \$0.13m 1HY07) continued the positive trend established in 2007; and

The Company's consolidated EBIT was \$0.35m (loss \$0.15m 1HY07), positively impacted by the payment of \$0.66 m by the Pan Pharmaceuticals Liquidator.

Outlook for the Second Half of 2008

Higher sales are expected from the Health division, although the second half may prove to be challenging given economic uncertainties in the Company's markets. Inflation has recently been reported in Australia, Malaysia and Singapore at 17, 26 and 27 year highs, respectively. This has translated into Health product raw materials, packaging and transport costs rising between 15%-35% in recent months. To offset additional costs, the Health division will increase the price of its products. However, the extent of price increases will be driven by consumer demand and to some extent competitor's reactions to increased costs of production.

The revenue contributions of new Health division units in China, Malaysia and Thailand were not significant in the first half and incurred losses. As the year progresses sales revenue is expected to continue to grow, losses narrow and for one of the new units to breakeven.

The Company's revenue in the second half is forecast to exceed that of the first half. Despite challenging market conditions and small losses from the new business units, management remains focused on increasing sales and profitability. Overall the Company expects to record a profit in 2008.

3. Net tangible assets

	30 June 2008	30 June 2007
Net Tangible Assets/ (Liabilities) per security	\$0.06	(\$ 0.25)

4. Entities over which control has been gained or lost during the period

Control over entities

Name of entity (or group of entities)

- 1) Herbs of Gold (Shanghai) Co Ltd; a newly incorporated entity 100% owned by the Company.;
- 2) On 28 March 2008, the Company acquired the 6.75% minority shareholding from Vital Bio Tech Holdings Limited in VitaHealthcare Asia Pacific Sdn Bhd ("VHAP"). From 28 March 2008, VHAP became a wholly-owned subsidiary.

Loss of control over entities

Name of entity (or group of entities)

Not applicable

5. Dividends

Not applicable

6. Dividend Reinvestment plans

Not applicable

7. Details of associates and joint venture entities

	30 June 2008	31 December 2007
	%	%
The Group has the following shareholding in the associates:		
Mitre Focus Sdn Bhd	6.3	6.3
Vita Life Sciences (Thailand) Co. Ltd	49.0	46.0
Vitahealth (Thailand) Co. Ltd	74.0	71.0

8. Information on Audit or Review

This interim report is based on accounts to which one of the following applies

- The accounts have been audited ☐
- The accounts have been subject to review ☐
- The accounts are in the process of being audited or subject to review ☒
- The accounts have not yet been audited or reviewed ☐

Description of likely dispute or qualification if the accounts have not yet been audited or subject to review or are in the process of being audited or subjected to review.

Not applicable

9. For foreign entities, which accounting standards were used in compiling this report.

International Financial Reporting Standard - IFRS

Vita Life Sciences Limited

Half Year Report June 2008



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Managing Director's Review

OVERVIEW

We are pleased to present Vita Life Sciences Limited's ("Vita Life" or the "Company") results for the half year ended 30 June 2008.

The Company's revenue grew by \$1.09m or 19.4% to \$6.69m in the first half of 2008 compared to the corresponding period in 2007. Strong sales growth was achieved in the Company's 3 principal markets: Australia up 33%, Malaysia up 18% and Singapore (including export sales) up 12% (measured in local currency). Conversely, the strong Australian dollar weighed down the Company's overall result as 52% of revenue was derived from Asian markets.

Other key financial results were:

- ✚ Variable operating costs (distribution and marketing expenses) were equivalent to 16.6% of sales (16.1% 1HY07);
- ✚ Fixed operating expenses (occupancy, administrative and sundry) were \$3.21m and comparison with 1HY07 is not relevant as the Company was not listed on the ASX at that time;
- ✚ Net interest costs reduced to \$0.10m (\$0.24m 1HY07) as a result of borrowings reducing to \$1.24m (\$3.54m as at 30 June 07); and
- ✚ The Company's consolidated Profit before Interest and Tax ("EBIT") was \$0.35m (loss \$0.15m 1HY07), positively impacted by the payment of \$0.66 m by the Pan Pharmaceuticals Liquidator.

Segment Result

The Company's divisional result for 1HY08 is summarised in the table below.

	Health \$	Investment \$	Total \$
Half Year ended 30 June 2008			
Sales	6,693,884	-	6,693,884
Result			
Segment profit before interest and tax	152,652	(1,800)	150,852
Unallocated revenue			204,806
Profit before interest and tax			355,658
Finance costs (net)			(99,765)
Profit before income tax			255,893
Income tax expense			-
Net profit after tax			255,893

Health Division

The Company's principal activity is undertaken by its Health division and sales of health products in Australia accounted for 47% of Company's revenue (43% 1HY07) due to higher sales and the strong Australian dollar. The revenue contributions of new Health division units in China, Malaysia and Thailand were not significant in the first half and incurred losses.

Health division's EBIT of \$0.15m (loss \$0.13m 1HY07) continued the positive trend established in 2007.

Managing Director's Review

(continued)

Investment Division

The Investment division did not record any revenue during 1HY08 and its loss of \$1,800 reflects administrative costs. The division has made satisfactory progress and is expected to complete construction of phase one houses in the first quarter of 2009.

Cash flow

The operating cash flow of negative \$0.18m (negative \$1.1m 1HY07) continued to improve but was impacted by the timing of receivables and operational cash outflows. Similar improvement was evident in the cash receipts from customers, which grew by 39% to \$7.5 m (\$5.4m 1HY07).

The table below reconciles the Company's earnings EBITDA to cash flow for 1HY 2008.

	\$'000
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)	436
Changes in working capital (1 Jan - 30 June 2008)	
Increase in trade and other receivables	(863)
Decrease in inventories	354
Increase in other assets	(27)
Increase in trade and other payables	248
Increase in other liabilities	9
Adjustment for non-cash income & expenses	(234)
	(77)
Interest (net)	(100)
Operating Cashflow	(177)
Investing Cashflow	(42)
Financing Cashflow	409
Cash movement during the period	190

Outlook for the Second Half of 2008

Higher sales are expected from the Health division, although the second half may prove to be challenging given economic uncertainties in the Company's markets. Inflation has recently been reported in Australia, Malaysia and Singapore at 17, 26 and 27 year highs, respectively. This has translated into Health product raw materials, packaging and transport costs rising between 15% - 35% in recent months. To offset additional costs, the Health division will increase the price of its products. However, the extent of price increases will be driven by consumer demand and to some extent competitor's reactions to increased costs of production.

As the year progresses sales revenue from new Health division units in China, Malaysia and Thailand is expected to continue to grow, losses narrow and for one of the new units to breakeven.

The Company's revenue in the second half is forecast to exceed that of the first half. Despite challenging market conditions and small losses from the new business units, management remains focused on increasing sales and profitability. Overall, the Company expects to record a profit in 2008.



Eddie L S Tie
Managing Director

22 August 2008

Directors' Report

The Directors of Vita Life Sciences Limited ("Company" or "Vita Life") submit their report together with the financial report for Vita Life and its controlled entities for the half year ended 30 June 2008.

DIRECTORS

The names of the Company's directors in office throughout and since the end of the last financial year are set out below.

Mr V R Gould	Non-executive chairman
Mr Eddie L S Tie	Managing director
Mr J S Sharman	Non-executive director
Mr H G Townsing	Non-executive director

All directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

PRINCIPAL ACTIVITIES

During the period in review the principal continuing activities of the consolidated entity consisted of formulating, packaging, sales and distribution of vitamins and supplements and investment.

OPERATING AND FINANCIAL REVIEW

Operating Results for the Half Year

For the reporting period the economic entity recorded a consolidated profit after tax attributable to members of \$255,893 (2007: Loss after tax \$257,515).

DIVIDENDS

No dividend was declared or paid during the half year ended 30 June 2008.

SIGNIFICANT EVENTS AFTER BALANCE DATE

(a) Issue and Cancellation of Options

On 22 May 2008, the Company cancelled 3,000,000 unquoted options which were previously issued in 2004 to Barleigh Wells, a company incorporated in the United Kingdom.

On 19 July 2008, the Company issued 3,000,000 new unquoted options to Barleigh Wells in accordance with shareholders' approval at the Company's Annual General Meeting on 23 May 2008. Each option confers the right to take up one ordinary Vita Life share. The options have an exercise price of \$0.40 for each option and expire on 31 January 2011.

(b) Dividend from Pan Pharmaceuticals Limited's Liquidator ("Liquidator")

On 23 July 2008, Liquidator of Pan Pharmaceuticals Limited ("Pan") announced a third interim dividend of \$0.10 or \$668,895 to the Company following its settlement of the litigation against Pan's former Chief Executive Officer on 15 April 2008.

The net dividend of \$657,887 (after legal costs of \$11,008 incurred in 1HY08) was recognised as Other Income as an adjusting event subsequent to Balance Sheet date in accordance with the Australian Accounting Standard AASB 110 *Events after the Balance Sheet Date*.

Director's Report

(continued)



AUDITOR'S INDEPENDENCE DECLARATION

The Directors have received an Independence Declaration from the external auditor, Russell Bedford NSW. A copy of this Declaration follows the Directors Report.

Signed in accordance with a resolution of the Directors

A handwritten signature in black ink, appearing to read 'Eddie L S Tie', with a long horizontal line extending to the right.

Eddie L S Tie
Managing Director
22 August 2008

The Board of Directors
Vita Life Sciences Limited
Suite 630, Level 6
1 Queens Road, St Kilda Towers
MELBOURNE NSW 3004

**LEAD AUDITORS INDEPENDENCE DECLARATION UNDER SECTION 307C
OF THE CORPORATIONS ACT 2001**

TO THE DIRECTORS OF VITA LIFE SCIENCES LIMITED

I declare that, to the best of my knowledge and belief, during the half year ended 30 June 2008 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

RUSSELL BEDFORD NSW
Chartered Accountants



GREGORY C RALPH, M.COM, FCA
Partner
Sydney, 22 August 2008

Consolidated Income Statement

For the half year ended 30 June 2008

		Consolidated	
		30 June 2008	30 June 2007
	Notes	\$	\$
CONTINUING OPERATIONS			
Sale of goods		6,693,884	5,605,910
Cost of sales		(2,676,006)	(2,472,934)
Gross profit		4,017,878	3,132,976
Other income	8 (b)	660,411	-
Distribution expenses		(474,457)	(219,878)
Marketing expenses		(633,799)	(684,982)
Occupancy expenses		(258,876)	(292,815)
Administrative expenses		(2,850,794)	(1,950,112)
Other expenses		(104,705)	(109,415)
Share of associates loss		-	(22,960)
Profit/ (loss) from continuing operations before interest and taxes		355,658	(147,186)
Finance income		10,847	15,332
Finance costs		(110,612)	(251,115)
Profit/ (loss) before income tax		255,893	(382,969)
Income tax credit	4 (a)	-	125,454
Profit / (loss) after tax from continuing operations		255,893	(257,515)
Net profit / (loss) for the period		255,893	(257,515)
Loss attributable to minority interest		-	(54,200)
Profit/ (loss) attributable to members of the parent		255,893	(203,315)
		255,893	(257,515)
Earnings per share (cents per share)			
- basic earnings per share	5 (ii)	0.54	(2.01)
- diluted earnings per share	5 (ii)	0.54	(2.00)

The Income Statement should be read in conjunction with the accompanying notes to the Half Year Report

Consolidated Balance Sheet

As at 30 June 2008

	Notes	Consolidated	
		30 June 2008	31 December 2007
		\$	\$
Assets			
Current Assets			
Cash and cash equivalents		785,562	615,755
Trade and other receivables		2,743,289	1,929,112
Inventories		1,611,261	1,965,138
Other current assets		172,456	145,244
Total Current Assets		5,312,568	4,655,249
Non Current Assets			
Investment in associates		14,128	14,128
Trade and other receivables		1,723,394	1,712,838
Property, plant and equipment		241,864	274,159
Intangible assets		71,240	72,733
Total Non Current Assets		2,050,626	2,073,858
Total Assets		7,363,194	6,729,107
Liabilities			
Current Liabilities			
Trade and other payables		3,022,574	2,776,001
Financial liabilities		1,194,138	817,572
Current income tax liability		61,900	67,445
Provisions		197,879	183,642
Total Current Liabilities		4,476,491	3,844,660
Non Current Liabilities			
Financial liabilities		44,141	-
Provisions		4,719	4,719
Total Non Current Liabilities		48,860	4,719
Total Liabilities		4,525,351	3,849,379
Net Assets		2,837,843	2,879,728
Equity			
Contributed equity	6	44,549,823	44,280,194
Accumulated losses		(40,526,063)	(40,449,910)
Employee share based payments reserve		27,786	15,153
Foreign currency translation reserve		(1,724,715)	(1,442,583)
Parent entity interest		2,326,831	2,402,854
Minority interest		511,012	476,874
Total Equity		2,837,843	2,879,728

The Balance Sheet should be read in conjunction with the accompanying notes to the Half Year Report

Consolidated Cash Flow Statement

For the half year ended 30 June 2008

	Consolidated	
	30 June 2008	30 June 2007
	\$	\$
Cash Flows from Operating Activities		
Receipt from customers	7,476,390	5,371,741
Payments to suppliers and employees	(7,548,228)	(6,149,669)
Borrowing costs paid	(110,612)	(251,116)
Income tax paid	(5,545)	(43,893)
Interest received	10,847	15,332
Net cash flows used in operating activities	(177,148)	(1,057,605)
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(42,415)	(22,400)
Proceeds from sale of investment	-	4,000,000
Investment in associate companies	-	(22)
Net cash flows (used in) / from investing activities	(42,415)	3,977,578
Cash Flows from Financing Activities		
Proceeds from external borrowings	420,707	3,450,596
Repayment of external borrowings	-	(6,836,651)
Loans from unrelated entity	-	(755,898)
Loans to associated entities	(11,708)	(349,093)
Net cash flows from / (used in) from financing activities	408,999	(4,491,046)
Net increase / (decrease) in cash and cash equivalents	189,436	(1,571,073)
Cash and cash equivalents at beginning of the year	615,755	1,930,982
Net foreign exchange differences	(19,629)	(51,179)
Cash and cash equivalent at end of period	785,562	308,730

The Cash Flow Statement should be read in conjunction with the accompanying notes to the Half Year Report

Consolidated Statement of Changes in Equity



for the half year ended 30 June 2008

	Contributed Equity \$	Accumulated Losses \$	Employee Share Based Payments Reserve \$	Foreign Currency Translation Reserve \$	Attributable to Equity Holders of Parent \$	Minority Interests \$	Total \$
Consolidated							
At 1 January 2008	44,280,194	(40,449,910)	15,153	(1,442,583)	2,402,854	476,874	2,879,728
Profit attributable to members of parent entity	-	255,893	-	-	255,893	-	255,893
Acquisition of minority interest	269,629	(332,046)	-	-	(62,417)	62,417	-
Employee share option scheme	-	-	12,633	-	12,633	-	12,633
Exchange difference on translation of foreign operations	-	-	-	(282,132)	(282,132)	(28,279)	(310,411)
Balance at 30 June 2008	44,549,823	(40,526,063)	27,786	(1,724,715)	2,326,831	511,012	2,837,843
At 1 January 2007	38,979,150	(40,196,521)	-	(1,347,739)	(2,565,110)	424,414	(2,140,696)
Loss attributable to members of parent entity	-	(203,315)	-	-	(203,315)	-	(203,315)
Loss attributable to minority shareholders	-	-	-	-	-	(54,200)	(54,200)
De-recognition of employee/ director long-term incentive shares	(627,500)	-	-	-	(627,500)	-	(627,500)
Exchange difference on translation of foreign operations	-	-	-	(39,688)	(39,688)	(23,939)	(63,627)
Balance at 30 June 2007	38,351,650	(40,399,836)	-	(1,387,427)	(3,435,613)	346,275	(3,089,338)

The Statement of Changes in Equity should be read in conjunction with the accompanying notes to the Half Year Report

Notes to the Financial Statements

for the half year ended 30 June 2008

1. CORPORATE INFORMATION

The Half Year financial report of Vita Life Sciences Limited ("Vita Life") for the half year ended 30 June 2008 was authorised for issue by a resolution of the directors on 22 August 2008.

Vita Life is a Company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange ("ASX").

The nature of the operations and principal activities of the Group are described in the Director's Report.

2. BASIS OF PREPARATION

The Half Year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and applicable Accounting Standards including *AASB 134 Interim Financial Reporting* and other mandatory financial reporting requirements. The financial report has also been prepared on a historical cost basis.

The Half Year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The Half Year financial report should be read in conjunction with the annual report for the year ended 31 December 2007, which was prepared based on Australian Accounting Standards which include Australian equivalents to International Financial Reporting Standards (AIFRS).

It is recommended that the Half Year financial report be considered together with any public announcements made by Vita Life during the half year ended 30 June 2008 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

The financial report is presented in Australian dollars.

The Half Year financial report has been prepared using the same accounting policies as used in the annual financial report for the year ended 31 December 2007.

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

Notes to the Financial Statements

(continued)



3. SEGMENT REPORTING

	Continuing Operations				
	Australia \$	Singapore \$	Malaysia \$	Others \$	Total \$
Half Year ended 30 June 2008					
Revenue					
Sales to external customers	3,175,919	1,437,074	2,015,677	65,214	6,693,884
Segment results					
Profit / (loss) before tax and finance costs	181,102	134,346	63,859	(12,802)	366,505
Finance costs	(35,529)	(1,121)	(4,309)	(69,653)	(110,612)
Profit before income tax					255,893
Income taxes					-
Net profit for the period					255,893
Assets and liabilities					
Segment assets	2,128,241	1,025,337	1,308,322	2,887,166	7,349,066
Investment in associates					14,128
Total assets					7,363,194
Segment liabilities	1,917,975	512,323	544,006	1,551,047	4,525,351
Total liabilities					4,525,351
Other segment information					
Depreciation	(16,819)	(13,690)	(43,312)	(889)	(74,710)
Amortisation	-	(1,465)	(3,794)	-	(5,259)

	Continuing Operations				
	Australia \$	Singapore \$	Malaysia \$	Others \$	Total \$
Half Year ended 30 June 2007					
Revenue					
Sales to external customers	2,416,973	1,421,588	1,767,349	-	5,605,910
Segment results					
Profit / (loss) before tax and finance costs	(94,093)	164,900	(116,405)	(63,295)	(108,893)
Finance costs	(23,918)	(2,262)	(3,552)	(221,384)	(251,116)
Share of loss of associates	-	-	-	(22,960)	(22,960)
Loss before income tax					(382,969)
Income tax credit					125,454
Net loss for the period					(257,515)
Assets and liabilities					
Segment assets	2,239,672	806,528	1,294,631	2,201,335	6,542,166
Investment in associates					21,649
Total assets					6,563,815
Segment liabilities	2,326,953	645,548	863,975	5,816,677	9,653,153
Total liabilities					9,653,153
Other segment information					
Depreciation	(7,384)	(12,665)	(34,978)	(3,410)	(58,437)
Amortisation	-	(5,686)	(6,718)	-	(12,404)

Notes to the Financial Statements

(continued)



4. INCOME TAX EXPENSE

	Consolidated	
	30 June 2008	30 June 2007
	\$	\$
(a) Income tax expense		
The major components of income tax expense are:		
<i>Income Statement:</i>		
Prior year overprovision	-	125,454
Income tax expense reported in the income statement	-	125,454

(b) Numerical reconciliation between aggregate tax expense recognised in the income statement and tax expense calculated per the statutory income tax rate

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

	Consolidated	
	30 June 2008	30 June 2007
	\$	\$
Total accounting profit/ (loss) before income tax	255,893	(382,969)
At the parent entity's statutory income tax rate 30% (2007: 30%)	76,768	(114,891)
Foreign tax rate adjustment	(5)	(4,100)
Share based payments	3,790	-
Other expenditure not allowable for income tax purpose	56,296	65,535
Tax losses and timing differences (not brought to account) / recognised	(136,849)	53,456
Overprovision in previous years	-	125,454
Aggregate income taxes	-	125,454

(c) Tax losses

The Company has Australian carry forward tax losses for which no deferred tax assets is recognised on balance sheet of approximately \$17 million subject to confirmation by Australian Taxation Office. The tax losses could be utilised to offset against current and future taxable income. The benefit of the tax losses has not been brought to account as the probable recognition criteria has not been satisfied.

Notes to the Financial Statements

(continued)



5. NET TANGIBLE ASSETS AND EARNINGS PER SHARE

(i) Net Tangible Assets

	Consolidated	
	30 June 2008	30 June 2007
	\$	\$
Net assets per share	0.06	(0.24)
Net tangible assets per share	0.06	(0.25)
	Number	Number
Weighted average number of ordinary shares for net assets per share	47,804,824	12,844,233

(ii) Earnings Per Share

	Consolidated	
	30 June 2008	30 June 2007
	\$	\$
(a) Earnings/ (loss) used in calculating earnings per share		
Net profit / (loss) attributable to equity holders from continuing operations	255,893	(257,515)
Loss attributable to minority interest	-	54,200
Net profit/ (loss) attributable to equity holders of the parent	255,893	(203,315)
	Number	Number
(b) Weighted average number of shares		
Weighted average number of ordinary shares for net assets per share	47,804,824	12,844,233

Notes to the Financial Statements

(continued)



6. CONTRIBUTED EQUITY

	Consolidated			
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
	Number	Number	\$	\$
Issued and paid up capital				
Ordinary shares	48,580,228	46,994,175	44,549,823	44,280,194
Ordinary shares				
Balance at beginning of the year	46,994,175	51,357,651	44,280,194	38,979,150
Consolidation of ordinary shares (4 shares to 1 share)	-	(38,517,926)	-	-
Derecognition of employee/ director long-term incentive shares	-	-	-	(627,500)
Acquisition of minority interest (i)	1,586,053	-	269,629	-
Issued of shares to Managing Director	-	825,000	-	-
Shares issued during the year	-	33,329,450	-	6,665,890
Shares issue costs	-	-	-	(737,346)
Balance at end of the period/ year	48,580,228	46,994,175	44,549,823	44,280,194

(i) Acquisition of minority interest

On 28 March 2008, the Company and Vital Bio Tech Holdings Limited ("VBH") completed an agreement whereby the Company acquired 1,333,333 shares (or 6.75% shareholding) in VitaHealthcare Asia Pacific Sdn Bhd ("VHAP") from VBH, in exchange for 1,586,053 new Vita Life shares or 3.4% of Vita Life's existing issued capital. An amount of \$269,629, which was the market value of the shares exchanged, was recognised in the Contributed Equity of the Company.

From 28 March 2008, VHAP became a wholly owned subsidiary of the Company.

7. COMMITMENTS AND CONTINGENCIES

There are no significant changes to the contingent assets and liabilities as previously disclosed in the Annual Report for the financial year ended 31 December 2007.

8. EVENTS AFTER THE BALANCE SHEET DATE

(a) Issue and Cancellation of Options

On 22 May 2008, the Company cancelled 3,000,000 unquoted options which were previously issued in 2004 to Barleigh Wells, a company incorporated in the United Kingdom.

On 19 July 2008, the Company issued 3,000,000 new unquoted options to Barleigh Wells in accordance with shareholders' approval at the Company's Annual General Meeting on 23 May 2008. Each option confers the right to take up one ordinary Vita Life share. The options have an exercise price of \$0.40 for each option and expire on 31 January 2011.

Notes to the Financial Statements

(continued)



8. EVENTS AFTER THE BALANCE SHEET DATE

(b) Dividend from Pan Pharmaceuticals Limited's Liquidator ("Liquidator")

On 23 July 2008, Liquidator of Pan Pharmaceuticals Limited ("Pan") announced a third interim dividend of \$0.10 or \$668,895 to the Company following its settlement of the litigation against Pan's former Chief Executive Officer on 15 April 2008.

The net dividend of \$657,887 (after legal costs of \$11,008 incurred in 1HY08) was recognised as Other Income as an adjusting event subsequent to Balance Sheet date in accordance with the Australian Accounting Standard AASB 110 *Events after the Balance Sheet Date*.

9. CONTINGENCIES

Contingent assets

VitaHealth Laboratories (Australia) Pty Ltd & Supplements World Pte Ltd [In liquidation] & VitaHealth Laboratories (HK) Ltd v Pharmatech Industries Sdn Bhd & Khoo Seng Kang & Gan Hook Chun & Pang Seng Meng. Civil Suit No. D1-22-1551-2002 – High Court of Malaysia at Kuala Lumpur

The allegations made by the Vita Life group of companies are against the former Managing Director, two former Malaysian senior managers of the group and a contract packer in Malaysia. Damages are unspecified.

The contract packer has lodged a counter claim for RM 10 million alleging wrongful termination of the packing agreement and the Vita Life group of companies has obtained an interim injunction order against the remaining Defendants restraining them from selling products which carry the VitaHealth name and logo.

Based on legal advice, the Directors believe the Group has a strong case and the counter claim is without merit. The case is ongoing and is expected to be concluded in 2010.

Contingent liabilities

Gan Hook Chun & Khoo Seng Kang v Zuellig Pharma Sdn Bhd. Kuala Lumpur Industrial Court Case No: 15(9)/4-753/05

Zuellig Pharma Sdn Bhd (ZPM), acting as the agent of our subsidiary, had in the past employed these two managers. These managers were subsequently dismissed in the financial year 2002. The former managers are now suing ZPM for wrongful dismissal and seeking for reinstatement in the Kuala Lumpur Industrial Court.

The directors believe the Group has a strong case in its defence. The case is ongoing and is expected to be concluded in 2009.

Directors' Declaration

In the opinion of the directors of Vita Life Sciences Limited:

1. (a) The financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2008 and its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard *AASB 134 Interim Financial Reporting*, Corporations Regulations 2001 and other mandatory professional reporting requirements.
- (b) There are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Eddie L S Tie
Managing Director
22 August 2008

Independent Review Report To the members of Vita Life Sciences Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Vita Life Sciences Limited and the entities it controlled during the half year, which comprises the condensed balance sheet as at 30 June 2008, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement or description of accounting policies, other selected explanatory notes and the directors' declaration.

Directors Responsibility on the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 30 June 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Vita Life Sciences Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Vita Life Sciences Limited and the entities it controlled during the half year is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entities financial position as at 30 June 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and *Corporations Regulations 2001*.

RUSSELL BEDFORD NSW
Chartered Accountants

A handwritten signature in blue ink, appearing to read 'G. Ralph', with a horizontal line underneath.

GREGORY C. RALPH M.Com., F.C.A.
Partner
Sydney, 22 August 2008

General Information

Directors

Vanda Gould

Non-executive Chairman

Eddie Tie

Managing Director

John Sharman

Non-executive Director

Henry Townsing

Non-executive Director

Company Secretary

Terry Kong

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Melbourne VIC 3000

Stock Exchange Listing

The ordinary shares of Vita Life Sciences Limited are listed on the Australian Securities Exchange Ltd (code: VSC).

VLS