



**Vita Life Sciences Limited**  
**Appendix 4D**  
**For the half year ended 30 June 2010**

**To :** Company Announcements

<b>Company:</b>	Australian Securities Exchange	<b>Fax No.:</b>	02 9227 0334
<b>Date:</b>	23 August 2010	<b>No. of pages</b>	28 incl. cover
<b>From:</b>	Terry Kong	<b>Fax No.:</b>	03 9820 5957
<b>Subject :</b>	<b>Appendix 4D</b>		

Please see attached 30 June 2010 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
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ABN or equivalent company reference	Half year ended ('current period')	Half year ended ('previous period')
35 003 190 421	30 June 2010	30 June 2009

## 2. Results for announcement to the market

		Percentage Change %	2010 A\$
<b>Revenue</b>	up	15.44	9,511,139
<b>Profit before income tax</b>	up	187.22	319,717
<b>Net profit after tax</b>	up	161.65	225,621
<b>Net profit attributable to members</b>	up	161.65	225,621
<b>Dividends (distributions)</b>	<b>Amount per security</b>	<b>Franked amount per security</b>	
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 \$9.51 million for the 1<sup>st</sup> half was \$1.27m or 15.4% higher than the corresponding period in 2009. Strong sales growth was achieved in the Group's Australian Established business unit by 15.7% and the six fold sales growth made by New business units, in particular, the Group's Malaysian multi-level marketing ("MLM") business unit.

The Group's consolidated profit after tax was \$0.23 million (1<sup>st</sup> Half 09: loss after tax of \$0.37 million) and includes:

- ✚ Proceeds received from Pan Pharmaceuticals Liquidator of \$0.68 million (1<sup>st</sup> Half 09: Nil);
- ✚ A charge of \$0.41 million (1<sup>st</sup> Half 09: \$0.37 million) in legal and professional costs associated with the Group's claim against the Commonwealth of Australia ("Pan TGA Claim"); and

- Foreign exchange charge of \$47,625 from revaluation of a Related Party Receivable.

Other key financial results were:

- Variable operating costs (distribution and marketing expenses) were equivalent to 17.7% of sales (1<sup>st</sup> Half 09: 14.9%). The higher variable operating costs as a percentage of sales was mainly due to a combination of the increased selling costs, which was in line with the higher sales revenue, and the increase in marketing expenses from the expanding New business units;
- Fixed operating expenses (occupancy, administrative and sundry) were \$4.03 million (1<sup>st</sup> Half 09: \$3.47 million), before \$0.41 million (1<sup>st</sup> Half 09: \$0.37 million) Pan TGA Claim costs. Higher fixed operating expenses mainly arose from the expanding staff base for the Group's Established and New business units;
- Net interest costs at \$0.12 million (1<sup>st</sup> Half 09: \$0.12 million); and
- The profit after tax includes New business units losses of \$0.37 million (1<sup>st</sup> Half 09: \$0.21 million), which includes the costs of setting up the Group's New business unit in Vietnam.

## 2. Results for announcement to the market

	Continuing Operations		
	Health \$	Investment \$	Total \$
<b>Half year ended 30 June 2010</b>			
<b>Revenue</b>			
Sales to external customers	9,511,139	-	9,511,139
<b>Result</b>			
Segment results	278,371	(5,447)	272,924
Proceeds from Pan Pharmaceuticals			
Liquidator			681,785
Pan TGA Claim costs			(411,176)
Unallocated expenses			(101,949)
Profit before tax and finance costs			441,584
Finance costs			(121,867)
Profit before income tax			319,717
Income tax expense			(94,096)
<b>Net profit for the period</b>			<b>225,621</b>
<b>Divisional Result</b>			
<b>Health Division</b>			
The positive sales growth of Health division, mainly from its Established businesses, continued in the first half of 2010 as sales grew by 15.4%. Whilst the Australian Established business showed strong sales growth of 15.7%, the Malaysian and Singaporean Established businesses grew by 21.1% and 12.0% respectively (measured in local currency) and were affected by 16% appreciation in Australian Dollar against the respective Asian currencies for first half of the two corresponding periods.			
Health division's Earnings before Interest and Taxes ("EBIT") for the first half of \$0.28 million was higher than the preceding period (1 <sup>st</sup> Half 09: Profit of \$0.22 million).			

### Investment Division

The Group has an equity interest of 6.3% (profit share of 20.1%) in a property project in Malaysia. The Investment division did not record any revenue during the period and the loss of \$5,447 (1<sup>st</sup> Half 09: \$9,182) was mainly administrative costs.

### New Businesses

The revenue contributions of New Business units in China, Malaysia and Thailand continued to grow, contributing 6.4% of Group's sales revenue (1<sup>st</sup> Half 09: 1.3%).

The New business units' progress during the 2010 period can be summarised as follows:

- The MLM business unit gained positive momentum and contributed 6.0% of the Group's sales revenue for the period (1<sup>st</sup> Half 09: 0.2% of Group's sales revenue). The loss for the period resulted from a combination of marketing activities expanding distributor base and increased staff base to support a growing business. Directors expect 2010 second half performance to improve as the distributor base expands. An encouraging point to note is in July 2010, the MLM business unit recorded its highest monthly sales and a maiden profit for the month;
- In the first half of 2010, continued efforts were made to obtain product approvals in the Republic of China, Hong Kong and Vietnam. Revenue contribution was minimal and losses were incurred due to set-up and marketing expenses. The continued efforts from these exciting ventures will bring meaningful revenue and enhance shareholders' value in the medium to long term;
- In 2010, the Thailand business unit showed positive growth as sales doubled, as compared to the preceding period, and was profitable for the first quarter of the year. However, the operation was adversely affected by the political situation in the country in the second quarter of the year. Nevertheless the impact to the Group was immaterial; and
- The Group obtained the approval from the Vietnam authority to commence the sale of over-the-counter products in late 2009. The approval will enable the Group to replicate the successes of the Group's Established business units. Set-up costs of approximately \$60,000 were invested during the period under review. Selling activities are expected to commence in the third quarter of 2010.

### Outlook for the Second Half of 2010

The Health division's Established Business 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 Group's operating performance remains encouraging. However, the Pan TGA Claim costs are expected to negatively impact the Group's full year financial results.

### 3. Net tangible assets

	30 June 2010	30 June 2009
Net Tangible Assets/ (Liabilities) per security	\$0.08	\$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)

PT Vitahealth Indonesia

##### Loss of control over entities

Name of entity (or group of entities)

Not applicable.

#### 5. Dividends

Not applicable

#### 6. Dividend Reinvestment plans

Not applicable

#### 7. Details of associates and joint venture entities

	Place of Incorporation	Ownership Interest	
		30 June 2010	30 June 2009
		%	%
<hr/>			
<b>Investment details</b>			
<b>Name of Company</b>			
<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 2010**



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# Managing Director's Review

## OVERVIEW

We are pleased to present Vita Life Sciences Limited's ("Vita Life" or the "Group") results for the half year ended 30 June 2010.

Vita Life's revenue of \$9.51 million for the 1<sup>st</sup> half was \$1.27m or 15.4% higher than the corresponding period in 2009. Strong sales growth was achieved in the Group's Australian Established business unit by 15.7% and the six fold sales growth made by New business units, in particular, the Group's Malaysian multi-level marketing ("MLM") business unit.

The Group's consolidated profit after tax was \$0.23 million (1<sup>st</sup> Half 09: loss after tax of \$0.37 million) and includes:

- ✚ Proceeds received from Pan Pharmaceuticals Liquidator of \$0.68 million (1<sup>st</sup> Half 09: Nil);
- ✚ A charge of \$0.41 million (1<sup>st</sup> Half 09: \$0.37 million) in legal and professional costs associated with the Group's claim against the Commonwealth of Australia ("Pan TGA Claim"); and
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Other key financial results were:

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- ✚ The profit after tax includes New business units losses of \$0.37 million (1<sup>st</sup> Half 09: \$0.21 million), which includes the costs of setting up the Group's New business unit in Vietnam.

## Divisional Result

### Health Division

The positive sales growth of Health division, mainly from its Established businesses, continued in the first half of 2010 as sales grew by 15.4%. Whilst the Australian Established business showed strong sales growth of 15.7%, the Malaysian and Singaporean Established businesses grew by 21.1% and 12.0% respectively (measured in local currency) and were affected by 16% appreciation in Australian Dollar against the respective Asian currencies for first half of the two corresponding periods.

Health division's Earnings before Interest and Taxes ("EBIT") for the first half of \$0.28 million was higher than the preceding period (1<sup>st</sup> Half 09: Profit of \$0.22 million).

# Managing Director's Review

(continued)

## Investment Division

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The Group's divisional result for 1<sup>st</sup> Half 10 is summarised in the table below.

	Continuing Operations		
	Health \$	Investment \$	Total \$
<b>Half year ended 30 June 2010</b>			
<b>Revenue</b>			
Sales to external customers	9,511,139	-	9,511,139
<b>Result</b>			
Segment results	278,371	(5,447)	272,924
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Profit before income tax			319,717
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<b>Net profit for the period</b>			<b>225,621</b>
<b>New Businesses</b>			

The revenue contributions of New Business units in China, Malaysia and Thailand continued to grow, contributing 6.4% of Group's sales revenue (1<sup>st</sup> Half 09: 1.3%).

The New business units' progress during the 2010 period can be summarised as follows:

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- In 2010, the Thailand business unit showed positive growth as sales doubled, as compared to the preceding period, and was profitable for the first quarter of the year. However, the operation was adversely affected by the political situation in the country in the second quarter of the year. Nevertheless the impact to the Group was immaterial; and
- The Group obtained the approval from the Vietnam authority to commence the sale of over-the-counter products in late 2009. The approval will enable the Group to replicate the successes of the Group's Established business units. Set-up costs of approximately \$60,000 were invested during the period under review. Selling activities are expected to commence in the third quarter of 2010.

# Managing Director's Review

(continued)



## Cash flow

The table below summarises the cash movements during the period.

	30 June 2010 \$'000
<b>Reported Profit Before Interest, Tax, Depreciation &amp; Amortisation (EBITDA)</b>	496
Less: Proceeds from Pan Pharmaceuticals Liquidator	(682)
Add: TGA Claim's legal and professional costs	411
<b>EBITDA from operations</b>	225
<b>Increase / decrease in assets and liabilities (1 Jan - 30 June 2010)</b>	
Increase in trade and other receivables	(2)
Increase in inventories	(880)
Increase in other assets	(75)
Decrease in trade and other payables	772
Decrease in other liabilities	80
	120
Proceeds from Pan Pharmaceuticals Liquidator	682
TGA Claim's legal and professional costs	(411)
Effect of foreign exchange translation of assets and liabilities	273
Adjustment for non-cash items	(17)
Interest expense (net)	(119)
Income tax expense	(94)
Net cash flows from operating activities	434
Net cash flows used in investing activities	(86)
Net cash flows used in financing activities	(125)
<b>Cash movement during the period</b>	223

The operating net inflow of \$0.44 million (1<sup>st</sup> Half 09: Net outflow of \$0.49 million) was largely attributed to the proceeds from Pan Pharmaceuticals Liquidator and the foreign currency translation of Group's assets and liabilities of \$0.68 million and \$0.27 million respectively.

Overall, the net cash inflow for the period was \$0.22 million (1<sup>st</sup> Half 09: Net cash outflow \$0.69 million) for the aforementioned reasons, \$0.09 million purchases of property, plant and equipment, and a \$0.12 million loan to the Group's associate.

At 30 June 2010, the Group's cash and cash equivalent position was \$1.22 million (1<sup>st</sup> Half 09: \$1.08 million).

# Managing Director's Review

(continued)



## Outlook for the Second Half of 2010

The Health division's Established Business 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 Group's operating performance remains encouraging. However, the Pan TGA Claim costs are expected to negatively impact the Group's full year financial results.

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

**Eddie L S Tie**  
Managing Director

20 August 2010

# 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 2010.

## 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

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

## PRINCIPAL ACTIVITIES

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

## OPERATING AND FINANCIAL REVIEW

### Operating Results for the Half Year

For the reporting period the economic entity recorded a consolidated profit after tax attributable to members of \$225,621 (2009: Loss after tax of \$365,964).

## DIVIDENDS

No dividend was declared or paid during the half year ended 30 June 2010.

## SIGNIFICANT EVENTS AFTER BALANCE DATE

There is no subsequent event after balance date that affects the operating results or financial position of the Company and its subsidiaries.

## 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



**Eddie L S Tie**  
Managing Director  
20 August 2010



**Russell Bedford**

New South Wales

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

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

**TO THE DIRECTORS OF VITA LIFE SCIENCES LIMITED**

I declare that, to the best of my knowledge and belief, during the half year ended 30 June 2010 there have been:

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

RUSSELL BEDFORD NSW

Chartered Accountants

A blue ink signature of Malcolm Beard, written in a cursive style.

MALCOLM BEARD M.Com., F.C.A.

Partner

Sydney, 20 August 2010

# Consolidated Statement of Comprehensive Income

For the half year ended 30 June 2010

	Notes	Consolidated 30 June 2010 \$	30 June 2009 \$
<b>CONTINUING OPERATIONS</b>			
Sale of goods		9,511,139	8,239,137
Cost of sales		(3,670,047)	(3,322,549)
<b>Gross profit</b>		<b>5,841,092</b>	<b>4,916,588</b>
Other income		733,999	177
Distribution expenses		(555,166)	(485,773)
Marketing expenses		(1,127,643)	(742,513)
Occupancy expenses		(306,386)	(298,853)
Administrative expenses		(3,979,711)	(3,474,996)
Other expenses		(157,559)	(68,809)
Share of associates loss		(10,189)	(92,737)
<b>Profit / (loss) from continuing operations before interest and taxes</b>		<b>438,437</b>	<b>(246,916)</b>
Finance income		3,147	4,175
Finance costs		(121,867)	(123,837)
<b>Profit / (loss) before income tax</b>		<b>319,717</b>	<b>(366,578)</b>
Income tax (expense) / credit		(94,096)	614
<b>Net profit / (loss) for the period</b>		<b>225,621</b>	<b>(365,964)</b>
<b>Other comprehensive income / (expense) after income tax</b>			
Exchange differences on translating foreign controlled entities		90,198	(492,365)
Other comprehensive income / (expense) for the year, net of income tax		90,198	(492,365)
<b>Total comprehensive income / (expense) for the period</b>		<b>315,819</b>	<b>(858,329)</b>
Profit attributable to minority interest		-	-
Profit / (loss) attributable to members of the parent		225,621	(365,964)
		<b>225,621</b>	<b>(365,964)</b>
Total comprehensive income / (expense) attributable to:			
Minority interest		-	-
Members of the parent		315,819	(858,329)
		<b>315,819</b>	<b>(858,329)</b>
<b>Earnings per share (cents per share)</b>	5		
- basic earnings per share for continuing operations		0.42	(0.75)
- basic earnings per share		0.42	(0.75)
- diluted earnings per share		0.42	(0.75)

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

# Consolidated Statement of Financial Position

As at 30 June 2010

		Consolidated	
		30 June 2010	31 December 2009
	Notes	\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		1,216,377	1,075,743
Trade and other receivables		2,825,302	2,803,291
Inventories		3,381,001	2,501,197
Other current assets		304,069	222,387
<b>Total Current Assets</b>		<b>7,726,749</b>	<b>6,602,618</b>
<b>Non Current Assets</b>			
Trade and other receivables		538,406	489,764
Investment in associates		1,475,979	1,468,949
Property, plant and equipment		181,132	139,976
Intangible assets		48,036	52,858
Deferred tax assets		58,732	55,901
<b>Total Non Current Assets</b>		<b>2,302,285</b>	<b>2,207,448</b>
<b>Total Assets</b>		<b>10,029,034</b>	<b>8,810,066</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		4,048,799	3,269,652
Interest bearing loans and borrowings		1,321,790	1,320,821
Current tax liability		70,417	46,097
Provisions		309,352	254,113
<b>Total Current Liabilities</b>		<b>5,750,358</b>	<b>4,890,683</b>
<b>Non Current Liabilities</b>			
Interest bearing loans and borrowings		5,428	13,177
Provisions		5,325	5,325
<b>Total Non Current Liabilities</b>		<b>10,753</b>	<b>18,502</b>
<b>Total Liabilities</b>		<b>5,761,111</b>	<b>4,909,185</b>
<b>Net Assets</b>		<b>4,267,923</b>	<b>3,900,881</b>
<b>Equity</b>			
Issued capital	6	45,699,176	45,699,176
Accumulated losses		(40,531,051)	(40,756,672)
Employee share based payments reserve		44,670	42,089
Foreign currency translation reserve		(1,483,278)	(1,573,476)
<b>Parent entity interest</b>		<b>3,729,517</b>	<b>3,411,117</b>
Minority interest		538,406	489,764
<b>Total Equity</b>		<b>4,267,923</b>	<b>3,900,881</b>

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

# Consolidated Statement of Cash Flow

For the half year ended 30 June 2010

		Consolidated	
		30 June 2010	30 June 2009
	Notes	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipt from customers		10,444,854	8,869,850
Payments to suppliers and employees		(10,518,207)	(9,249,150)
Proceeds from Pan Pharmaceuticals Ltd Liquidator		681,785	-
Borrowing costs		(104,746)	(101,231)
Income tax paid		(72,607)	(13,250)
Interest received		3,147	4,175
<b>Net cash flows from / (used in) operating activities</b>		<b>434,226</b>	<b>(489,606)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(93,507)	(3,631)
Proceeds from sale of property, plant and equipment		7,339	293
<b>Net cash flows used in investing activities</b>		<b>(86,168)</b>	<b>(3,338)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Loans to associated entities		(118,547)	(97,936)
Repayment of external borrowings		(6,780)	(102,755)
<b>Net cash flows used in financing activities</b>		<b>(125,327)</b>	<b>(200,691)</b>
Net increase / (decrease) in cash and cash equivalents		222,731	(693,635)
Net foreign exchange differences		(82,097)	164,838
Cash and cash equivalents at beginning of the period		1,075,743	1,292,810
<b>Cash and cash equivalents at end of the period</b>		<b>1,216,377</b>	<b>764,013</b>

The Statement of Cash Flow 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 2010

	Issued Capital \$	Accumulated Losses \$	Employee Share Based Payments Reserve \$	Foreign Currency Translation Reserve \$	Attributable to Equity Holders of Parent \$	Minority Interests \$	Total \$
<b>CONSOLIDATED</b>							
<b>Balance at 1 Jan 2009</b>	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 minority interests	-	-	-	-	-	(96,268)	(96,268)
Total comprehensive expense for the period	-	-	-	(492,365)	(492,365)	-	(492,365)
<b>Balance at 30 June 2009</b>	<b>44,549,823</b>	<b>(40,794,443)</b>	<b>33,545</b>	<b>(1,420,863)</b>	<b>2,368,062</b>	<b>526,501</b>	<b>2,894,563</b>
<b>Balance at 1 Jan 2010</b>	45,699,176	(40,756,672)	42,089	(1,573,476)	3,411,117	489,764	3,900,881
Profit attributable to members of parent entity	-	225,621	-	-	225,621	-	225,621
Employee share option scheme	-	-	2,581	-	2,581	-	2,581
Exchange difference on translation of minority interests	-	-	-	-	-	48,642	48,642
Total comprehensive income for the period	-	-	-	90,198	90,198	-	90,198
<b>Balance at 30 June 2010</b>	<b>45,699,176</b>	<b>(40,531,051)</b>	<b>44,670</b>	<b>(1,483,278)</b>	<b>3,729,517</b>	<b>538,406</b>	<b>4,267,923</b>

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 2010

## 1. CORPORATE INFORMATION

The Half Year financial report of Vita Life Sciences Limited ("Vita Life") for the half year ended 30 June 2010 was authorised for issue by a resolution of the directors on 20 August 2010.

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 2009 and considered together with any public announcements made by Vita Life Sciences Limited during the half year ended 30 June 2010 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				
	Australia \$	Singapore \$	Malaysia \$	Others \$	Total \$
<b>Half year ended 30 June 2010</b>					
<b>Revenue</b>					
Sales to external customers	4,520,340	1,686,146	3,173,052	131,601	9,511,139
<b>Segment results</b>					
Profit / (loss) before tax and finance costs	292,245 #	135,179	91,466	(67,117)	451,773
Finance costs	(104,665)	(662)	(15,245)	(1,295)	(121,867)
Share of loss of associates	-	-	(10,189)	-	(10,189)
Profit before income tax					319,717
Income tax expense					(94,096)
<b>Net profit for the period</b>					<b>225,621</b>
<b>Assets and liabilities</b>					
Segment assets	4,550,568	1,339,960	2,506,911	155,616	8,553,055
Investment in associates					1,475,979
Total assets					<b>10,029,034</b>
Segment liabilities	3,856,533	743,012	1,119,908	41,658	5,761,111
Total liabilities					<b>5,761,111</b>
<b>Other segment</b>					
Capital expenditure	(2,034)	(853)	(90,075)	(545)	(93,507)
Depreciation	(12,507)	(6,527)	(24,979)	(8,354)	(52,367)
Amortisation	-	(1,297)	(3,669)	-	(4,966)

# Includes legal and professional costs incurred in Australia associated with claim against the Therapeutic Goods Administration ("TGA") / Commonwealth of Australia of \$0.41 million and proceed from Pan Pharmaceutical Liquidator of \$0.68 million.

# Notes to the Financial Statements

(continued)

	Continuing Operations				Total
	Australia \$	Singapore \$	Malaysia \$	Others \$	
<b>Half Year ended 30 June 2009</b>					
<b>Revenue</b>					
Sales to external customers	3,908,212	1,730,890	2,551,381	48,654	8,239,137
<b>Segment results</b>					
(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
<b>Net loss for the period</b>					(365,964)
<b>Assets and liabilities</b>					
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
<b>Other segment information</b>					
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.

# Notes to the Financial Statements

(continued)

## 4. NET TANGIBLE ASSETS

	CONSOLIDATED	
	30 June 2010	30 June 2009
	\$	\$
Net assets per share	0.08	0.06
Net tangible assets per share	0.08	0.06
	Number	Number
Weighted average number of ordinary shares for net assets per share	54,285,307	48,553,742

## 5. EARNINGS PER SHARE

	CONSOLIDATED	
	30 June 2010	30 June 2009
	\$	\$
<b>(a) Earnings / (loss) used in calculating earnings per share</b>		
Net profit / (loss) attributable to equity holders from continuing operations	225,621	(365,964)
Net profit / (loss) attributable to equity holders of the parent	<b>225,621</b>	<b>(365,964)</b>
	Number	Number
<b>(b) Weighted average number of shares</b>		
Weighted average number of ordinary shares for basic earnings per share	54,285,307	48,553,742
Adjusted weighted average number of ordinary shares for diluted earnings per share	54,285,307	48,553,742

# Notes to the Financial Statements

(continued)

## 6. CONTRIBUTED EQUITY

	30 June 2010	31 December 2009	30 June 2010	31 December 2009
	Number	Number	\$	\$
<b>Issued and paid up capital</b>				
Ordinary shares	54,285,307	54,285,307	45,699,176	45,699,176
<b>Ordinary shares</b>				
Balance at beginning of the period/ year	54,285,307	48,580,228	45,699,176	44,549,823
Shares issued during the year	-	6,250,000	-	1,250,000
Share issue costs	-	-	-	(54,302)
Share buy back	-	(254,921)	-	(46,345)
Cancellation of Plan Shares of certain employees and Director	-	(1,375,000)	-	-
Issued of shares to employee / director	-	1,085,000	-	-
Balance at end of the period/ year	54,285,307	54,285,307	45,699,176	45,699,176

## 7. COMMITMENTS

There are no significant changes to the commitments as previously disclosed in the Annual Report for the financial year ended 31 December 2009.

## 8. EVENTS AFTER THE BALANCE SHEET DATE

There is no subsequent event after balance date that affects the operating results or financial position of the Company and its subsidiaries.

## 9. CONTINGENCIES

### *Contingent assets*

#### ***Pan TGA Claim***

From 2003 onwards, the Group 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 Group filed a Statement of Claim against the Commonwealth of Australia in April 2009 for alleged misfeasance in public office and negligence by the TGA and its officers.

The legal case is presently in the "discovery" stage with a hearing expected in early 2011.

The quantum of the Company's damages is currently being evaluated by an independent expert. The Company has incurred legal and professional expenses of \$411,176 for the period ended 30 June 2010 (2009: \$372,337).

# Notes to the Financial Statements

(continued)

## 10. RELATED PARTY DISCLOSURE

### 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 2010	30 June 2009
	\$	\$
<b>Other transactions with related parties</b>		
CVC Venture Managers Pty Ltd (i)	67,620	89,608

CVC Venture Managers Pty Limited, a Director related party, was paid a consultancy fee of \$67,620 (1HY09: \$89,608) 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 2010 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  
 20 August 2010

## 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 statement of financial performance as at 30 June 2010, and the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows 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 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Vita Life Sciences Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

#### *Independence*

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

### Conclusion

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

- (a) giving a true and fair view of the consolidated entities financial position as at 30 June 2010 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



MALCOLM BEARD M.Com., F.C.A.  
Partner  
Sydney, 20 August 2010

# General Information

## Board of Directors

### Vanda Gould

Non-Executive Chairman

### Eddie L S Tie

Managing Director

### John Sharman

Non-Executive Director

## Company Secretary

Terry Kong

## Corporate Office

Suite 630, Level 6  
1 Queens Road  
Melbourne VIC 3004  
T: 61(03) 9867 2811  
F: 61(03) 9820 5957

## Australian Regional Office

Unit 1/ 102,  
Bath Road Kirrawee  
NSW 2232  
T: 61 (02) 9545 2633  
F: 61 (02) 9545 1311

## Asian Regional Office

81G, Jalan SS 21/60  
Damansara Utama  
47400 Petaling Jaya  
Malaysia  
T: 60 (03) 7729 3873  
F: 60 (03) 7727 4658

## Securities Exchange Listing

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

## Auditor

Russell Bedford NSW  
Level 42, SunCorp Place  
259 George Street  
Sydney NSW 2000

## Banker

Westpac Banking Corporation

National Australia Bank Limited

## Solicitor

Piper Alderman

Henry Davis York

## Share Registry

Gould Ralph Pty Ltd  
Level 42, SunCorp Place  
259 George Street  
Sydney NSW 2000  
T: 61 (02) 9032 3000  
F: 61 (02) 9032 3088

### *Change of Address*

Shareholders who have changed address should advise our share registry in writing.

### *Annual Report Mailing*

Shareholders who do not want the annual report or who are receiving more than one copy should advise the share registry in writing.

## Vita Life Website

Vita Life has a website containing information about the Company, its Business and Products.

**[www.vitalifesciences.com.au](http://www.vitalifesciences.com.au)**

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