Preliminary Final Report of

Vita Life Sciences Limited

For the Year Ended 31 December 2007

This Preliminary Final Report is provided to the Australian Securities Exchange ("ASX") under ASX Listing Rule 4.3A

Current Reporting Period:	Financial Year Ended 31 December 2007
Previous Corresponding Period:	Financial Year Ended 31 December 2006

Vita Life Sciences Limited and its Controlled Entities
ABN 35 003 190 421

Contents

Name of Entity: Vita Life Sciences Limited

ABN: 35 003 190 421

Results for announcement to the market

		Percentage Change %	2007 A$
Revenue	up	6.33	11,838,907
Loss before income tax	down	(103.91)	(323,873)
Net loss after tax	down	(102.11)	(204,265)
Net loss attributable to members	down	(102.58)	(253,385)

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

BRIEF EXPLANATION OF REVENUE, NET (LOSS) / PROFIT AND DIVIDENDS (DISTRIBUTIONS)

Refer to the Company's Statement to the Australian Securities Exchange ("ASX")

Appendix 4E Commentary

Full Year Results of Vita Life Sciences Limited and its controlled entities ("Company") for the 12 months ended 31 Dec 2007

Financial Overview

The Company's sales revenue increased by 6.3% to $11.84m when compared to 2006 as a result of higher sales for the Health divisions' health supplement products in its established Australian, Malaysian and Singaporean markets. As 58% of total revenue was derived from Asian markets, sales revenue was negatively impacted by currency translation due to the stronger Australian dollar (averaging about 5% higher than 2006). Revenue based on local currencies for health supplement products compared to 2006 was up by: 2% in Australia, 8% in Singapore and 16% in Malaysia.

Gross profit margins also improved in 2007 because of tight controls and sales mix. Through reformulation of some established products manufacturing costs were reduced and the introduction of new products with higher margins gross profit increased to $6.78m in 2007 (2006: $5.89m).

Operating expenses were contained and resulted in earnings before interest and tax ("EBIT") of $3,949 (2006:$8.70m). Comparison of the 2007 results with 2006 is not relevant as it included gains from the sale of an asset for $11.79m.

EBIT for 2007 was favourably impacted by non-recurring "other income" of $0.56m. This other income consisted mainly of proceeds from the settlement of legal actions and recovery of receivables previously written off. The table below summarises the Company's adjusted EBIT by division from its continuing operations.

	Continuing Operations		
	Health $	Investment $	Total $
Year ended 31 December 2007			
Result			
Segment profit before interest and tax	146,623	(18,232)	128,391
Unallocated revenue/ (expenses)			(124,442)
Profit before interest and tax			3,949
Interest expense (net)			(303,368)
Share of loss of associate			(24,454)
Loss before income tax			(323,873)
Income tax benefit			119,608
Net loss for the year			(204,265)

Net interest expense for 2007 was $ 0.36m (2006: $1.75m). The substantial reduction in interest costs was a result of the Company reducing borrowings to $0.82m at December 2007 (Dec 2006: $8.14m).

The Company's loss after tax was $0.20m for 2007. Comparison with the profit of $9.67m in 2006 is not relevant as the 2006 result includes profit from the sale of an asset.

The successful capital raising of $6.66m in July 2007 resulted in the Company's net assets increasing to $2.88m at 31 December 2007 (2006: net liabilities of $2.14m). Whilst the net tangible assets per share of the Company remained constant at $0.25 per share (2006: $0.26 per share), the capital raising laid the foundations for the Company's expansion. Refer "Review of Operations" below.

Operating cash inflow increased to $1.89m, contributed by proceeds of $4.00m from disposal of an asset whilst cash receipts from customers in 2007 were similar to 2006 levels.

Operational outflows comprised inventory related purchases ($0.57m the net of inventory and trade payables) and other non-trade obligations ($2.3m) being primarily expenses associated with the development of the Health division's new operations, the Company's capital raising and legal costs.

The table below reconciles the Company's earnings before interest, tax, depreciation and amortisation to cash flow in the financial statements.

Earnings Before Interest, Tax, Depreciation & Amortisation	(119,236)
Changes in working capital:	
Decrease in receivables	541,501
Increase in inventories	(283,018)
Decrease in other assets	3,966,918
Decrease in trade payables	(287,777)
Decrease in other payables and accruals	(2,296,620)
Decrease in income tax payables	(150,765)
Decrease in other liabilities	(48,775)
Other revenue	562,097
Adjustment for non-cash income & expenses	184,741
	2,069,066
Interest (net)	(303,368)
Tax Benefit	119,608
Operating Cashflow	1,885,306
Investing Cashflow	(175,824)
Financing Cashflow	(3,117,993)
	(1,408,511)

Review of Operations

Health Division

The foundations for expansion of the Company's principal operating business, the Health division, were put in place in 2006 and 2007 and the opportunity is to capitalise on the established market position for the groups' health supplements in Australia and several Asian countries. Good progress was made towards meeting this medium term objective in 2007. This is reflected by:

i. Sales revenue up by 6.3%;
ii. Gross profit margins improved to 57%;
iii. Profit of $0.16m before interest and tax.

These financial milestones were achieved against the backdrop of expensing costs associated with the development of new operations including:

i. The launch of sales in Thailand;
ii. The launch of the Multi Level Marketing business in Malaysia;
iii. The launch of the Pharma Direct business in Malaysia; and
iv. The securing of most regulatory approvals to enable Herbs of Gold (Shanghai) Co Ltd, a wholly owned subsidiary, to commence business within China in 2008.

By the end of 2007 these new initiatives had began to positively contribute to Health division sales and gross profit but not to profit. The Company is budgeting for these new operations to produce a small profit in 2008.

The Health divisions' established Herbs of Gold and VitaHealth brands, sold in Australia, Malaysia and Singapore, were profitable in all three countries in 2007. A total of 23 new products were launched in these countries in 2007 and the Company is budgeting for higher levels of profit from each of these business units in 2008.

Investment division
The Company has an investment of $1.04m in a 352 home and 20 shop property project in Malaysia. During the second half of 2007, construction commenced and sales launched for phase 1a of the project. The sale of homes was slower than expected as a result of tightening credit for housing and consumer loans.

Due to the start up phase of the property project the Investment division did not recognise any sales revenue but did expense $18,232 of costs.

The outlook for the project continues to be positive and the Company is budgeting for the Investment division to contribute a small profit in 2008.

Legal
The events of the past that lead to substantial litigation are now well behind the Company. In Malaysia the Company continues with the 2 cases but unlike past cases they do not require a substantial investment, either in terms of management time or financial resources.

Outlook for 2008

The Company enters 2008 with considerable optimism, focused on its Health business and confident of improved financial performance. Positive sales revenue trends that commenced towards the end of 2007 and continued through to the date of this report indicate the Company's budget for a profit in 2008 is well founded barring a decline in consumer spending arising from tighter credit conditions.

29 February 2008

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Income Statement

for the year ended 31 December 2007	Notes	2007 $	2006 $
CONTINUING OPERATIONS			
Sales of goods		11,838,907	11,134,472
Cost of sales		(5,059,243)	(5,243,889)
Gross profit		6,779,664	5,890,583
Other income	3 (a)	562,097	12,681,855
Distribution expenses		(470,496)	(285,746)
Marketing expenses		(1,280,876)	(1,299,329)
Occupancy expenses		(596,355)	(504,660)
Administrative expenses	3 (b)	(4,725,370)	(5,910,360)
Other expenses	3 (c)	(264,715)	(1,870,093)
(Loss) / profit from continuing operations before interest and taxes		3,949	8,702,250
Share of associated loss		(24,454)	(12,922)
Finance income	3 (d)	55,269	1,342,162
Finance costs	3 (e)	(358,637)	(1,756,660)
(Loss) / Profit before income tax		(323,873)	8,274,830
Income taxes	5	119,608	-
(Loss) / Profit after tax from continuing operations		(204,265)	8,274,830
DISCONTINUED OPERATIONS			
Net profit after tax from discontinued operations		-	1,390,203
Net (loss) / profit for the year		(204,265)	9,665,033
Profit/ (loss) attributable to minority interest		49,120	(142,295)
(Loss) / profit attributable to members of the parent		(253,385)	9,807,328
		(204,265)	9,665,033
Earnings per share (cents per share)	4		
- basic earnings per share for continuing operations		(0.96)	16.7
- basic earnings per share for discontinued operations		-	2.8
- basic earnings per share		(0.96)	19.5
- diluted earnings per share		(0.96)	15.8

The accompanying notes should be read in conjunction with the above Income Statement

Balance Sheet

as at 31 December 2007	Notes	2007 $	2006 $
ASSETS			
Current Assets			
Cash and cash equivalents	6	615,755	1,930,982
Trade and other receivables	7	1,929,112	3,722,690
Inventories	8	1,965,138	1,682,120
Other current assets	9	145,244	128,047
Assets held for sale		-	4,000,000
Total Current Assets		4,655,249	11,463,839
Non Current Assets			
Investment in associates	10	14,128	38,582
Trade and other receivables	11	1,712,838	1,167,240
Property, plant and equipment	12	274,159	211,211
Intangible assets	13	72,733	77,699
Total Non Current Assets		2,073,858	1,494,732
Total Assets		**6,729,107**	**12,958,571**
LIABILITIES			
Current Liabilities			
Trade and other payables	14	2,753,023	6,479,607
Interest bearing loans and borrowings	15	817,572	8,135,124
Current income tax liability		90,423	241,188
Provisions	16	183,642	232,427
Total Current Liabilities		3,844,660	15,088,346
Non Current Liabilities			
Interest bearing loans and borrowings	15	-	6,213
Provisions	16	4,719	4,709
Total Non Current Liabilities		4,719	10,922
Total Liabilities		**3,849,379**	**15,099,268**
Net Assets/ (Liabilities)		**2,879,728**	**(2,140,697)**
Equity			
Contributed Equity	17	44,280,194	38,979,150
Accumulated losses		(40,449,910)	(40,196,525)
Employee share based payments reserve		15,153	-
Foreign currency translation reserve		(1,442,583)	(1,347,735)
Parent entity interest		2,402,854	(2,565,110)
Minority interest		476,874	424,413
Total Equity		**2,879,728**	**(2,140,697)**

The accompanying notes should be read in conjunction with the above Balance Sheet

Cash Flow Statement

For the Year Ended 31 December 2007	Notes	2007 $	2006 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipt from customers		13,049,190	13,624,892
Payments to suppliers and employees		(10,849,470)	(12,130,891)
Borrowing costs		(338,526)	(1,684,235)
Income tax paid		(31,157)	(208,201)
Interest received		55,269	42,724
Proceeds from former supplier		-	871,220
Net cash flows from / (used in) operating activities	6 (b)	1,885,306	515,509
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		11,781	1,154,624
Purchase of property, plant and equipment		(187,605)	(233,575)
Proceeds from disposal of subsidiary		-	15,186,389
Net cash flows (used in) / from investing activities		(175,824)	16,107,438
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		6,665,890	897,705
Share issue costs		(737,346)	-
Proceeds from external borrowings		7,205	-
Repayment of external borrowings		(1,722,746)	(2,357,715)
Repayment of convertible notes		(5,701,508)	(12,725,778)
Interest paid on convertible notes		(1,135,143)	-
Discounts from redemption of convertible notes		-	1,266,921
Loans from related parties		58,297	-
Loans to associated entities		(552,642)	(2,727,493)
Net cash flows from / (used in) from financing activities		(3,117,993)	(15,646,360)
Net (decrease) / increase in cash and cash equivalents		(1,408,511)	976,587
Cash and cash equivalents at beginning of the year		1,930,982	954,395
Cash and cash equivalent at end of the year	6 (a)	**522,471**	**1,930,982**

The accompanying notes should be read in conjunction with the above Cash Flow Statement

Statement of Changes in Equity

for the year ended 31 December 2007

	Contributed Equity $	Accumulated Losses $	Employee Share Based Payments Reserve $	Foreign Currency Translation Reserve $	Attributable to Equity Holders of Parent $	Minority Interests $	Total $
CONSOLIDATED							
Balance at 1 Jan 2006	38,081,445	(50,003,853)	-	(1,823,229)	(13,745,637)	(37,536)	(13,783,173)
Profit attributable to members of parent entity	-	9,807,328	-	-	9,807,328	-	9,807,328
Loss attributable to minority shareholders	-	-	-	-	-	(142,295)	(142,295)
Issue of share capital	897,705	-	-	-	897,705	-	897,705
Shares issued to minority shareholders	-	-	-	-	-	518,660	518,660
Exchange difference on translation of foreign operations	-	-	-	475,494	475,494	85,584	561,078
Balance at 31 Dec 2006	38,979,150	(40,196,525)	-	(1,347,735)	(2,565,110)	424,413	(2,140,697)
Balance at 1 Jan 2007	38,979,150	(40,196,525)	-	(1,347,735)	(2,565,110)	424,413	(2,140,697)
Loss attributable to members of parent entity	-	(253,385)	-	-	(253,385)	-	(253,385)
Profit attributable to minority shareholders	-	-	-	-	-	49,120	49,120
Issue of share capital	6,665,890	-	-	-	6,665,890	-	6,665,890
Share issue costs	(737,346)	-	-	-	(737,346)	-	(737,346)
Employee share option scheme	-	-	15,153	-	15,153	-	15,153
De-recognition of employee/ director long-term incentive shares	(627,500)	-	-	-	(627,500)	-	(627,500)
Exchange difference on translation of foreign operations	-	-	-	(94,848)	(94,848)	3,341	(91,507)
Balance at 31 Dec 2007	44,280,194	(40,449,910)	15,153	(1,442,583)	2,402,854	476,874	2,879,728

The accompanying notes should be read in conjunction with the above Statement of Changes in Equity

Notes to the Financial Statements

For the Year Ended 31 December 2007

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis.

The financial report is presented in Australian dollars.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ("IFRS").

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Vita Life Sciences Limited and its subsidiaries ("the Group") as at 31 December 2007. Interests in associates are equity accounted and are not part of the consolidated Group.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries held by Vita Life Sciences Limited are accounted for at cost in the separate financial statements of the parent entity.

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

Minority interests represent the interests in VitaHealthcare Asia Pacific Sdn Bhd not held by the Group**.** Minority interests are allocated their share of net profit or loss after tax in the income statement and are presented within Equity in the consolidated balance sheet, separately from the parent shareholders' equity.

Notes to the Financial Statements (Continued)

For the Year Ended 31 December 2007

1 Summary of Significant Accounting Policies (continued)

(d) Business combinations

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus cost directly attributable to the combination. Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange. Transaction costs arising from the issue of equity instruments are recognised directly in equity.

Except for non-current assets or disposal groups classified as held for sale (which are measured at fair value less costs to sell), all identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of the consideration is deferred, the amounts payable in the future are discounted to their present values as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(e) Foreign currency translation

(i) Functional and presentation currency

Both the functional and presentation currency of Vita Life and its Australian subsidiaries are Australian dollars ($).

The functional currency of the main operating overseas subsidiaries VitaHealthcare Asia Pacific Sdn Bhd, Swiss Bio Pharma Sdn Bhd and Vitaron Jaya Sdn Bhd are in Malaysian Ringgit (MYR), whilst Vitahealth IP Pte Ltd, VitaHealth Asia Pacific (S) Pte Ltd, Vita Corporation Pte Limited are in Singapore dollars (SGD).

(ii) Transactional and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying 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.

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 rate at the date when the fair value was determined.

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

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

Notes to the Financial Statements (Continued)

For the Year Ended 31 December 2007

1 Summary of Significant Accounting Policies (continued)

(f) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(g) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectibility of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor or default payments are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

(h) Inventory

Inventories including raw materials are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated selling costs.

Costs incurred in bringing each product to its present location and condition is 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.

Notes to the Financial Statements (Continued)

For the Year Ended 31 December 2007

1 Summary of Significant Accounting Policies (continued)

(i) Property, plant and equipment

Plant and equipment is measured at cost less accumulated depreciation and impairment losses.

The cost of fixed assets constructed within the economic entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amounts of all fixed assets including capitalised lease assets are depreciated on a straight-line basis over the estimated useful lives. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

	Rate	***Method***
Plant and equipment	10-33%	Straight-line method
Leasehold Improvements	20-50%	Straight-line method
Motor Vehicles	20-50%	Straight-line method

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 de-recognition 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.

(j) Goodwill and Intangibles

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

From the initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or group of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates.

1 Summary of Significant Accounting Policies (continued)

(j) Goodwill and Intangibles (continued)

When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained. Impairment losses recognised for goodwill are not subsequently reversed.

Intangibles
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, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated 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.

The useful lives of these intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at that cash-generating unit level consistent with the methodology outlined for goodwill above. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on prospective basis.

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

	Patents and licences	***Development costs***
Useful lives	Indefinite	Finite
Method used	Not depreciated or revalued	8 – 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 annually for indicator of impairment

Notes to the Financial Statements (Continued)

For the Year Ended 31 December 2007

1 Summary of Significant Accounting Policies (continued)

(k) Impairment of non-financial assets other than goodwill

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicated that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash inflows are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(l) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade payables are normally settled within 30 to 90 days.

(m) 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.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs

Borrowing costs are recognised as an expense when incurred. Borrowing costs that are directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Notes to the Financial Statements (Continued)

For the Year Ended 31 December 2007

1 Summary of Significant Accounting Policies (continued)

(n) 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.

(o) Employee entitlements

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled plus related on-costs. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

Employee benefit expenses and revenues arising in respect of wages and salaries, non-monetary benefits, annual leave, long service leave and other leave benefits; and other types of employee benefits are recognised against profits on a net basis in their respective categories.

(p) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the gross proceeds.

(q) Leases

Finance Leases

Leases of fixed assets, which substantially transfer to the Group all the risks and benefits incidental to ownership of the leased item, but not the legal ownership, are classified as finance leases. Finance leases 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. Leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term. 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.

Notes to the Financial Statements (Continued)

For the Year Ended 31 December 2007

1 Summary of Significant Accounting Policies (continued)

(q) Leases (continued)

Operating Leases
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease.

(r) Revenue recognition

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 (net of returns, discounts and allowances) when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably.

Consequently transfers of goods to major distributors are considered as consignment inventory and revenue is only recognised upon the achievement of “in-market” sales.

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

Dividends
Revenue is recognised when the Group’s right to receive the payment is established.

Notes to the Financial Statements (Continued)

For the Year Ended 31 December 2007

1 Summary of Significant Accounting Policies (continued)

(s) Taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax base 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 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.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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.

Notes to the Financial Statements (Continued)

For the Year Ended 31 December 2007

1 Summary of Significant Accounting Policies (continued)

(s) Taxes (continued)

Tax consolidation

The Company is the head entity of the tax consolidated group comprising all the Australian wholly owned subsidiaries. The implementation date for the tax consolidated group was 30 June 2003.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using a "stand alone basis without adjusting for intercompany transactions" approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under consolidation.

Any current tax Australian liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries is assumed by the head entity in the tax consolidated group and are recognised as amounts payable (receivable) to (from) other entities in the tax consolidated group. Any difference between these amounts is recognised by the head entity as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax consolidated group to the extent that it is probable that future taxable profits of the tax consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

(t) Other taxes

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax ("GST") except:

- where the GST incurred is not recoverable from the Australian Taxation Office ("ATO"), and is therefore recognised as part of the asset's cost or as part of the expense item.
- Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the balance sheet. Cash flows are presented in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to the taxation authority are classified as operating cash flows.

Notes to the Financial Statements (Continued)

For the Year Ended 31 December 2007

1 Summary of Significant Accounting Policies (continued)

(u) Financial instruments

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss
A financial asset is classified in this category if acquired principally for the purpose of selling in the short term, or if so designated by management and within the requirement of AASB139: Recognition and Measurement of Financial Instruments.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

De-recognition of financial instruments

Financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Notes to the Financial Statements (Continued)

For the Year Ended 31 December 2007

1 Summary of Significant Accounting Policies (continued)

(u) Financial instruments (continued)

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

(v) Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing the net profit/(loss) after income tax attributable to members of the Company by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

1 Summary of Significant Accounting Policies (continued)

(w) Share-based payment transactions

(i) Equity settled transactions:
The Group provides benefits to its employees (including key management personnel) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

At the Company's Annual General Meeting held on 31 May 2007, shareholders approved the issue of Long Term Incentive Plan (Plan) shares to Mr Eddie L S Tie, the Company's Managing Director.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of Vita Life Sciences Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the income statement is the product of:
(i) the grant date fair value of the award;
(ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and
(iii) the expired portion of the vesting period.

The charge to the income statement for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards are vested than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Notes to the Financial Statements (Continued)

For the Year Ended 31 December 2007

1 Summary of Significant Accounting Policies (continued)

(x) New accounting standards and interpretations not yet adopted

The following standards, amendments to standards or interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 31 December 2007, but have not been applied in preparing this financial report:

Reference	Title	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2007-1	Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]	1 March 2007	This is consistent with the Group's existing accounting policies for share-based payments, so the amendments are not expected to have any impact on the Group's financial report.	1 January 2008
AASB 2007-3	Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements. However the amendments may have an impact on the Group's segment disclosures as segment information included in internal management reports is more detailed than is currently reported under AASB 114 *Segment Reporting*.	1 January 2009
AASB 2007-4	Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments [AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 & 1038]	1 July 2007	These amendments are expected to reduce the extent of some disclosures in the Group's financial report.	1 January 2008

Notes to the Financial Statements (Continued)

For the Year Ended 31 December 2007

1 Summary of Significant Accounting Policies (continued)

(x) New accounting standards and interpretations not yet adopted (continued)

Reference	Title	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2007-6	Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	1 January 2009	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised. The Group has no borrowing costs associated with qualifying assets and as such the amendments are not expected to have any impact on the Group's financial report.	1 January 2009
AASB 2007-7	Amendments to Australian Accounting Standards [AASB 1, AASB 2, AASB 4, AASB 5, AASB 107 & AASB 128]	1 July 2007	The amendments are minor and do not affect the recognition, measurement or disclosure requirements of the standards. Therefore the amendments are not expected to have any impact on the Group's financial report.	1 January 2008
AASB 2007-8	Amendments to Australian Accounting Standards arising from AASB 101	1 January 2009	The amendments are expected to only affect the presentation of the Group's financial report and will not have a direct impact on the measurement and recognition of amounts under the current AASB 101. The Group has not determined at this stage whether to present the new statement of comprehensive income as a single or two statements.	1 January 2009
AASB 8	Operating Segments	1 January 2009	Refer to AASB 2007-3 above.	1 January 2009
AASB 101 (revised)	Presentation of Financial Statements	1 January 2009	Refer to AASB 2007-8 above.	1 January 2009
AASB 123 (revised)	Borrowing Costs	1 January 2009	Refer to AASB 2007-6 above.	1 January 2009
AASB Interpretation 11	AASB 2 – Group and Treasury Share Transactions	1 March 2007	Refer to AASB 2007-1 above.	1 January 2008

Notes to the Financial Statements (Continued)

For the Year Ended 31 December 2007

2 Segment Information

A business segment is a distinguishable component of the entity that is engaged in providing products or services that are subject to risks and returns that are different to those of other operating business segments. Management has assessed the reportable business segments under AASB 114 Segment Reporting and have determined that on adoption of AASB 8 Segment Reporting (applicable from 1 January 2009), additional operating segments will most likely be reported. A geographical segment is a distinguishable component of the entity that is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different than those of segments operating in other economic environments.

(a) Business segments

The Group operates in the industry segment of the sale of over the counter (OTC) health supplements, vitamins and investments.

Business Industry	**Products/Services**
Health	OTC vitamins and supplements
Investment	General investments

(b) Geographical segment

The consolidated entity operates in the regions identified as Australia, Malaysia, Singapore and others.

Business Segments

The following tables present revenue and profit information and certain asset and liability information regarding business segments for the years ended 31 December 2007 and 31 December 2006.

Notes to the Financial Statements (Continued)

For the Year Ended 31 December 2007

2 Segment Information (continued)

	Continuing Operations		
	Health	Investment	Total
	$	$	$
Year ended 31 December 2007			
Revenue			
Sales to external customers	11,838,907	-	11,838,907
Result			
Segment results	155,330	(18,232)	137,098
Unallocated expenses	-	-	(77,880)
Loss before tax and finance costs			59,218
Finance costs			(358,637)
Share of loss of associates	(24,454)	-	(24,454)
Profit before income tax			(323,873)
Income taxes			119,608
Net loss for the year			(204,265)
Assets and liabilities			
Segment assets	5,565,083	1,149,896	6,714,979
Investment in associates			14,128
Total assets			6,729,107
Segment liabilities	3,705,932	6,379	3,712,311
Unallocated liabilities			137,068
Total liabilities			3,849,379
Other segment information			
Capital expenditure	(187,605)	-	(187,605)
Depreciation	(113,297)	-	(113,297)
Amortisation	(20,851)	-	(20,851)
Cash flow information			
Net cash flow from operating activities	1,885,306	-	1,885,306
Net cash flow from investing activities	(175,824)	-	(175,824)
Net cash flow from financing activities	(2,699,750)	(418,243)	(3,117,993)

Notes to the Financial Statements (Continued)

For the Year Ended 31 December 2007

2 Segment Information (continued)

	Continuing Operations			Discontinued Operations	
	Health	Investment	Total	Medical	Total
	$	$	$	$	$
Year ended 31 December 2006					
Revenue					
Sales to external customers	11,134,472	-	11,134,472	7,784,868	18,919,340
Result					
Segment results	10,818,483	-	10,818,483	1,801,633	12,620,116
Unallocated expenses			(774,071)	-	(774,071)
Profit before tax and finance costs			10,044,412	1,801,633	11,846,045
Finance costs			(1,756,660)	(270,577)	(2,027,237)
Share of loss of associates	(12,922)	-	(12,922)	-	(12,922)
Profit before income			8,274,830	1,531,056	9,805,886
Income taxes			-	(140,853)	(140,853)
Net profit for the year			8,274,830	1,390,203	9,665,033
Assets and liabilities					
Segment assets	12,303,264	616,725	12,919,989	-	12,919,989
Investment in associates			38,582	-	38,582
Total assets			12,958,571	-	12,958,571
Segment liabilities	15,099,268	-	15,099,268	-	15,099,268
Total liabilities			15,099,268	-	15,099,268
Other segment information					
Capital expenditure	(233,575)	-	(233,575)	-	(233,575)
Depreciation	(112,903)	-	(112,903)	-	(112,903)
Amortisation	(216,819)	-	(216,819)	-	(216,819)
Cash flow information					
Net cash flow from operating activities	515,509	-	515,509	-	515,509
Net cash flow from investing activities	16,107,438	-	16,107,438	-	16,107,438
Net cash flow from financing activities	(16,263,085)	616,725	(15,646,360)	-	(15,646,360)

Notes to the Financial Statements (Continued)

For the Year Ended 31 December 2007

2 Segment Information (continued)

Geographical segments

The Group's geographical segments are determined based on the locations of the Group's assets. The following table presents revenue, expenditures and certain asset and liabilities information regarding geographical segments for the year ended 31 December 2007 and 31 December 2006.

	Continuing Operations				
	Australia	**Singapore**	**Malaysia**	**Others**	**Total**
	$	**$**	**$**	**$**	**$**
Year ended 31 December 2007					
Revenue					
Sales to external customers	5,061,501	2,796,592	3,902,765	78,049	11,838,907
Segment results					
(Loss) / profit before tax and finance costs	6,185	359,244	(300,232)	(5,979)	59,218
Finance costs	(340,415)	(4,347)	(13,607)	(268)	(358,637)
Share of loss of associates	-	-	(24,454)	-	(24,454)
Loss before income tax					(323,873)
Income taxes					119,608
Net loss for the year					(204,265)
Assets and liabilities					
Segment assets	3,167,346	868,426	1,447,039	1,232,168	6,714,979
Investment in associates					14,128
Total assets					6,729,107
Segment liabilities	2,720,573	446,411	599,635	82,760	3,849,379
Total liabilities					3,849,379
Other segment information					
Capital expenditure	(92,548)	(22,313)	(72,744)	-	(187,605)
Depreciation	(13,855)	(26,594)	(72,848)	-	(113,297)
Amortisation	-	(9,923)	(10,928)	-	(20,851)

Notes to the Financial Statements (Continued)

For the Year Ended 31 December 2007

2 Segment Information (continued)

	Continuing Operations						
	Australia $	Singapore $	Malaysia $	Others $	Total $	Discontinued Operations $	Total $
Year ended 31 December 2006							
Revenue							
Sales to external customers	4,958,911	2,717,862	3,415,855	41,844	11,134,472	7,784,868	18,919,340
Segment results							
Profit / (loss) before tax and finance costs	11,428,575	(101,999)	(1,277,494)	(4,670)	10,044,412	1,801,633	11,846,045
Finance costs	(1,733,185)	(3,408)	(19,776)	(291)	(1,756,660)	(270,577)	(2,027,237)
Share of loss of associates	-	-	(12,922)	-	(12,922)	-	(12,922)
Profit before income tax					8,274,830	1,531,056	9,805,886
Income taxes					-	(140,853)	(140,853)
Net profit for the year					8,274,830	1,390,203	9,665,033
Assets and liabilities							
Segment assets	10,277,545	786,841	1,204,231	651,372	12,919,989	-	12,919,989
Investment in associates							38,582
Total assets					12,919,989	-	12,958,571
Segment liabilities	13,881,362	517,320	614,542	86,044	15,099,268	-	15,099,268
Total liabilities					15,099,268	-	15,099,268
Other segment information							
Capital expenditure	(15,037)	(42,311)	(176,227)	-	(233,575)	-	(233,575)
Depreciation	(56,944)	(21,859)	(34,042)	(58)	(112,903)	-	(112,903)
Amortisation	-	(11,249)	(30,475)	-	(41,724)	(175,095)	(216,819)

Notes to the Financial Statements (Continued)

For the Year Ended 31 December 2007

3 REVENUE AND EXPENSES

	2007 $	2006 $
(a) Other income		
Income from settlement of legal case	355,000	-
Recovery of receivables previously written off	155,134	-
Rental income	12,144	-
Gain on disposal of Cyclopharm Limited	-	8,602,287
Fair value gains on assets held for sale	-	3,184,662
Proceeds from creditor recovery	-	871,220
Realised foreign exchange gains	-	22,750
Gain on disposal of property, plant and equipment	8,842	936
Other income	30,977	-
	562,097	**12,681,855**
(b) Administrative expenses		
Legal and other professional fees	(123,481)	(1,340,152)
Consultants	(273,649)	(398,210)
Wages and salaries	(3,306,506)	(3,015,270)
Defined contribution Superannuation expense	(297,586)	(257,508)
Travelling expenses	(371,338)	(382,047)
Share based payment expense	(15,153)	-
Depreciation	(113,297)	(112,903)
Amortisation	(20,851)	(216,819)
Other administrative expenses	(203,509)	(187,451)
	(4,725,370)	**(5,910,360)**
(c) Other expenses		
Restructuring costs	(91,806)	(128,796)
Product registration costs	(91,957)	(97,644)
Goodwill impairment	-	(1,110,015)
Write off of investment	-	(407,229)
Foreign currency expenses	(17,951)	(12,610)
Other expenses	(63,001)	(113,799)
	(264,715)	**(1,870,093)**
(d) Finance income		
Discounts on redemption of convertible notes	-	1,266,921
Interest received - external parties	55,269	75,241
	55,269	**1,342,162**
(e) Finance expenses		
Convertible notes interest	-	(1,292,091)
Interest expense - external parties	(310,670)	(299,564)
Interest expense - related parties	-	(32,517)
Bank facility fees	(22,410)	(90,000)
Bank charges	(20,111)	(27,908)
Convertible notes expenses	-	(12,000)
Finance charges - hire purchase and lease contracts	(5,446)	(2,580)
	(358,637)	**(1,756,660)**

Notes to the Financial Statements (Continued)

For the Year Ended 31 December 2007

4 EARNINGS PER SHARE

	2007 $	2006 $
Net (loss) / profit attributable to equity holders from continuing operations	(204,265)	8,274,830
Net profit attributable to equity holders from discontinued operations	-	1,390,203
(Profit) / loss attributable to minority interest	(49,120)	142,295
Net (loss) / profit attributable to equity holders of the parent	**(253,385)**	**9,807,328**
	Number	**Number**
Weighted average number of ordinary shares for basic earnings per share	26,339,801	49,448,243
Adjusted weighted average number of ordinary shares for diluted earnings per share	26,339,801	62,117,454

5 INCOME TAXES

	2007 $	2006 $
(a) Income tax expense		
The major components of income tax expense are:		
Income Statement:		
Current income tax		
Current income tax charge	-	-
Prior year overprovision	119,608	-
Deferred income tax		
Relating to origination and reversal of temporary differences	-	-
Income tax expense reported in the income statement	**119,608**	**-**

Notes to the Financial Statements (Continued)

For the Year Ended 31 December 2007

5 INCOME TAXES (continued)

(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:

	2007 $	2006 $
Total accounting (loss)/ profit before income tax	(323,873)	8,274,830
At the parent entity's statutory income tax rate of 30% (2006: 30%)	(97,162)	2,482,449
Adjustment in respect of current income tax of previous year	119,608	-
Foreign tax rate adjustment	(258)	25,256
Entertainment	2,776	-
Share based payments	4,546	-
Other expenditure not allowable for income tax purpose	7,126	402,635
Tax losses and timing differences not brought to account/ recognised	82,972	(2,910,340)
Aggregate income taxes	**119,608**	**-**

(c) Tax losses

The Group has Australian carry forward tax losses for which no deferred tax assets is recognised on the balance sheet of $19,164,459 (2006: $19,081,487) which are available indefinitely for offset against future taxable income of the companies in which losses arose. The benefit of these tax losses has not been brought to account as the probable recognition criteria has not been satisfied.

At 31 December 2007, there is no recognised or unrecognised deferred tax liability (2006: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, as the Group has no liability for additional taxation should such amounts be remitted.

Notes to the Financial Statements (Continued)

For the Year Ended 31 December 2007

6 CASH AND CASH EQUIVALENTS

	2007 $	2006 $
Cash at bank and in hand	471,697	1,783,538
Short term deposit	144,058	147,444
Total cash and cash equivalents	**615,755**	**1,930,982**

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

Short term deposit earns interest at the respective short-term deposit rates.

The fair value of cash equivalents is $615,755 (2006:$1,930,982).

	2007 $	2006 $
(a) Reconciliation of Cash Flow Statement		
For the purpose of the Cash Flow Statement, cash and cash equivalents comprise the following:		
Cash at bank and in hand	471,697	1,783,538
Short term deposit	144,058	147,444
Bank overdrafts - secured	(93,284)	-
	522,471	**1,930,982**

Notes to the Financial Statements (Continued)

For the Year Ended 31 December 2007

6 CASH AND CASH EQUIVALENTS (CONTINUED)

(b) Reconciliation of net (loss) / profit after tax to net cash flows from operations

Net (loss) / profit after tax	(204,265)	9,807,328
Adjustments for non-cash income and expense items:		
Depreciation	113,297	112,903
Amortisation	20,851	216,819
Impairment write-down	-	1,110,016
Foreign currency gains	(83,086)	(22,748)
Gain on disposal of Cyclopharm Limited	-	(8,602,287)
Fair value on gains on assets held for use	-	(3,184,662)
Discount on redemption of convertible notes	-	(1,266,921)
Net profit on disposal of property, plant & equipment	(8,842)	(936)
Shared based payment expense	15,153	-
Allowance for impairment loss	4,183	-
	(142,709)	**(1,830,488)**
Increase/decrease in assets and liabilities:		
(Increase) / decrease in inventories	(283,018)	1,478,275
Decrease in receivables	1,103,598	2,695,888
Decrease in other assets	3,991,372	-
Decrease in income tax payable	(150,765)	(208,201)
Decrease trade and other payables	(2,584,397)	(1,275,219)
Decrease in other liabilities	(48,775)	(344,746)
Net cash from operating activities	**1,885,306**	**515,509**

Notes to the Financial Statements (Continued)

For the Year Ended 31 December 2007

7 TRADE AND OTHER RECEIVABLES

	2007 $	2006 $
Current		
Trade receivables, third parties	1,142,044	1,166,037
Allowance for impairment loss	(17,429)	(13,246)
	1,124,615	1,152,791
Other receivables:		
Other receivables	804,497	1,758,408
Net tax receivable	-	125,694
Related party receivables	-	685,797
	1,929,112	**3,722,690**

Terms and conditions relating to the above financial instruments:

(a) Trade receivables are non-interest bearing and generally on 30 to 90 day terms;

(b) Other receivables are non-interest bearing and have repayment terms between 30 to 90 days;

(c) Related party receivables are loans to directors and employees for the purchase of shares under the Company's Long Term Incentive Plan at $0.25 each. Recourse for the loans is strictly limited in all circumstances to the Vita Life shares purchased with the proceeds of this loan. The loans are non-interest bearing and is payable only upon disposal of the shares by the borrower. During the financial year, the Company de-recognised the employee and director limited recourse share loans and the corresponding contributed equity of $627,500 as the settlement of the loans is not considered probable as the shares have increased in price to $1.00 following the 1:4 consolidation of shares on 31 May 2007.

8 INVENTORIES

	2007 $	2006 $
Raw materials at cost	421,671	342,724
Finished goods at lower of cost and net realisable value	1,543,467	1,339,396
	1,965,138	**1,682,120**

9 OTHER ASSETS

	2007 $	2006 $
Prepayments	81,217	56,070
Security deposits	64,027	71,977
	145,244	**128,047**

Notes to the Financial Statements (Continued)

For the Year Ended 31 December 2007

10 INVESTMENT IN ASSOCIATES

	2007 $	2006 $
Investments in associates		
- Mitre Focus (Malaysia) Sdn Bhd	-	-
- Vita Life Sciences (Thailand) Co. Ltd	14,128	15,389
- Vitahealth (Thailand) Co. Ltd	-	23,193
	14,128	**38,582**

	2007 %	2006 %
The Group has the following shareholding in the associates:		
Mitre Focus (Malaysia) Sdn Bhd	6.3	-
Vita Life Sciences (Thailand) Co. Ltd	46.0	67.0
Vitahealth (Thailand) Co. Ltd	71.0	44.0

11 TRADE AND OTHER RECEIVABLES (NON-CURRENT)

	2007 $	2006 $
Non- current		
Loan to associates	1,173,549	627,951
Related party receivables	539,289	539,289
	1,712,838	**1,167,240**

Terms and conditions relating to the above financial instruments:

(a) Loans to associates are interest free and have no fixed repayment term;

(b) Related party receivable is loan to a director ("subsidiary director") of a company in which Vita Life Sciences Limited holds 70% equity interest. The loan is non-interest bearing and secured over the shares owned by the subsidiary director.

Notes to the Financial Statements (Continued)

For the Year Ended 31 December 2007

12 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Plant and equipment	Leased Plant and Equipment	Total
	$	$	$	$
Year ended 31 December 2007				
At 1 January 2007 net of accumulated depreciation and impairment	104,828	103,320	3,063	211,211
Additions	16,710	155,295	15,600	187,605
Disposals	-	-	(2,939)	(2,939)
Exchange differences	(4,267)	(4,030)	(124)	(8,421)
Depreciation / amortisation for the year	(42,674)	(67,777)	(2,846)	(113,297)
At 31 December 2007 net of accumulated depreciation and impairment	**74,597**	**186,808**	**12,754**	**274,159**
At 31 December 2007				
Cost value	225,209	1,346,636	97,067	1,668,912
Accumulated depreciation and impairment	(150,612)	(1,159,828)	(84,313)	(1,394,753)
Net carrying amount	**74,597**	**186,808**	**12,754**	**274,159**
Year ended 31 December 2006				
At 1 January 2006 net of accumulated depreciation and impairment	52,285	657,440	535,438	1,245,163
Additions	104,716	117,308	11,551	233,575
Disposals	(34,825)	(585,955)	(533,844)	(1,154,624)
Depreciation / amortisation for the year	(17,348)	(85,473)	(10,082)	(112,903)
At 31 December 2006 net of accumulated depreciation and impairment	**104,828**	**103,320**	**3,063**	**211,211**
At 1 January 2006				
Cost value	309,774	2,567,105	610,025	3,486,904
Accumulated depreciation and impairment	(257,489)	(1,909,665)	(74,587)	(2,241,741)
Net carrying amount	**52,285**	**657,440**	**535,438**	**1,245,163**
At 31 December 2006				
Cost value	217,345	1,228,716	112,362	1,558,423
Accumulated depreciation and impairment	(112,517)	(1,125,396)	(109,299)	(1,347,212)
Net carrying amount	**104,828**	**103,320**	**3,063**	**211,211**

Notes to the Financial Statements (Continued)

For the Year Ended 31 December 2007

13 INTANGIBLES ASSETS

	Development costs $	Total $
Year ended 31 December 2007		
At 1 January 2007 net of accumulated depreciation and impairment	77,699	77,699
Additions	15,885	15,885
Amortisation	(20,851)	(20,851)
At 31 December 2007 net of accumulated depreciation and impairment	**72,733**	**72,733**
At 1 January 2007		
Gross carrying amount	311,528	311,528
Accumulated amortisation and impairment	(233,829)	(233,829)
Total	**77,699**	**77,699**
At 31 December 2007		
Gross carrying amount	327,413	327,413
Accumulated amortisation and impairment	(254,680)	(254,680)
Total	**72,733**	**72,733**

14 TRADE AND OTHER PAYABLES

	2007 $	2006 $
Current		
Trade payables	1,329,611	1,617,388
Other payables and accruals	1,407,499	4,839,262
	2,737,110	6,456,650
Loan from associated entities	15,913	22,957
	2,753,023	**6,479,607**

(a) Trade payables are non-interest bearing and are normally settled on 90-day terms. Other payables are non-interest bearing and have an average term of 3 months.

(b) The loans from controlled and associated entities are interest free and have no fixed repayment term.

Notes to the Financial Statements (Continued)

For the Year Ended 31 December 2007

15 INTEREST BEARING LOANS AND BORROWINGS

	2007 $	2006 $
Current		
Convertible notes - secured	-	5,701,508
Bank overdrafts - secured	93,284	-
$3,000,000 secured loans	700,000	2,422,746
Lease liabilities - secured	24,288	10,870
	817,572	**8,135,124**
Non - Current		
Lease liabilities - secured	-	6,213
	-	**6,213**
Financing facilities available		
At reporting date, the following financing facilities has been negotiated and were available:		
Total facilities available:		
Bank overdrafts - secured	137,623	143,462
$3,000,000 secured loans	3,000,000	3,000,000
	3,137,623	**3,143,462**
Facilities utilised at balance date:		
Bank overdrafts - secured	93,284	-
$3,000,000 secured loans	700,000	2,422,746
	793,284	**2,422,746**
Facilities not utilised at balance date:		
Bank overdrafts - secured	44,339	143,462
$3,000,000 secured loans	2,300,000	577,254
	2,344,339	**720,716**

(a) Bank overdrafts

Interest on bank overdrafts is charged at prevailing market rates. The weighted average interest rate for all overdrafts as at 31 December 2007 is 7.75% (2006: 7.75%). The bank overdraft of the controlled entity is secured by way of a pledge of the short term deposit of the Company.

(b) $3,000,000 secured loan

The loan is provided by an external foreign company. The facility is secured over the assets and undertakings of the company and the consolidated entity.

(c) Lease liabilities

Lease liabilities are effectively secured as the rights to the lease assets revert to the lessor in the event of default.

Notes to the Financial Statements (Continued)

For the Year Ended 31 December 2007

16 PROVISIONS

	Employee Entitlements $	Deferred Consideration $	Others $	Total $
Balance at 1 January 2007	**71,996**	**93,750**	**71,390**	**237,136**
Arising during the year	89,982	-	6,225	96,207
Utilised	(82,482)	(62,500)	-	(144,982)
Balance at 31 December 2007	**79,496**	**31,250**	**77,615**	**188,361**
At 31 December 2007				
Current	74,777	31,250	77,615	183,642
Non-Current	4,719	-	-	4,719
	79,496	**31,250**	**77,615**	**188,361**
At 1 January 2007				
Current	71,996	93,750	66,681	232,427
Non-Current	4,709	-	-	4,709
	76,705	**93,750**	**66,681**	**237,136**

On 17 May 2006, the Company entered into a settlement with Kate Helena Fraser and Global Herbs Pty Ltd, the vendor of Herbs of Gold Pty Ltd, a subsidiary of the group, for an amount of $475,000. The settlement was to be paid in several installments; the balance of which is $31,250 (2006: $93,750) and is to be paid on 1 May 2008.

17 CONTRIBUTED EQUITY

	2007 Number	2006 Number	2007 $	2006 $
Issued and paid up capital				
Ordinary shares	**46,994,175**	**51,357,651**	**44,280,194**	**38,979,150**
Ordinary shares				
Balance at beginning of the year	51,357,651	47,766,831	38,979,150	38,081,445
Shares issued during the year (iv)	33,329,450	3,590,820	6,665,890	897,705
Share issue costs (iv)	-	-	(737,346)	-
Derecognition of employee/ director long-term incentive shares (ii)	-	-	(627,500)	-
Consolidation of ordinary shares (4 shares to 1 share) (i)	(38,517,926)	-	-	-
Issued of shares to Managing Director (iii)	825,000	-	-	-
Balance at end of the year	**46,994,175**	**51,357,651**	**44,280,194**	**38,979,150**

Notes to the Financial Statements (Continued)

For the Year Ended 31 December 2007

17 CONTRIBUTED EQUITY (CONTINUED)

(i) Share consolidation

On 31 May 2007 the company consolidated its ordinary shares on issue on a 1:4 basis.

(ii) De-recognition of employee and director shares

During the year, the Company de-recognised the employee and director limited recourse share loans and capital of $627,500 (equivalent to 627,500 ordinary shares) issued previously under the Company's Long Term Incentive Plan ("Plan"). Settlement of the loans is not considered probable as the shares have increased in price to $1.00 following the 1:4 consolidation of shares on 31 May 2007. The transaction will subsequently be treated as options.

In addition, the International Financial Reporting Council have recommended that where employee shares are issued under a limited recourse loan payment plan, the loan assets and the increment to share capital should not be recognised at grant date but rather, the transactions be treated as share options.

(iii) Shares issued to managing director

At the Annual General Meeting held on 31 May 2007, the shareholders approved the Company's 825,000 shares issue plan under a non-recourse loan to the Managing Director, Mr Eddie L S Tie.

The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The cost is recognised in the income statement together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the employees become fully entitled to the award (the vesting date).

As at 31 December 2007, the Company recognised $15,153 in the income statement with a corresponding increase in Employee Share Based Payments reserve.

(iv) Shares issued as part of initial public offering and listing on Australian Securities Exchange ("ASX")

On 17 August 2007, the Company completed a new share issue exercise and on 23 August 2007 the Company's ordinary shares were listed on the Australian Securities Exchange Ltd. A total of 33,329,450 new ordinary shares were allotted at $ 0.20 each raising $ 6,665,890 before issue costs of approximately $ 737,346. The net proceeds were applied to retirement borrowings and working capital.

18 NET TANGIBLE ASSET PER SHARE

	2007 $	2006 $
Net assets per share	0.11	(0.04)
Net tangible assets per share	0.11	(0.04)
	Number	**Number**
Weighted average number of ordinary shares for net assets per share	26,339,801	49,448,243

Notes to the Financial Statements (Continued)

For the Year Ended 31 December 2007

19 SUBSEQUENT EVENTS

Recovery of Loan Previously Written Off

On 6 August 2007, the Company was appointed Controller of shares in a company over which it had security for a debt owed to the Company.

The Company intends to sell the shares which it now controls. Proceeds from the sale of the shares are not expected to have a material impact on the Company's financial position.

There are no other subsequent events after balance sheet date that affects the operating results or financial position of the Company and its subsidiaries.

20 CONTINGENCIES

Contingent assets

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

The allegations made by the Vita Life Sciences Limited Group are against the former Managing Director, two former Malaysian senior managers 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 Group 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, the counter claim is without merit and the matter is expected to be set down for trial in 2008.

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 2008.

Compliance Statement

1. This report has been prepared in accordance with ASX Listing Rule 4.3A, Australian Accounting Standards (including Australian Accounting Interpretations) and other standards acceptable to the ASX.

2. This report, and the financial statements upon which the report is based, use the same accounting policies.

3. This report does give a true and fair view of the matters disclosed.

4. This report is based on financial statements which are in the process of being audited, and the audit report is not expected to contain any qualifications.

5. The entity has a formally constituted Audit Committee.

Henry Townsing
Company Secretary
29 February 2008