



**Vita Life Sciences Limited**  
**Appendix 4D**  
**For the half year ended 30 June 2011**

**To :** Company Announcements

---

**Company:** Australian Securities Exchange Fax No.:

---

**Date:** 19 August 2011 No. of pages 29 incl. cover

---

**From:** Chin L Khoo Fax No.:

---

**Subject :** **Appendix 4D**

---

Please see attached 30 June 2011 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 Chin L Khoo  
Company Secretary  
Vita Life Sciences Limited

Telephone 02 9545 2633

Fax 02 9545 1311

## 1. Company details

### Name of entity

<b>VITA LIFE SCIENCES LIMITED</b>
-----------------------------------

ABN or equivalent company reference	Half year ended ('current period')	Half year ended (‘previous period’)
35 003 190 421	30 June 2011	30 June 2010

The information contained in this report is to be read in conjunction with Vita Life Sciences Limited’s 2010 Annual Report and any announcements to the market by Vita Life Sciences Limited during the half year ended 30 June 2011.

## 2. Results for announcement to the market

		Percentage Change %	2011 A\$
<b>2.1</b>	<b>Revenue</b>	up 14.52	11,328,668
	<b>Profit before income tax</b>	up 40.75	450,008
<b>2.2</b>	<b>Net profit after tax</b>	up 63.39	368,637
<b>2.3</b>	<b>Net profit attributable to members</b>	up 63.39	368,637

<b>2.4</b>	<b>Dividends (distributions)</b>			<b>Amount per security</b>	<b>Franked amount per security</b>
<b>2.5</b>	Interim dividend	Record Date Paid	NA NA	Nil	Nil
	Final dividend	Record Date Paid	28 March 2011 12 April 2011	0.5 cents	0.5 cents

**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 \$11.33 million for the 1<sup>st</sup> half was \$1.43 million or 14.5% higher than the corresponding period in 2010. Strong sales growth was achieved in the Group's established business units in Australia and Malaysia of 12.8% and 23.7% respectively and, the Malaysian multi-level marketing business of 59.3%.

The Group's consolidated profit after tax was \$0.37 million (1<sup>st</sup> Half 10: \$0.23 million) and includes:

- ✚ a charge of \$62,875 (1<sup>st</sup> Half 10: \$2,581) for the costs of the Company's Long Term Incentive Plan for the issue of shares to directors and employees;
- ✚ a charge of \$78,440 (1<sup>st</sup> Half 10: Nil) for the new Vietnam business unit which commenced operations in late 2010; and
- ✚ lower net finance costs of \$29,185 (1<sup>st</sup> Half 10: \$118,720).

Other key financial results were:

- ✚ Variable operating costs (distribution and marketing expenses) were equivalent to 20.2% of sales (1<sup>st</sup> Half 10: 20.9%);
- ✚ Fixed operating expenses (occupancy, administrative and sundry) were \$4.63 million (1<sup>st</sup> Half 10: \$4.44 million). Higher operating expenses were mainly due to higher staff costs, partially offset by lower legal costs; and
- ✚ New business units losses of \$0.28 million (1<sup>st</sup> Half 10: \$0.29 million), includes Vietnam business unit costs of \$78,440 (1<sup>st</sup> Half 10: Nil).

	<b>Continuing Operations</b>		
	<b>Health</b>	<b>Investment</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Half year ended 30 June 2011</b>			
<b>Revenue</b>			
Sales to external customers	11,328,668	-	11,328,668
<b>Result</b>			
Segment results	702,044	2,464	704,507
Unallocated expenses	-	-	(177,975)
Profit before tax and finance costs			526,532
Finance costs			(76,524)
Profit before income tax			450,008
Income tax expense			(81,371)
<b>Net Profit for the year</b>			<b>368,637</b>

## Divisional Result

### Health Division

The positive sales growth of the Health division, was mostly derived from the established businesses, as Group sales grew by 14.5%. The Australian, Malaysian and Singaporean established business showed sales growth of 12.8%, 23.7% and 3.3% respectively (measured in local currency). The positive contributions from Malaysia and Singapore were partially offset (4% and 5% respectively) by the impact of the strong Australian dollar when measured on a Group basis.

The health division's earnings before interest and taxes ("EBIT") for the first half of \$0.42 million was 50% higher than the preceding period (1<sup>st</sup> Half 10: Profit of \$0.28 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 recorded a profit of \$2,464 (1<sup>st</sup> Half 10: loss \$5,447).

### New Businesses

Revenue from New Business units in China and Malaysia continued to grow, contributing 9.0% of Group's sales revenue (1<sup>st</sup> Half 10: 6.4%).

Progress during the 1<sup>st</sup> half of 2011 period can be summarised as follows:

- The Malaysian Multi-Level-Marketing business gained further traction, with sales growing by 59.3% compared to the corresponding period in 2010 and losses reduced to \$0.15 million (1<sup>st</sup> Half 10: loss of \$0.20 million);
- Sales in China grew by around 7.8 times compared to the corresponding period in 2010 and losses reduced to \$53,322 (1<sup>st</sup> Half 10: loss of \$96,009);
- The Thailand business unit showed positive growth as sales increased by 59.9% over the corresponding period last year, and has now achieved profitability despite recent political uncertainties. This growth is expected to continue as consumers gain confidence in the company's products and support from retailers expand; and
- In Indonesia, Vietnam and Hong Kong, revenue contributions were low and losses of \$81,861 (1<sup>st</sup> half 10: loss of \$72,163) were incurred. The losses relate to set-up, product registration and marketing expenses. Continued efforts in these new ventures will bring meaningful revenue in the medium to long term.

### Outlook for the Second Half of 2011

The Health division's Established Business sales are expected to grow and continue a similar growth trend for the full financial year with the normalised profit for the full financial year expected to exceed that of 2010.

## 3. Net tangible assets

	30 June 2011	30 June 2010
Net Tangible Assets per security	\$0.14	\$0.08

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

##### Control over entities

Name of entity (or group of entities)

Vita Health (Vietnam) Company Limited

Date Control Gained

20 April 2011

##### Loss of control over entities

Name of entity (or group of entities)

Not applicable

#### 5. Dividends

A dividend of 0.5 cents per share fully franked amounting to \$270,430 was paid on 12 April 2011 in relation to the year ended 31 December 2010.

Directors have foreshadowed the payment of a final dividend of no less than 0.5 cents per ordinary shares for the year ending 31 December 2011.

#### 6. Dividend Reinvestment plans

The Company's Dividend Reinvestment Plan (DRP) was in force when the final dividend was paid on 12 April 2011. A total of 133,936 ordinary shares at 27 cents per share (\$34,663 net of costs), were issued under the DRP. The DRP will continue to operate for future dividends.

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

Investment details Name of Company	Place of Incorporation	Ownership Interest	
		30 June 2011	30 June 2010
		%	%
<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 2011**





# Contents

<b>Managing Director's Review</b>	<b>1</b>
<b>Directors' Report</b>	<b>4</b>
<b>Auditor's Independence Declaration</b>	<b>5</b>
<b>Consolidated Statement of Comprehensive Income</b>	<b>6</b>
<b>Consolidated Statement of Financial Position</b>	<b>7</b>
<b>Consolidated Statement of Cash Flow</b>	<b>8</b>
<b>Consolidated Statement of Changes in Equity</b>	<b>9</b>
<b>Notes to the Financial Statements</b>	<b>10</b>
<b>Directors' Declaration</b>	<b>17</b>
<b>Independent Review Report</b>	<b>18</b>
<b>General Information</b>	<b>20</b>





# 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 2011.

Vita Life's revenue of \$11.33 million for the 1<sup>st</sup> half was \$1.43 million or 14.5% higher than the corresponding period in 2010. Strong sales growth was achieved in the Group's established business units in Australia and Malaysia of 12.8% and 23.7% respectively and, the Malaysian multi-level marketing business of 59.3%.

The Group's consolidated profit after tax was \$0.37 million (1<sup>st</sup> Half 10: \$0.23 million) and includes:

- + a charge of \$62,875 (1<sup>st</sup> Half 10: \$2,581) for the costs of the Company's Long Term Incentive Plan for the issue of shares to directors and employees;
- + a charge of \$78,440 (1<sup>st</sup> Half 10: Nil) for the new Vietnam business unit which commenced operations in late 2010; and
- + lower net finance costs of \$29,185 (1<sup>st</sup> Half 10: \$118,720).

Other key financial results were:

- + Variable operating costs (distribution and marketing expenses) were equivalent to 20.2% of sales (1<sup>st</sup> Half 10: 20.9%);
- + Fixed operating expenses (occupancy, administrative and sundry) were \$4.63 million (1<sup>st</sup> Half 10: \$4.44 million). Higher operating expenses were mainly due to higher staff costs, partially offset by lower legal costs; and
- + New business units losses of \$0.28 million (1<sup>st</sup> Half 10: \$0.29 million), includes Vietnam business unit costs of \$78,440 (1<sup>st</sup> Half 10: Nil).

## Divisional Result

### Health Division

The positive sales growth of the Health division, was mostly derived from the established businesses, as Group sales grew by 14.5%. The Australian, Malaysian and Singaporean established business showed sales growth of 12.8%, 23.7% and 3.3% respectively (measured in local currency). The positive contributions from Malaysia and Singapore were partially offset (4% and 5% respectively) by the impact of the strong Australian dollar when measured on a Group basis.

The health division's earnings before interest and taxes ("EBIT") for the first half of \$0.42 million was 50% higher than the preceding period (1<sup>st</sup> Half 10: Profit of \$0.28 million).

# Managing Director's Review

(continued)

## 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 recorded a profit of \$2,464 (1<sup>st</sup> Half 10: loss \$5,447).

The Group's divisional result for 1<sup>st</sup> Half 11 is summarised in the table below.

	Continuing Operations		
	Health	Investment	Total
	\$	\$	\$
<b>Half year ended 30 June 2011</b>			
<b>Revenue</b>			
Sales to external customers	11,328,668	-	11,328,668
<b>Result</b>			
Segment results	702,044	2,464	704,507
Unallocated expenses	-	-	(177,975)
Profit before tax and finance costs			526,532
Finance costs			(76,524)
Profit before income tax			450,008
Income tax expense			(81,371)
<b>Net Profit for the Period</b>			<b>368,637</b>

## New Businesses

Revenue from New Business units in China and Malaysia continued to grow, contributing 9.0% of Group's sales revenue (1<sup>st</sup> Half 10: 6.4%).

Progress during the 1<sup>st</sup> half of 2011 period can be summarised as follows:

- The Malaysian Multi-Level-Marketing business gained further traction, with sales growing by 59.3% compared to the corresponding period in 2010 and losses reduced to \$0.15 million (1<sup>st</sup> Half 10: loss of \$0.20 million);
- Sales in China grew by around 7.8 times compared to the corresponding period in 2010 and losses reduced to \$53,322 (1<sup>st</sup> Half 10: loss of \$96,009);
- The Thailand business unit showed positive growth as sales increased by 59.9% over the corresponding period last year, and has now achieved profitability despite recent political uncertainties. This growth is expected to continue as consumers gain confidence in the company's products and support from retailers expands; and
- In Indonesia, Vietnam and Hong Kong, revenue contributions were low and losses of \$81,861 (1<sup>st</sup> half 10: losses of \$72,163) were incurred. The losses relate to set-up, product registration and marketing expenses. Continued efforts in these new ventures will bring meaningful revenue in the medium to long term.

# Managing Director's Review

(continued)



## Cash flow

The table below summarises the cash movements during the period.

	<b>Period ended 30 June 2011</b>
	<b>\$</b>
<b>Net Profit after tax</b>	<b>368,637</b>
Increase/decrease in assets and liabilities:	
Decrease/ (Increase) in receivables	4,801,415
Decrease/ (Increase) in inventories	207,279
Decrease/ (Increase) in other assets	126,150
(Decrease) / increase in trade payables	(890,417)
(Decrease) / increase in income tax	50,998
(Decrease) / increase in other liabilities	17,223
	<u>4,681,285</u>
Adjustments for non-cash items	108,748
Effect on foreign exchange translation of assets and liabilities	(68,368)
<b>Net Cash flow from operating activities</b>	<b>4,721,665</b>
Net Cashflow from investing activities	(28,984)
Net Cashflow from financing activities	(2,156,440)
<b>Cash movement during the period</b>	<b>2,536,241</b>
Net foreign exchange differences	10,184
Cash and cash equivalents at beginning of the period	455,517
<b>Cash and cash equivalents at end of the period</b>	<b>3,001,942</b>

The net operating inflow of \$4.72 million (1<sup>st</sup> Half 10: \$0.44 million) was largely attributed to the proceeds from PAN Pharmaceuticals litigation of \$5.00 million.

External borrowings of \$1.81 million consisting of secured loan and trade finance facility were fully repaid and dividends of \$0.27 million were paid to the shareholders during the period. With the repayment of the secured loan and trade finance facility, the Group as at 30 June 2011 has no loans and trade finance outstanding and is essentially debt free.

At 30 June 2011, the Group's cash and cash equivalent position was at \$3.00 million (31 December 2010: \$0.45 million).

## Outlook for the Second Half of 2011

The Health division's Established Business sales are expected to grow and continue a similar growth trend for the full financial year with the normalised profit for the full financial year expected to exceed that of 2010.

**Eddie L S Tie**  
Managing Director  
19 August 2011

## 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 2011.

### 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 Vanda R Gould	Non-executive chairman
Mr Eddie L S Tie	Managing director
Mr John 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 \$368,637 (1<sup>st</sup> Half 10: \$225,621).

### DIVIDENDS

A dividend of 0.5 cents per share fully franked amounting to \$270,430 was paid on 12 April 2011 in relation to the year ended 31 December 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.

No matters or circumstances have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

### 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  
 19 August 2011

# Auditor's Independence Declaration



**Russell Bedford**

New South Wales

Level 42, Suncorp Place  
259 George Street  
Sydney NSW 2000  
Australia

T: **+61 2 9032 3050**

F: +61 2 9032 3058

E: [mail@russellbedfordnsw.com.au](mailto:mail@russellbedfordnsw.com.au)

W: [www.russellbedford.com.au](http://www.russellbedford.com.au)

The Board of Directors  
Vita Life Sciences Limited  
Suite 630, Level 6  
1 Queens Road. St Kilda Towers  
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 2011 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 blue ink, appearing to read 'Malcolm Beard'.

MALCOLM BEARD, M.COM, FCA  
Partner

Sydney, 19 August 2011



Member of Russell Bedford International – with affiliated offices worldwide

Liability limited by a scheme approved under Professional Standards Legislation

# Consolidated Statement of Comprehensive Income

For the half year ended 30 June 2011

	Notes	Consolidated	
		30 June 2011	30 June 2010
		\$	\$
<b>CONTINUING OPERATIONS</b>			
Sale of goods		11,328,668	9,892,338
Cost of sales		(4,021,085)	(3,670,047)
<b>Gross profit</b>		<b>7,307,583</b>	<b>6,222,291</b>
Other income		33,809	733,999
Distribution expenses		(1,440,457)	(1,202,139)
Marketing expenses		(845,710)	(861,869)
Occupancy expenses		(329,088)	(306,386)
Administrative expenses		(4,213,533)	(3,979,711)
Other expenses		(84,650)	(157,559)
Share of associates profit/ (loss)		51,239	(10,189)
<b>Profit from continuing operations before interest and taxes</b>		<b>479,193</b>	<b>438,437</b>
Finance income		47,339	3,147
Finance costs		(76,524)	(121,867)
<b>Profit before income tax</b>		<b>450,008</b>	<b>319,717</b>
Income tax expense		(81,371)	(94,096)
<b>Net profit for the period</b>		<b>368,637</b>	<b>225,621</b>
<b>Other comprehensive income / (expense) after income tax</b>			
Exchange differences on translating foreign controlled entities		(93,093)	90,198
Other comprehensive income / (expense) for the Period, net of income tax		(93,093)	90,198
<b>Total comprehensive income for the period</b>		<b>275,544</b>	<b>315,819</b>
Profit attributable to minority interest		-	-
Profit attributable to members of the parent		368,637	225,621
		368,637	225,621
Total comprehensive income attributable to:			
Minority interest		-	-
Members of the parent		275,544	315,819
		275,544	315,819
<b>Earnings per share (cents per share)</b>	5		
- basic earnings per share for continuing operations		0.64	0.42
- basic earnings per share		0.64	0.42
- diluted earnings per share		0.64	0.42

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 2011

	Notes	Consolidated	
		30 June 2011	31 December 2010
		\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		3,001,942	455,517
Trade and other receivables		3,273,315	8,086,230
Inventories		3,233,172	3,440,451
Other current assets		50,097	244,523
<b>Total Current Assets</b>		<b>9,558,526</b>	<b>12,226,721</b>
<b>Non Current Assets</b>			
Trade and other receivables		466,071	478,408
Investment in associates		1,628,700	1,537,480
Property, plant and equipment		151,275	165,648
Intangible assets		66,859	57,061
Deferred tax assets		59,184	46,906
<b>Total Non Current Assets</b>		<b>2,372,089</b>	<b>2,285,503</b>
<b>Total Assets</b>		<b>11,930,615</b>	<b>14,512,224</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		3,399,700	4,301,851
Interest bearing loans and borrowings		5,073	1,813,576
Current tax liability		71,197	20,199
Provisions		255,611	241,390
<b>Total Current Liabilities</b>		<b>3,731,581</b>	<b>6,377,016</b>
<b>Non Current Liabilities</b>			
Provisions		8,327	5,325
<b>Total Non Current Liabilities</b>		<b>8,327</b>	<b>5,325</b>
<b>Total Liabilities</b>		<b>3,739,908</b>	<b>6,382,341</b>
<b>Net Assets</b>		<b>8,190,707</b>	<b>8,129,883</b>
<b>Equity</b>			
Issued capital	6	45,695,473	45,690,301
Accumulated losses		(36,198,946)	(36,297,153)
Employee share based payments reserve		118,286	55,411
Foreign currency translation reserve		(1,890,177)	(1,797,084)
<b>Parent entity interest</b>		<b>7,724,636</b>	<b>7,651,475</b>
Minority interest		466,071	478,408
<b>Total Equity</b>		<b>8,190,707</b>	<b>8,129,883</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 2011

	Notes	Consolidated	
		30 June 2011	30 June 2010
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipt from customers		12,024,436	10,444,854
Payments to suppliers and employees		(12,220,270)	(10,518,207)
Proceeds from PAN Pharmaceuticals Ltd Liquidator		-	681,785
Finance costs		(50,691)	(104,746)
Income tax paid		(30,373)	(72,607)
Interest received		47,339	3,147
Income from settlement of legal case		5,000,000	-
<b>Net cash flows from operating activities</b>		<b>4,770,441</b>	<b>434,226</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(28,984)	(93,507)
Proceeds from sale of property, plant and equipment		-	7,339
<b>Net cash flows used in investing activities</b>		<b>(28,984)</b>	<b>(86,168)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		34,663	-
Shares bought back		(105,491)	-
Loans to associated entities		(82,679)	(118,547)
Repayment of external borrowings		(1,808,503)	(6,780)
Dividend Paid		(270,430)	-
Proceeds from loan repayment for LTIP		76,000	-
<b>Net cash flows used in financing activities</b>		<b>(2,156,440)</b>	<b>(125,327)</b>
Net increase in cash and cash equivalents		2,585,017	222,731
Net foreign exchange differences		10,184	(82,097)
Cash and cash equivalents at beginning of the period		406,741	1,075,743
<b>Cash and cash equivalents at end of the period</b>		<b>3,001,942</b>	<b>1,216,377</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 2011

	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 January 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
Other comprehensive income for the period	-	-	-	90,198	90,198	-	90,198
Total comprehensive income for the period	-	225,621	-	90,198	315,819	-	315,819
Employee share option scheme	-	-	2,581	-	2,581	-	2,581
Exchange difference on translation of minority interests	-	-	-	-	-	48,642	48,642
<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>
<b>Balance at 1 January 2011</b>	45,690,301	(36,297,153)	55,411	(1,797,084)	7,651,475	478,408	8,129,883
Profit attributable to members of parent entity	-	368,637	-	-	368,637	-	368,637
Other comprehensive expense for the period	-	-	-	(93,093)	(93,093)	-	(93,093)
Total comprehensive income for the period	-	368,637	-	(93,093)	275,544	-	275,544
Dividend Paid	-	(270,430)	-	-	(270,430)	-	(270,430)
Issue of Shares (net of issue costs)	34,663	-	-	-	34,663	-	34,663
Shares bought back	(105,491)	-	-	-	(105,491)	-	(105,491)
Employee share option scheme	-	-	62,875	-	62,875	-	62,875
Repayment of loans on Employee share option scheme	76,000	-	-	-	76,000	-	76,000
Exchange difference on translation of minority interests	-	-	-	-	-	(12,337)	(12,337)
<b>Balance at 30 June 2011</b>	<b>45,695,473</b>	<b>(36,198,946)</b>	<b>118,286</b>	<b>(1,890,177)</b>	<b>7,724,636</b>	<b>466,071</b>	<b>8,190,707</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 2011

## 1. CORPORATE INFORMATION

The Half Year financial report of Vita Life Sciences Limited ("Vita Life") for the half year ended 30 June 2011 was authorised for issue by a resolution of the directors on the date of this report.

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

These general-purpose financial statements for the half-year reporting period ended 30 June 2011, have been prepared in accordance with the requirements of the *Corporations Act 2001*, and Australia Accounting Standard AASB 134 "Interim Financial Reporting."

This interim financial report is intended to provide users with an update on the latest annual financial statements of Vita Life Sciences Limited. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the company for the year ended 31 December 2010, together with any public announcements made during the following half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The half-yearly financial statements have been prepared on a historical cost basis.

# Notes to the Financial Statements

(continued)



## 3. SEGMENT REPORTING

	Continuing Operations				
	Australia	Singapore	Malaysia	Others	Total
	\$	\$	\$	\$	\$
<b>Half year ended 30 June 2011</b>					
<b>Revenue</b>					
Sales to external customers	5,095,760	1,826,794	4,185,590	220,524	11,328,668
<b>Segment results</b>					
Profit / (loss) before tax and finance costs	192,092	209,827	276,323	(202,951)	475,293
Finance costs	(50,995)	(1,080)	(22,791)	(1,658)	(76,524)
Share of profit of associates	-	-	51,239	-	51,239
Profit before income tax					450,008
Income tax expense					(81,371)
<b>Net profit for the period</b>					<b>368,637</b>
<b>Assets and liabilities</b>					
Segment assets	5,856,002	1,388,872	2,664,073	392,968	10,301,915
Investment in associates					1,628,700
Total assets					<u>11,930,615</u>
Segment liabilities	2,071,724	656,906	900,254	111,024	3,739,908
Total liabilities					<u>3,739,908</u>
<b>Other segment information</b>					
Capital expenditure	(930)	(459)	(26,484)	(1,111)	(28,984)
Depreciation	(2,221)	(705)	(34,921)	(1,565)	(39,412)
Amortisation	-	-	(1,227)	(2,116)	(3,343)

# Notes to the Financial Statements

(continued)



	Continuing Operations				Total \$
	Australia \$	Singapore \$	Malaysia \$	Others \$	
<b>Half year ended 30 June 2010</b>					
<b>Revenue</b>					
Sales to external customers	4,520,340	1,821,246	3,419,151	131,601	9,892,338
<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>					<u>225,621</u>
<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					<u>10,029,034</u>
Segment liabilities	3,856,533	743,012	1,119,908	41,658	5,761,111
Total liabilities					<u>5,761,111</u>
<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 the claim against the Therapeutic Goods Administration ("TGA") / Commonwealth of Australia of \$0.41 million and proceeds from the Pan Pharmaceutical Liquidator of \$0.68 million.

# Notes to the Financial Statements

(continued)



## 4. NET TANGIBLE ASSETS

	CONSOLIDATED	
	30 June 2011	30 June 2010
	\$	\$
Net assets per share	0.14	0.08
Net tangible assets per share	0.14	0.08
	Number	Number
Weighted average number of ordinary shares for net assets per share	57,384,674	54,285,307

## 5. EARNINGS PER SHARE

	CONSOLIDATED	
	30 June 2011	30 June 2010
	\$	\$
<b>(a) Earnings used in calculating earnings per share</b>		
Net profit attributable to equity holders from continuing operations	368,637	225,621
Net profit attributable to equity holders of the parent	<b>368,637</b>	<b>225,621</b>
	Number	Number
<b>(b) Weighted average number of shares</b>		
Weighted average number of ordinary shares for basic earnings per share	57,384,674	54,285,307
Adjusted weighted average number of ordinary shares for diluted earnings per share	57,384,674	54,285,307

# Notes to the Financial Statements

(continued)



## 6. CONTRIBUTED EQUITY

	30 June 2011	31 December 2010	30 June 2011	31 December 2010
	Number	Number	\$	\$
<b>Issued and paid up capital</b>				
<b>Ordinary shares</b>	<b>58,287,022</b>	<b>54,245,307</b>	<b>45,695,473</b>	<b>45,690,301</b>
<b>Ordinary shares</b>				
Balance at beginning of the year	54,245,307	54,285,307	45,690,301	45,699,176
Shares issued during the period (i)	133,936	-	34,663	-
Share buy back (ii)	(379,721)	(40,000)	(105,491)	(8,875)
Cancellation of Plan Shares of certain employees (iii)	(77,500)	-	-	-
Issue of shares to employee / director (iv)	4,365,000	-	-	-
Repayment of loans on share options scheme to employee/ director (v)	-	-	76,000	-
<b>Balance at end of the period</b>	<b>58,287,022</b>	<b>54,245,307</b>	<b>45,695,473</b>	<b>45,690,301</b>

(i) A total of 133,936 ordinary shares were issued on 12 April 2011 at 27 cents per share (\$34,663 net of costs) under the Dividend Reinvestment Plan (DRP).

(ii) A total of 379,721 ordinary shares were bought back in the period ended 30 June 2011 as approved by the shareholders in the 20 May 2010 and 19 May 2011 Annual General Meeting at a total cost of \$105,491.

(iii) On 27 June 2006, the Company granted limited recourse loans and approved the issue of 77,500 ordinary shares to selected employees of the Group under a Long Term Incentive Plan.

In view of the limited recourse loans having fallen due for these participants, 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 these Plan Shares. On 11 March 2011, the Company cancelled the 77,500 Plan shares issued in 2006.

(iv) At the Company's Annual General Meeting of 20 May 2010, shareholders approved limited recourse loans to be granted for the issue of 2,500,000 ordinary shares to the Managing Director and 325,000 ordinary shares to a director of a subsidiary under a Long Term Incentive Plan.

On 24 March 2011, the Company granted limited recourse loans and approved the issue of 1,540,000 ordinary shares to selected employees of the Group under a Long Term Incentive Plan.

In total, 4,365,000 ordinary shares were issued on 31 March 2011 pursuant to the approvals stated above.

The cost of the equity-settled transactions are measured by reference to the fair value of the equity instruments at the date at which they were 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).

# Notes to the Financial Statements

(continued)



For the period ended 30 June 2011, the Company recognised \$62,875 (1<sup>st</sup> Half 10: \$2,581) in the income statement with a corresponding increase in employee share based payment reserve.

- (v) During the period ended 30 June 2011, a sum of \$76,000 was paid by the Managing Director and a director of a subsidiary to retire a limited recourse loan for 380,000 ordinary shares issued in 2009 under the Company's Long Term Incentive Plan.

## 7. DIVIDEND

On 12 April 2011, the Company paid a final fully franked dividend of 0.5 cents per ordinary share totalling \$270,430 for the year ended 31 December 2010. No further dividend has been declared or paid since and the Directors have not recommended the payment of any dividend for the period ended 30 June 2011.

## 8. COMMITMENTS

There are no significant changes to the commitments as previously disclosed in the Annual Report for the financial year ended 31 December 2010.

## 9. 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.

No matters or circumstances have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

## 10. CONTINGENCIES

### *Contingent Asset*

During the year ended 31 December 2003, the Group suffered losses as a consequence of the closure of PAN Pharmaceutical. A claim for the sum of \$6.8 million by the Group was admitted by the liquidators of PAN Pharmaceutical. Of this amount, a sum of 44 cents to each \$1.00 has been paid and received by the Group since.

In a report to the creditors dated 29 July 2011 issued by the PAN Pharmaceutical liquidators, the liquidators intend to pay a final dividend of 1.22 cents to each \$1.00 of the admitted claims. The Group expects to receive approximately \$83,178 if this amount is paid. This amount has not been recognised as of 30 June 2011.

# Notes to the Financial Statements

(continued)



## 11. 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 2011	30 June 2010
	\$	\$
<b>Other transactions with related parties</b>		
Business Intelligence & Support Inc. (i)	153,148	-
CVC Venture Managers Pty Ltd (ii)	50,715	67,620
	<b>203,863</b>	<b>67,620</b>

- (i) Business Intelligence & Support Inc., a company in which Mr Eddie Tie is a director, and therefore a related party, provided international business advisory, sales, marketing and promotion services to the Group, and was paid a consultancy fee during the financial period.
- (ii) CVC Venture Managers Pty Limited, a company in which Mr Vanda Gould and Mr John Sharman are directors, was paid a consultancy fee 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 2011 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  
19 August 2011

# Independent Review Report



**Russell Bedford**  
New South Wales

Level 42, Suncorp Place  
259 George Street  
Sydney NSW 2000  
Australia

T: **+61 2 9032 3050**  
F: +61 2 9032 3058  
E: [mail@russellbedfordnsw.com.au](mailto:mail@russellbedfordnsw.com.au)  
W: [www.russellbedford.com.au](http://www.russellbedford.com.au)

## **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 period which comprises the consolidated condensed statement of financial position as at 30 June 2011, the consolidated condensed statement of comprehensive income, consolidated condensed statement of changes in equity, consolidated condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

### **Directors Responsibility on the Half-Year Financial Report**

The directors of Vita Life Sciences Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001 and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### **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 2011 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 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. Our review did not involve an analysis of the prudence of business decisions made by directors or management.



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

## **Matters Relating to Electronic Publication of the Reviewed Financial Report**

This review report relates to the financial report of Vita Life Sciences Limited for the half year period ended 30 June 2011 included on the website of Vita Life Sciences Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on this integrity. This review report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of the financial report are concerned with the inherent risk arising from publication on a website, they are advised to refer to the hard copy of the reviewed financial report to confirm the information contained in this website version of the financial report.

## **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 period 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 2011 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

RUSSELL BEDFORD NSW  
Chartered Accountants



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

Sydney, 19 August 2011



## General Information

### Board of Directors

#### Vanda Gould

Non-Executive Chairman

#### Eddie L S Tie

Managing Director

#### John Sharman

Non-Executive Director

### Company Secretary

Chin L Khoo

### 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

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)

VLS