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30 January 2008

Dear Shareholder,

### Shareholder Update

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The past 6 months have been a busy period for Vita Life Sciences Limited ("Vita Life") with several milestones achieved.

The new share offer at \$0.20 per share in July/August 2007 was fully subscribed and raised \$6.67 million. When the Company commenced trading on the Australian Securities Exchange in August 2007 it had 2,721 shareholders.

#### Health division

In the Company's listing prospectus, I indicated the foundations for expansion of the Health division were in place and the opportunity was to capitalise on our established market position in Australia and several Asian countries. I am pleased to report that during 2007, good progress was made towards meeting this medium term objective. This is reflected by:

- i. The Health division has established markets for its health supplement products in Australia, Malaysia and Singapore. These business units were profitable in 2007;
- ii. Operations commenced in Thailand;
- iii. Most regulatory approvals were obtained for Herbs of Gold (Shanghai) Co Ltd, a wholly owned subsidiary, to commence business within China in 2008; and
- iv. New channels for the sale of the Company's products; Multi Level Marketing and Pharma Direct in Malaysia were established.

#### Investment division

Vita Life has an investment of \$1.10 million 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 outlook for the project continues to be profitable; however sales of homes have been slower than expected.

## **Financial**

As previously advised to shareholders, Vita Life's financial results for the period January to June 2007 were in line with the prospectus forecasts and Directors indicated the financial operating performance of the Health division in 2007 was expected to improve over that for 2006. In the 2007 year your Directors anticipate the Health division will report a small profit after writing off all costs associated with operations in Thailand, China and Multi Level Marketing and PharmaDirect in Malaysia. This compares to a loss of \$1.22 million in 2006.

The Investment division will not have any material impact on the Group's financial results for calendar 2007 as investment activities only commenced in the second half of the year.

Corporate costs during the year were substantial, primarily because of legal expenses associated with the now completed Nordion and Arthur Andersen cases. The settlement of the Arthur Andersen case resulted in a favourable outcome which is subject to confidentiality provisions and will be reflected in the 2008 results. Interest on borrowings of \$280,000 added to corporate costs.

The Company's borrowings of \$3.50 million were substantially repaid during the year and were \$790,000 at December 2007.

In line with Directors expectations Vita Life Sciences, on a consolidated basis, is expected report a loss in the range of \$200,000-\$300,000 approximately for the year ended December 2007.

## **Summary/Outlook for 2008**

Vita Life Sciences' expansion strategy is beginning to gain momentum as reflected in the Health division being profitable for the first time in several years. The Company enters calendar 2008 focused on its Health business, confident of improving financial performance.

Yours faithfully

**Vita Life Sciences Ltd**



Vanda Gould  
Chairman