



Vita Life Sciences Limited
Appendix 4D
For the half year ended 30 June 2009

To :	Company Announcements		
Company:	Australian Securities Exchange	Fax No.:	02 9227 0334
Date:	28 August 2009	No. of pages	27 incl. cover
From:	Terry Kong	Fax No.:	03 9820 5957
Subject :	Appendix 4D		

Please see attached 30 June 2009 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

Fax 03 9820 5957

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 2009	30 June 2008

2. Results for announcement to the market

		Percentage Change %	2009 A\$
Revenue	up	23.1	8,239,137
Profit before income tax	down	243.3	(366,578)
Net profit after tax	down	243.0	(365,964)
Net profit attributable to members	down	243.0	(365,964)
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 dividends 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

Vita Life's revenue of \$8.24 million for the 1st half was \$1.55m or 23.1% higher than the corresponding period in 2008. Strong sales growth was achieved in the Company's principal markets of Australia, Malaysia and Singapore; growth was 23.1%, 26.6% and 20.4% respectively. Sales and revenue were also positively impacted by a weaker Australian dollar as 52% of sales were derived from Asia.

The Company's consolidated loss after tax was \$0.37 million (1HY08: profit after tax of \$0.26 million) after charging \$0.37 million of legal and professional costs associated with the Company's claim against the Therapeutic Goods Administration / Commonwealth of Australia ("TGA Claim").

2. Results for announcement to the market (Continued)

On an operating basis (excluding the TGA Claim costs) profit was \$6,373 in 1HY09, a turnaround from an operating loss of \$0.40 million excluding proceeds from Pan Pharmaceuticals Limited ("Pan") Liquidator of \$0.66 million in 1HY08.

Other key financial results were:

- ✚ Variable operating costs (distribution and marketing expenses) were equivalent to 14.9% of sales (1HY08: 16.6%). The improvement in variable operating costs as a percentage of sales was mainly due to the higher sales revenue for the period;
- ✚ Fixed operating expenses (occupancy, administrative and sundry) were \$3.47 million (1H08: \$3.24 million), before \$0.37 million TGA Claim costs. Salaries increased as a result of Health Division's expanding staff base for its New and Established businesses and higher sales incentives paid in line with sales growth;
- ✚ New business units' losses and investment costs were \$0.20 million (1HY08: \$0.16 million); and
- ✚ Net interest costs increased to \$0.12 million (1HY08: \$0.10 million) as a result of higher average borrowings of \$1.23 million in 1HY09 (1HY08: \$1.03 million) in line with higher trading activities.

Pan Pharmaceuticals Legal Proceedings ("TGA Claim")

From 2003 onwards, the Company suffered substantial losses as a consequence of the Pan product recall which resulted from regulatory action taken by the TGA against Pan in April 2003.

The Company filed a Statement of Claim against the Commonwealth of Australia on 24 April 2009 for alleged misfeasance in public office and negligence by the TGA and its officers.

The quantum of the Company's damages is currently being evaluated by an independent expert. The Company has incurred legal and professional expenses of \$0.37 million for the period ended 30 June 2009.

Outlook for the Second Half of 2009

The Health division's Established Businesses sales are expected to continue a similar sales growth trend for the full financial year. The New Business units in China, Malaysia and Thailand are also expected continue to expand.

The Company's operating performance remains encouraging and the Group expects to report an improved EBIT over the preceding period. However, the TGA Claim costs are expected to result in the Group reporting loss in 2009.

3. Net tangible assets

	30 June 2009	30 June 2008
Net Tangible Assets/ (Liabilities) per security	\$0.06	\$0.06

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

Control over entities

Name of entity (or group of entities)

None noted.

Loss of control over entities

Name of entity (or group of entities)

None noted.

5. Dividends

Not applicable

6. Dividend Reinvestment plans

Not applicable

7. Details of associates and joint venture entities

	Place of Incorporation	Ownership Interest	
		30 June 2009 %	30 June 2008 %
The Group has the following shareholding in the associates:			
Name of Company			
<i>Unlisted</i>			
- Mitre Focus Sdn Bhd	Malaysia	6.3	6.3
- Vita Life Sciences (Thailand) Co. Ltd	Thailand	49.0	49.0
- Vitahealth (Thailand) Co. Ltd	Thailand	74.0	74.0

8. Information on Audit or Review

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

- The accounts have been subject to review
- The accounts are in the process of being subject to review
- The accounts have not yet been 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 2009





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Managing Director's Review

OVERVIEW

We present the Vita Life Sciences Limited's ("Vita Life" or the "Company") results for the half year ended 30 June 2009.

Vita Life's revenue of \$8.24 million for the 1st half was \$1.55m or 23.1% higher than the corresponding period in 2008. Strong sales growth was achieved in the Company's principal markets of Australia, Malaysia and Singapore; growth was 23.1%, 26.6% and 20.4% respectively. Sales and revenue were also positively impacted by a weaker Australian dollar as 52% of sales were derived from Asia.

The Company's consolidated loss after tax was \$0.37 million (1HY08: profit after tax of \$0.26 million) after charging \$0.37 million of legal and professional costs associated with the Company's claim against the Therapeutic Goods Administration / Commonwealth of Australia ("TGA Claim").

On an operating basis (excluding the TGA Claim costs) profit was \$6,373 in 1HY09, a turnaround from an operating loss of \$0.40 million excluding proceeds from Pan Pharmaceuticals Limited ("Pan") Liquidator of \$0.66 million in 1HY08.

Other key financial results were:

- ✚ Variable operating costs (distribution and marketing expenses) were equivalent to 14.9% of sales (1HY08: 16.6%). The improvement in variable operating costs as a percentage of sales was mainly due to the higher sales revenue for the period;
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- ✚ New business units' losses and investment costs were \$0.20 million (1HY08: \$0.16 million); and
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Divisional Result

The Company's divisional result for 1HY09 is summarised in the table below.

	Continuing Operations		
	Health	Investment	Total
	\$	\$	\$
Half year ended 30 June 2009			
Revenue			
Sales to external customers	8,239,137	-	8,239,137
Result			
Segment results before TGA Claim's legal and professional costs	222,514	(9,182)	213,332
TGA Claim's legal and professional costs			(372,337)
Unallocated expenses	-	-	(83,736)
Loss before tax and finance costs			(242,741)
Finance costs			(123,837)
Loss before income tax			(366,578)
Income tax benefit			614
Net loss for the period			(365,964)

Managing Director's Review

(continued)

Health Division

The positive sales growth of Health division, mainly from its Established Businesses, continued in the first half of 2009 as sales grew by 23.1%. The revenue contributions of New Business units in China, Malaysia and Thailand were not significant in the first half. However, these units showed improved performance as losses narrowed or by breaking even.

Health division's 1HY09 profit result of \$0.22 million was 46.6% higher (1HY08: profit of \$0.15 million) demonstrated the improved performance of the Health Division despite the impact of the global financial crisis on consumer spending.

Investment Division

The Investment division did not record any revenue during 1HY09 (1HY08: Nil) and its loss of \$9,182 (1HY08: Loss of \$1,800) reflects administrative costs. The division has made satisfactory progress and is expected to commence construction of phase two houses in the second half of 2009.

Pan Pharmaceuticals Legal Proceedings ("TGA Claim")

From 2003 onwards, the Company suffered substantial losses as a consequence of the Pan product recall which resulted from regulatory action taken by the TGA against Pan in April 2003.

The Company filed a Statement of Claim against the Commonwealth of Australia on 24 April 2009 for alleged misfeasance in public office and negligence by the TGA and its officers.

The quantum of the Company's damages is currently being evaluated by an independent expert. The Company has incurred legal and professional expenses of \$0.37 million for the period ended 30 June 2009.

Cash flow

The table below summarises the cash movements during the period.

	30 June 2009
	\$'000
Reported Loss Before Interest, Tax, Depreciation & Amortisation (Loss EBITDA)	(165)
Add: TGA Claim's legal and professional costs	372
EBITDA from operations	207
Increase / decrease in assets and liabilities (1 Jan - 30 June 2009)	
Increase in trade and other receivables	(189)
Decrease in inventories	169
Decrease / (increase) in other assets	70
Increase in trade and other payables	191
Increase in other liabilities	8
	456
TGA Claim's legal and professional costs	(372)
Effect of foreign exchange translation of assets and liabilities	(457)
Adjustment for non-cash items	2
Interest expense (net)	(120)
Tax benefit	1
Net cash flows used in operating activities	(490)
Net cash flows used in investing activities	(3)
Net cash flows used in financing activities	(201)
Cash movement during the period	(694)

Managing Director's Review

(continued)



Cash flow (Continued)

The operating net outflow of \$0.49 million (1HY08: Net outflow of \$0.18 million) was largely impacted by effects of foreign currency translation of Group's assets and liabilities of \$0.46 million and the TGA Claim costs of \$0.37 million.

Overall, the net cash outflow for the period was \$0.69 million (1HY08: Net cash inflow \$0.19 million) for the aforementioned reasons, \$0.10 million repayment of borrowings and a \$0.10 million loan to the Group's associate.

At the end of 1HY09, the Group's cash and cash equivalent position was \$0.76 million (1HY08: \$0.78 million).

Outlook for the Second Half of 2009

The Health division's Established Businesses sales are expected to continue a similar sales growth trend for the full financial year. The New Business units in China, Malaysia and Thailand are expected to continue to expand.

The Company's operating performance remains encouraging and the Group expects to report an improved EBIT over the preceding period. However, the TGA Claim costs are expected to result in the Group reporting loss in 2009.

A handwritten signature in black ink, appearing to be 'Eddie L S Tie', written over a horizontal line.

Eddie L S Tie
Managing Director

28 August 2009



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 2009.

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 (resigned 27 February 2009)

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 loss after tax attributable to members of \$365,964 (2008: Profit after tax of \$255,893).

DIVIDENDS

No dividend was declared or paid during the half year ended 30 June 2009.

SIGNIFICANT EVENTS AFTER BALANCE DATE

(a) Rights Issue Offer

On 7 August 2009, the Company completed its rights issue offer of 1 for 7.73 non-renounceable rights issue to all Australian and New Zealand registered shareholders at \$0.20 per share ("Rights Issue").

A total of 6,250,000 new fully paid ordinary shares were issued at \$0.20 each raising \$1.25 million before issue costs of \$0.04 million. The net proceeds from the Rights Issue will be utilised towards the legal and professional fees in relation to the Company's legal claim against the Commonwealth of Australia.

(b) Proceeds from Pan Pharmaceuticals Limited Liquidator

On 30 July 2009, the Pan Pharmaceuticals Limited ("Pan") Liquidator advised a fifth and final dividend in the range of \$0.07 and \$0.10 in the dollar should be paid to creditors of Pan in the second half of 2009. On this basis, the Company estimates it will receive \$477,000 to \$680,000.

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 be 'Eddie L S Tie', written over a horizontal line.

Eddie L S Tie
Managing Director
28 August 2009

Auditor's Independence Declaration



Russell Bedford

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Vita Life Sciences Limited
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MELBOURNE NSW 3004

LEAD AUDITOR'S 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 2009 there has 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

A handwritten signature in black ink, appearing to read "Gregory C Ralph", with a horizontal line underneath.

GREGORY C RALPH, M.Com., FCA.
Partner

Sydney, 28 August 2009



Member of Russell Bedford International – with affiliated offices worldwide
Liability limited by a scheme approved under Professional Standards Legislation

Consolidated Income Statement

For the half year ended 30 June 2009

	Notes	Consolidated	
		30 June 2009 \$	30 June 2008 \$
CONTINUING OPERATIONS			
Sale of goods		8,239,137	6,693,884
Cost of sales		(3,322,549)	(2,676,006)
Gross profit		4,916,588	4,017,878
Other income		177	660,411
Distribution expenses		(485,773)	(474,457)
Marketing expenses		(742,513)	(633,799)
Occupancy expenses		(298,853)	(258,876)
Administrative expenses		(3,474,996)	(2,878,001)
Other expenses		(68,809)	(77,498)
Share of associates loss		(92,737)	-
(Loss) / profit from continuing operations before interest and taxes		(246,916)	355,658
Finance income		4,175	10,847
Finance costs		(123,837)	(110,612)
(Loss) / profit before income tax		(366,578)	255,893
Income tax benefit		614	-
Net (loss) / profit for the period		(365,964)	255,893
Profit attributable to minority interest		-	-
(Loss) / profit attributable to members of the parent		(365,964)	255,893
		(365,964)	255,893
Earnings per share (cents per share)	5		
- basic earnings per share for continuing operations		(0.75)	0.54
- basic earnings per share		(0.75)	0.54
- diluted earnings per share		(0.75)	0.54

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

Consolidated Balance Sheet

As at 30 June 2009

	Notes	Consolidated	
		30 June 2009	31 December 2008
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		764,013	1,292,810
Trade and other receivables		2,334,938	2,144,768
Inventories		2,365,923	2,534,666
Other current assets		252,889	244,251
Total Current Assets		5,717,763	6,216,495
Non Current Assets			
Trade and other receivables		526,501	622,768
Investment in associates		1,280,707	1,450,086
Property, plant and equipment		137,915	229,355
Intangible assets		60,626	73,710
Deferred tax assets		59,331	48,174
Total Non Current Assets		2,065,080	2,424,093
Total Assets		7,782,843	8,640,588
LIABILITIES			
Current Liabilities			
Trade and other payables		3,367,462	3,179,145
Interest bearing loans and borrowings		1,177,601	1,277,610
Current income tax liability		83,416	86,123
Provisions		245,429	235,675
Total Current Liabilities		4,873,908	4,778,553
Non Current Liabilities			
Interest bearing loans and borrowings		5,885	8,631
Provisions		8,487	7,780
Total Non Current Liabilities		14,372	16,411
Total Liabilities		4,888,280	4,794,964
Net Assets		2,894,563	3,845,624
Equity			
Contributed Equity	6	44,549,823	44,549,823
Accumulated losses		(40,794,443)	(40,428,479)
Employee share based payments reserve		33,545	30,009
Foreign currency translation reserve		(1,420,863)	(928,498)
Parent entity interest		2,368,062	3,222,855
Minority interest		526,501	622,769
Total Equity		2,894,563	3,845,624

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 2009

	Consolidated	
	30 June 2009	30 June 2008
Notes	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipt from customers	8,869,850	7,476,390
Payments to suppliers and employees	(9,249,150)	(7,548,228)
Borrowing costs	(101,231)	(110,612)
Income tax paid	(13,250)	(5,545)
Interest received	4,175	10,847
Net cash flows used in operating activities	(489,606)	(177,148)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	293	-
Purchase of property, plant and equipment	(3,631)	(42,415)
Net cash flows used in investing activities	(3,338)	(42,415)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from external borrowings	-	420,707
Repayment of external borrowings	(102,755)	-
Loans to associated entities	(97,936)	(11,708)
Net cash flows (used in) / from financing activities	(200,691)	408,999
Net (decrease) / increase in cash and cash equivalents	(693,635)	189,436
Net foreign exchange differences	164,838	(19,629)
Cash and cash equivalents at beginning of the period	1,292,810	615,755
Cash and cash equivalent at end of the period	764,013	785,562

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 2009

	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 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
Balance at 1 Jan 2009	44,549,823	(40,428,479)	30,009	(928,498)	3,222,855	622,769	3,845,624
Loss attributable to members of parent entity	-	(365,964)	-	-	(365,964)	-	(365,964)
Employee share option scheme	-	-	3,536	-	3,536	-	3,536
Exchange difference on translation of foreign operations	-	-	-	(492,365)	(492,365)	(96,268)	(588,633)
Balance at 30 June 2009	44,549,823	(40,794,443)	33,545	(1,420,863)	2,368,062	526,501	2,894,563

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 2009

1. CORPORATE INFORMATION

The Half Year financial report of Vita Life Sciences Limited (“Vita Life”) for the half year ended 30 June 2009 was authorised for issue by a resolution of the directors on 28 August 2009.

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*. Compliance with Accounting Standards ensures that the financial statements notes comply with International Financial Reporting Standards. 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.

It is recommended that the Half Year financial report be read in conjunction with the annual report for the year ended 31 December 2008 and considered together with any public announcements made by Vita Life Sciences Limited during the half year ended 30 June 2009 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

The financial report is presented in Australian dollars.

The accounting policies adopted are consistent with those in prior reporting periods.

Notes to the Financial Statements

(continued)

3. SEGMENT REPORTING

	Continuing Operations				Total
	Australia	Singapore	Malaysia	Others	
	\$	\$	\$	\$	\$
Half Year ended 30 June 2009					
Revenue					
Sales to external customers	3,908,212	1,730,890	2,551,381	48,654	8,239,137
Segment results					
(Loss) / Profit before tax and finance costs	(450,692) *	190,804	186,883	(76,999)	(150,004)
Finance costs	(119,977)	(790)	(2,722)	(348)	(123,837)
Share of loss of associates	-	-	(92,737)	-	(92,737)
Loss before income tax					(366,578)
Income tax benefit					614
Net loss for the period					(365,964)
Assets and liabilities					
Segment assets	3,303,999	1,057,131	1,951,413	189,593	6,502,136
Investment in associates					1,280,707
Total assets					7,782,843
Segment liabilities	3,355,566	616,870	809,587	106,257	4,888,280
Total liabilities					4,888,280
Other segment information					
Depreciation	(15,289)	(9,783)	(46,267)	(1,314)	(72,653)
Amortisation	-	(4,502)	(5,125)	-	(9,627)

* Includes legal and professional costs incurred in Australia associated with claim against the Therapeutic Goods Administration ("TGA") / Commonwealth of Australia of \$0.37 million.

	Continuing Operations				Total
	Australia	Singapore	Malaysia	Others	
	\$	\$	\$	\$	\$
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	290,307	84,206	(6,469)	(1,539)	366,505
Finance costs	(104,799)	(1,121)	(4,405)	(287)	(110,612)
Profit before income tax					255,893
Income taxes					-
Net profit for the period					255,893
Assets and liabilities					
Segment assets	3,693,922	853,430	1,486,967	130,641	6,164,960
Investment in associates					1,198,234
Total assets					7,363,194
Segment liabilities	3,317,455	512,323	617,627	77,946	4,525,351
Total liabilities					4,525,351
Other segment information					
Depreciation	(17,142)	(13,690)	(43,745)	(133)	(74,710)
Amortisation	-	(1,465)	(3,794)	-	(5,259)

Notes to the Financial Statements

(continued)

4. NET TANGIBLE ASSETS

	CONSOLIDATED	
	30 June 2009	30 June 2008
	\$	\$
Net assets per share	0.06	0.06
Net tangible assets per share	0.06	0.06
	Number	Number
Weighted average number of ordinary shares for net assets per share	48,553,742	47,804,824

5. EARNINGS PER SHARE

	CONSOLIDATED	
	30 June 2009	30 June 2008
	\$	\$
(a) (Loss) / earnings used in calculating earnings per share		
Net (loss) / profit attributable to equity holders from continuing operations	(365,964)	255,893
Profit attributable to minority interest	-	-
Net (loss) / profit attributable to equity holders of the parent	(365,964)	255,893
	Number	Number
(b) Weighted average number of shares		
Weighted average number of ordinary shares for basic earnings per share	48,553,742	47,804,824
Adjusted weighted average number of ordinary shares for diluted earnings per share	48,553,742	47,804,824

Notes to the Financial Statements

(continued)

6. CONTRIBUTED EQUITY

	30 June 2009	31 December 2008	30 June 2009	31 December 2008
	Number	Number	\$	\$
Issued and paid up capital				
Ordinary shares	48,305,228	48,580,228	44,549,823	44,549,823
Ordinary shares				
Balance at beginning of the period / year	48,580,228	46,994,175	44,549,823	44,280,194
Acquisition of minority interest	-	1,586,053	-	269,629
Cancellation of Plan Shares of certain employees and Director (i)	(425,000)	-	-	-
Issued of shares to employees (ii)	150,000	-	-	-
Balance at end of the period / year	48,305,228	48,580,228	44,549,823	44,549,823

(i) Cancellation of Long Term Incentive Plan Shares (“Plan”) of certain employees and director

At the Company’s 2004 and 2005 Annual General Meeting, shareholders approved limited recourse loans be granted to certain employees and a Director. Subsequently, Plan shares were issued to employees and a Director.

In view of the limited recourse loans having fallen due for certain employees and the Director, the Plan shares were offered, in accordance with the terms of the Plan, as settlement of the loan provided by the Company for the purchase of Plan shares. On 23 June 2009, the Company cancelled 425,000 Plan shares.

(ii) Long Term Incentive Plan Shares (“Plan Shares”) issued to certain employees

At the Company’s 2009 Annual General Meeting, shareholders approved limited recourse loans be granted to a director of a subsidiary of the Group. On 23 June 2009, 150,000 Plan shares were issued to the director of a subsidiary.

The cost of the 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 30 June 2009, the Company recognised \$3,536 (30 June 2008: \$12,633) in the income statement with a corresponding increase in employee share based payment reserve.

7. COMMITMENTS

There are no significant changes to the commitments as previously disclosed in the Annual Report for the financial year ended 31 December 2008.

Notes to the Financial Statements

(continued)

8. EVENTS AFTER THE BALANCE SHEET DATE

(a) Rights Issue Offer

On 7 August 2009, the Company completed its rights issue offer of 1 for 7.73 non-renounceable rights issue to all Australian and New Zealand registered shareholders at \$0.20 per share ("Rights Issue").

A total of 6,250,000 new fully paid ordinary shares were issued at \$0.20 each raising \$1.25 million before issue costs of \$0.04 million. The net proceeds from the Rights Issue will be utilised towards the legal and professional fees in relation to the Company's legal claim against the Commonwealth of Australia.

(b) Proceeds from Pan Pharmaceuticals Limited Liquidator

On 30 July 2009, the Pan Pharmaceuticals Limited ("Pan") Liquidator advised a fifth and final dividend in the range of \$0.07 and \$0.10 in the dollar should be paid to creditors of Pan in the second half of 2009. On this basis, the Company estimates it will receive \$477,000 to \$680,000.

9. CONTINGENCIES

Contingent assets

(a) *Pan Pharmaceuticals Legal Proceedings*

From 2003 onwards, the Company suffered substantial losses as a consequence of the Pan (In Liquidation) product recall which resulted from regulatory action taken by the Therapeutic Goods Administration ("TGA") against Pan in April 2003.

The Company filed a Statement of Claim against the Commonwealth of Australia on 24 April 2009 for alleged misfeasance in public office and negligence by the TGA and its officers.

The quantum of the Company's damages is currently being evaluated by an independent expert. The Company has incurred legal and professional expenses of \$372,337 for the period ended 30 June 2009.

(b) **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.

Notes to the Financial Statements

(continued)

9. CONTINGENCIES (Continued)

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.

10. RELATED PARTY DISCLOSURE

(a) Transactions with related parties

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial period.

	CONSOLIDATED	
	30 June 2009	30 June 2008
	\$	\$
Other transactions with related parties		
CVC Venture Managers Pty Ltd (i)	89,608	56,610

(i) CVC Venture Managers Pty Limited, a Director related party, was paid consultancy fee of \$89,608 (1HY08: \$56,610) during the financial period.

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 2009 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
28 August 2009

Independent Review Report



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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 2009, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, the 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 2009 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*.



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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 2009 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



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

Sydney, 28 August 2009

General Information

Directors

Vanda Gould

Non-executive Chairman

Eddie Tie

Managing Director

John Sharman

Non-executive Director

Company Secretary

Terry Kong

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Solicitors

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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