Vita Life Sciences Limited

ABN 35 003 190 421

Prospectus

Non-renounceable 2 for 1 Rights Issue and Public Offer of 33,329,450 New Shares to raise up to $6.66 million at $0.20 per New Share

Sponsoring Broker: SHAW Stockbroking Limited

Important Notices

This is a replacement Prospectus dated 11 July 2007 and a copy was lodged with ASIC on that date. It replaces a Prospectus lodged with ASIC on 28 June 2007, relating to shares of Vita Life Sciences Limited. Neither ASIC nor ASX takes any responsibility for the contents of this Prospectus. No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus, the Expiry Date. The Offer contained in this Prospectus is an invitation to persons wishing to subscribe for Shares in the Company. An investment in Vita Life should be considered speculative.

The Company will apply to the ASX for listing and quotation of the Shares on the ASX within 7 days after the date of this Prospectus. It is your responsibility to determine your allocation before trading in Shares to avoid the risk of selling Shares you do not own (see section 4 of this Prospectus).

Prospectus

The Offer and information in this Prospectus do not comprise financial advice and does not take into account the investment objectives, financial situation and particular needs of any investor. It is important that you read this Prospectus carefully and in its entirety before deciding to invest, or further invest, in Vita Life. The success of Vita Life, the repayment of capital invested, the payment of dividends, or the price at which the Shares will trade on the ASX are not guaranteed by any person. Investment in the Shares is speculative and is not a suitable investment for investors who require security of capital and income. See the discussion of risk factors in section 6 of this Prospectus. You should carefully consider these factors in light of your particular investment needs, objectives and financial circumstances (including financial and taxation issues) and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

Glossary

Certain terms and abbreviations used in this Prospectus are explained in the Glossary of Terms in section 12 of this Prospectus

Disclaimers

No person is authorised to give any information or make any representation in connection with the Offer that is not contained in this Prospectus. Any information or representation not so contained may not be relied upon as having been authorised by Vita Life.

Assets, products and people photographed in this Prospectus are not owned or employed by the Vita Life Group, unless stated otherwise.

The Prospectus contains audited, normalised historical financial information and forecast financial information prepared by the Directors to present Shareholders and potential investors with information to help them understand the audited, normalised historical financial performance and financial position of Vita Life and its controlled entities for the period 1 January 2005 to 31 December 2006 and forecast income statement for the 6 months ended 30 June 2007. Pro forma audited balance sheets assuming the Offer has been completed at 31 December 2006 have also been prepared.

No Overseas Offering

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the New Shares or the Offer, or to otherwise permit a public offering of the New Shares, in any jurisdiction outside of Australia or Shareholders resident in New Zealand. The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable other than Shareholders' resident in New Zealand securities laws.

Exposure Period and Timing

The Corporations Act prohibits Vita Life from processing applications for New Shares in the 7 day period (or up to 14 days if ASIC so decides) after the date on which the Prospectus is lodged with ASIC (Exposure Period). The Exposure Period ends on the date which is 7 days after the Prospectus lodgement date unless ASIC extends the Exposure Period by up to a further 7 days. The Exposure Period is to enable the Prospectus to be examined by market participants prior to the raising of funds. No preference will be conferred on Applications received during the Exposure Period and processing will commence after it expires.

Vita Life reserves the right to extend the Offer, close the Offer Period early, or withdraw the Offer, in each case without notice.

Electronic and Paper Prospectus

This Prospectus is available during the Offer Period in a paper version and in electronic form. The electronic version, without an Entitlement and Acceptance Form, can be found on the Vita Life website: www.vitalifesciences.com.au. Persons who access the electronic form of this Prospectus must ensure that they download and read the entire Prospectus. The Corporations Act prohibits any person from passing a Public Offer Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus, other than the Entitlement and Acceptance Form. The Offer constituted by this Prospectus in its electronic form is only available to Australian residents receiving the electronic Prospectus in Australia. Any person may obtain a hard copy of this Prospectus free of charge by contacting Vita Life on (03) 9867 2811.

Applications

Applications for New Shares can only be made on the personalised Entitlement and Acceptance Form accompanying, or the Public Offer Application Form attached to, this Prospectus or, in the case of the Public Offer only, on a printed copy of the Public Offer Application Form downloaded in its entirety from the above website. No Application will be accepted if sent in electronic form.

Rounding and Currency

Certain amounts and percentages set out in this Prospectus may not sum up due to rounding. All figures are in Australian dollars unless otherwise indicated. All foreign currencies have been converted to Australian dollars at the rates applicable at the time of conversion.

Privacy

The personal information that you supply, or have previously supplied, to Vita Life will be used for the primary purpose of processing your Application, establishing your investment in the Shares, and corresponding with you as a Shareholder. If you do not supply Vita Life with all the information it needs, it may be unable to process your application, establish your investment in the Shares and correspond with you as a Shareholder.

Vita Life may disclose personal information you provide to it to: any third party that Vita Life engages to provide services such as registry, auditing, mailing or printing services; government bodies, when and to the extent required by law; and any professional advisers to Vita Life (including legal and accounting firms, auditors and other advisers to Vita Life).

You may request access to your personal information held by, or on behalf of, Vita Life or the Registry. You can access your personal information by contacting Vita Life or the Registry (see Corporate Directory). It is important that incorrect or out of date personal information in Vita Life's records is corrected by making that contact.

Contents

Updated information
Information about this Offer may need to be updated by Vita Life. Any updated information about the Offer will be made available on the website: www.vitalifesciences.com.au and otherwise in accordance with the Corporations Act. Vita Life will provide a copy of any updated information free of charge to any person who requests a copy by calling (03) 9867 2811. Where updated information about the Offer is materially adverse to investors, Vita Life will circulate a supplementary prospectus to persons who have accepted the Offer, in accordance with its obligations under the Corporations Act, as well as making it available on the above website.

Important Document
This is an important document and requires your immediate attention. If you are in any doubt as to how to act, you should consult your stockbroker, accountant, lawyer or other professional adviser as soon as possible. **This Offer should be considered speculative.**

1 Key Offer Information

This Prospectus provides the opportunity for Shareholders and investors to participate in the Offer of New Shares in Vita Life. The Key Offer Information is a summary only and is not intended to provide complete information about Vita Life, the Offer or the New Shares. This section should be read in conjunction with the information contained in the balance of this Prospectus.

The Offer

Offer Price	$0.20 per New Share
Offer Ratio	2 New Shares for every 1 Share or 1 option held at 5:00pm on the Record Date
Maximum number of New Shares offered under this Prospectus	33,329,450
Minimum Subscription of New Shares offered under this Prospectus	27,500,000
Shares on issue after completion of the Offer:	
: Offer fully subscribed (including by Optionholders)	46,994,175
: Minimum Subscription amount subscribed	41,164,725
Market capitalisation (approximate) at the Offer Price prior to the Offer	$2.7 million
Market capitalisation (approximate) at the Offer Price after the Offer	
: Offer fully subscribed (including by Optionholders)	$9.4 million
: Minimum Subscription amount subscribed	$8.2 million

Key Dates

Lodge Prospectus with ASIC and on website	28 June 2007
Lodge Replacement Prospectus with ASIC and on website	11 July 2007
Record Date to determine entitlement to New Shares	4 July 2007
Offer opens and dispatch Prospectus to Shareholders/Optionholders	13 July 2007
Offer closes (last date for receipt of acceptances and payment of application money in full)	5:00pm, 10 August 2007
Settlement and allotment of Shares	17 August 2007
Expected dispatch of holding statements	20 August 2007
Expected commencement of normal trading in Shares on ASX	23 August 2007

These dates are indicative only and are subject to change. Vita Life, in conjunction with CVC Venture Managers, reserves the right to close the Offer earlier if the Offer is fully subscribed by Shareholders, to close the Offer later without prior notice (in which case subsequent dates would also be extended), or to withdraw the Offer prior to the issue of New Shares, and/or to accept late Applications generally or in specific cases.

The Company has reserved the ASX listing code of VSC. At the date of this Prospectus, the Company is not listed on the ASX and this code has not yet been allocated to the Company. Entitlements to Rights Issue Shares cannot be traded on the ASX or privately transferred. They will however be offered via the Public Offer. If permission for quotation is not granted, New Shares will not be allotted and application monies paid will be refunded without interest (which will be retained by Vita Life).

These health supplements and pharmaceuticals are not an asset of the Vita Life Group.

2 Chairman's Letter

Vita Life Sciences Limited
ABN 35 003 190 421

28 June 2007

Dear Shareholder and/or Investor,

It is my pleasure, on behalf of the Directors, to invite our current Shareholders to increase their shareholding and for investors to become Shareholders in Vita Life.

For the Company's 2,601 existing Shareholders, a successful Offer will result in the fulfilment of the Company's stated goal of relisting its Shares on the ASX at the earliest practicable time. The listing will provide Shareholders with liquidity for their existing Shares. In addition, Shareholders can increase their shareholding at a time when the Company is valued, pre-offer, at only $2.7 million approximately, having the necessary capital to expand the Health and Investment division's operations.

I was Chairman and an investor in Vita Life when the Health division was acquired in 2000 and Shareholders will recall our Health unit suffered exceptional losses in 2003, with 2004-2005 being spent rebuilding the Company's primary business. The Health division, produces 'over the counter' medicines, complementary and alternative medicines, dietary supplements and health foods. Operations span Australia and several South East Asian countries and our strategy is to become a leading regional health supplements company listed on the ASX.

Over the past 2 years, the Company has put in place the foundations for the expansion of the Health division. This expansion is expected to be derived through new distribution channels and by selling our products in several additional Asian countries. In addition, our fledgling Investment division has secured its first project, the benefits of which are expected to flow in 2008. Refer to section 5 Overview of the Company and Business Description for further details.

The capital raised from the issue of New Shares pursuant to the Offer will be applied to develop our businesses and finance working capital, including the repayment of some borrowings.

The Offer contained in this Prospectus comprises 2 parts:

- For Shareholders and Optionholders: A non-renounceable rights issue comprising Rights Issue Shares with an Offer Ratio of 2:1 and the right to oversubscribe by applying for Public Offer Shares; and
- For investors: Offer of Public Offer Shares, being New Shares not taken up in the Rights Issue.

Some Shareholders are entitled to priority treatment. Refer section 4, Terms of the Offer for further details. For example, those Shareholders with less than 10,000 Shares have a priority entitlement to Public Offer Shares to enable them to 'top up' their holding so that they have a marketable parcel ($2,000 worth) should Vita Life be admitted onto the ASX. I particularly encourage those Shareholders to consider this opportunity to ensure the Company has the requisite 'spread' of Shareholders going forward.

My fellow Directors and I propose to subscribe for New Shares and I commend all our Shareholders and investors do the same. Please consider the Prospectus in its entirety before making any decision. Shareholders should use their personalised Entitlement and Acceptance Form. Investors should use the Public Offer Application Form attached to, or accompanying, this Prospectus.

On behalf of the Directors, I thank Shareholders for their continued support and recommend they and investors consider this investment opportunity.

Yours faithfully,

Vanda Gould
Chairman

3 Risk Factors and Investment Features

Key Risks

Continuation as a Going Concern	As at 31 December 2006 the Vita Life Group had a negative net asset position. Whilst there have been a number of positive post-balance date events, a successful outcome to the Offer is important to the Vita Life Group's continuation as a going concern.
Competition	The markets in which the Vita Life Group operates are very competitive and adverse changes in the competitive environment may negatively impact upon the Vita Life Group's financial performance.
Product Liability	The Vita Life Group sells consumer products. If any significant product liability claims are made against the Vita Life Group this may negatively impact upon the Vita Life Group's financial position
Currency and Exchange Rate Fluctuations	As a large proportion of the Vita Life Group's operations are based outside of Australia, fluctuations in exchange rates may negatively impact upon the Vita Life Group's financial performance.
Litigation	Various members of the Vita Life Group are subject to actual or potential claims and legal and arbitration proceedings which may have a significant negative effect on the Vita Life Group's business and financial position.

All identified risk factors, are set out in greater detail in Section 6 Risk Factors.
Before investing in New Shares, Shareholders, Optionholders and Investors should consider these risk factors carefully and read this Prospectus in its entirety.

Investment Features

Vita Life, through its Health division, has an established position in:
• pharmacies for its VitaHealth brand of health supplements in Malaysia and Singapore; and
• health food stores for its Herbs of Gold brand of health supplements in Australia.

Established Brands

The VitaHealth and Herbs of Gold brands have been available for more than 33 and 17 years respectively.

Asia-wide Application for Products

Vita Life's Health division plans to expand its sales activities to those Asian countries, which have a population of more than 50 million people, namely China, Indonesia, the Philippines, Thailand and Vietnam.

Investment Division

Vita Life's Investment division was founded in 2007 for the purpose of providing the Company with a second revenue stream. The first investment project has been secured. Refer section 5, Overview of the Company and Business Description for details.

Management Team

In the Health division, Vita Life relies upon over 50 years of combined health supplements and pharmaceutical experience. Its operations are supported by a Board with wide commercial experience, and with expertise across a range of skills including sales, marketing, manufacturing and finance. The Investment division has a small, focussed team and a Managing Director who has substantial investment experience Refer section 9 Directors, Senior Management and Corporate Governance for details.

Selected Financial Information

Figure 1 is a summary of Vita Life and its Subsidiaries' normalised historical income statement for the financial years ended 31 December 2005 and 2006 and forecast financial income statement for the 6 months ending 30 June 2007. More detailed historical financial information can be found in section 7 Financial Information and section 8, Independent Accountant's Report.

Figure 1
Summary of Vita Life's Consolidated Financial Performance*

	Historical Year End Dec		Forecast Half Year End Jun
$ million	**2005**	**2006**	**2007**
Actual Operating Revenue	11.12	11.13	5.23
Actual EBIT	0.04	8.69	0.01
Normalised EBIT	(1.29)	(0.23)	(0.38)

*Refer section 7, Financial Information and section 8, Independent Accountant's Report for detailed explanation of assumptions and accounting policies and audited and normalised accounts for the financial years ended 31 December 2005 and 2006. The aggregated financial performance of the Company's business includes the adjusted historical financial information based on the audited results for the years ended 31 December 2005 and 2006 and the Directors' forecast results for the half year ended 30 June 2007, and excludes the contribution made to the Company by the medical business, which is no longer part of the business operations of the Vita Life Group and was divested in 2007 into the recently ASX listed Cyclopharm Limited.

4 Terms of the Offer

Offer and Minimum Subscription
Shareholders, Optionholders and Investors are invited to apply for a total of 33,329,450 New Shares at $0.20 per New Share which, if fully subscribed, will raise approximately $6.66 million. The minimum subscription of $5.5 million, is covered by the conditional Underwriting Agreement (see section 10, Additional Information - Summary of Material Contracts).
Refer to Figure 2 for details of the proposed use of funds.

On completion of the Offer, if fully subscribed, the New Shares offered under this Prospectus will represent approximately 70.9% of the issued capital of Vita Life. Should only the Minimum Subscription of New Shares be subscribed then they will represent approximately 66.8% of the issued capital of Vita Life.

Figure 2
Use of Funds

	Offer fully subscribed		Minimum Subscription amount subscribed
Proceeds of the Offer	$6,665,890	1	$5,500,000
Health division	$2,000,000	2	$2,000,000
Investment division	$1,600,000	3	$1,600,000
Repayment of borrowings	$2,515,629	4	$1,387,831
Offer Costs	$550,261	5	$512,169
	$6,665,890		$5,500,000

1. The Directors consider that on completion of the Offer, the Company will have sufficient working capital to achieve the objectives outlined in this Prospectus. Should only the minimum subscription of $5.5 million be subscribed, the Company will raise approximately $1.1 million less than if the Offer was fully subscribed. In this circumstance, the Company will repay a lesser amount of borrowings.

2. The funds to be applied to the Health division, are costs associated with development of its Multi Level Marketing and Pharma Direct businesses and the expansion of VitaHealth brand sales to China, Indonesia, Philippines, Thailand and Vietnam. Refer section 5, Overview of the Company and Business Description.

3. The funds to be applied to the Investment division will be utilised to repay short term borrowings which were applied to the Investment division's Mitre Focus project. Refer section 5, Overview of the Company and Business Description.

4. The Company has a loan facility of $3.5 million which was fully drawn at the date of this Prospectus. Refer section 10, Additional Information – Summary of Material Contracts for details.

5. Details of Offer Costs are contained in section 10, Additional Information – Summary of Offer Costs.

Rights Issue
The Offer is being made as a pro-rata, non-renounceable rights issue to Shareholders on the basis of 2 New Shares for every 1 existing Share held on the Record Date at $0.20 per Share.

The Company currently has 3,000,000 options on issue and the terms and conditions of the options allow for their participation in the Rights Issue. Refer section 10, Additional Information for details.

By virtue of the Rights Issue, Shareholders and Optionholders have priority to the New Shares offered under this Prospectus. Any balance is available to be taken up by Shareholders and new investors determined by the Company.

Shares Offered to Shareholders and Optionholders

Shareholders and Optionholders may apply for any amount of the Rights Issue Shares offered to them. In addition, they can apply for any amount of available Public Offer Shares. Public Offer Shares, if any, will be sourced from the entitlement of those Shareholders and Optionholders who do not subscribe for their Rights Issue Shares entitlement, or who subscribe for less than their full entitlements.

The Company and CVC Venture Managers have agreed that priority to Public Offer Shares will be given to those Shareholders who, after the allotment of their Rights Issue Share entitlement, hold less than 10,000 Shares. This is to assist those Shareholders to hold a marketable parcel of Shares, being $2,000 worth of Shares.

The Company and CVC Venture Managers will attempt to satisfy all Applications received from Shareholders and Optionholders in preference to Applications from investors under the Offer.

The Offer is not extended to any Shareholder with a registered address outside Australia (except for those Shareholders resident in New Zealand) because of the cost of complying with regulatory requirements in multiple jurisdictions and other reasons. An explanatory note will be sent to these foreign Shareholders providing details.

All Shareholders and Optionholders must complete the personalised Entitlement and Acceptance Form which, although not signed, is binding upon its receipt by the Company.

Shares Offered to Investors

The minimum number of Public Offer Shares an investor may apply for may apply for is 10,000 New Shares ($2,000) and thereafter in multiples of 500 Shares ($100).

Investors must complete the Public Offer Application Form which, although not signed, is binding upon its receipt by the Company.

Members of the general public will be able to apply for Public Offer Shares, if any are available, behind the applications of Shareholders, Optionholders and those investors nominated by the Company and CVC Venture Managers.

Right to Withdraw Offer

The Offer may be withdrawn by the Company in consultation with CVC Venture Managers. In such circumstances, no New Shares will be allotted and all application monies paid by Applicants will be refunded to them in full, with any interest earned on those funds being retained by the Company.

Electronic Prospectus

The Prospectus may be viewed online at www.vitalifesciences.com.au. Applicants using the Public Offer Application Form attached to the electronic version of the Prospectus must be located in Australia. Applicants for Rights Issue Shares must use the personalised Entitlement and Acceptance Form which is not available on line. Persons who receive the electronic version of the Prospectus should ensure they download and read the entire Prospectus. A paper copy of this Prospectus will be provided free of charge to any person who requests a copy by contacting the Company or CVC Venture Managers, by mail or in person, during the Offer Period.

Acceptance of Applications and Allocation Policy
The maximum number of New Shares that may be issued under this Prospectus for the Offer is 33,329,450 New Shares comprising application monies of $6,665,890.

An Application constitutes an offer to acquire New Shares on the terms and conditions set out in this Prospectus. Unless the Offer is withdrawn, Shareholders and Optionholders have the right to their entitlement as stated in their personalised Entitlement and Acceptance Forms. Except in relation to the Rights Issue, the Company, in conjunction with CVC Venture Managers, reserves the right to:

- decide to whom, if anyone, the Public Offer Shares will be issued in its absolute discretion;
- issue to any Applicant fewer Public Offer Shares than applied for by the Applicant or none;
- reject any Application, including but not limited to Applications that have been incorrectly completed or are accompanied by cheques that are dishonoured or not drawn on an Australian branch of an Australian bank; and
- not proceed with the Offer at any time before the issue of the New Shares.

The Applicant agrees, except if there is an ASIC stop order issued in respect of this Prospectus, that the Application once received is an irrevocable offer, which cannot be withdrawn unless the Applicant has a right to withdraw under the Corporations Act or if the Company consents.

Where no allocation is made to a particular Applicant or the number of Public Offer Shares allocated is less than the number applied for by an Applicant, surplus application monies will be returned to that Applicant. No interest will be paid on refunded application monies. Any interest earned on application monies prior to their return will be, and will remain, the property of the Company.

Successful Applicants will be notified in writing of the number of New Shares allocated to them as soon as possible following the allocation. It is the responsibility of Applicants to confirm the number of New Shares allocated to them prior to trading in Shares. Applicants who sell New Shares before they receive notice of the Shares allocated to them do so at their own risk. In the event that admission to the official list of the ASX (refer to ASX Quotation below) is denied, or for any reason the Offer does not proceed, all application monies will be refunded in full without interest.

ASX Quotation
An application will be made to the ASX not later than 7 days after the date of this Prospectus for the Company to be admitted to the Official List and for official quotation of the Shares on the ASX.

If the application is not made or if the Shares are not admitted to official quotation within 3 months after the date of this Prospectus, all application monies received will be refunded without interest (which the Company will retain) as soon as practicable in accordance with the requirements of the Corporations Act.

The fact that the ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the New Shares offered by this Prospectus.
The ASX, its officers and employees take no responsibility for the content of this Prospectus. Official quotation of the Shares, if granted, will commence as soon as practicable after the issue of initial shareholding statements to successful Applicants.

Chess and Shareholding Statements

The Company will apply to participate in the Clearing House Electronic Sub-register System (CHESS), operated by the ASX Settlement and Transfer Corporation Pty Ltd (ASTC), in accordance with the Listing Rules and ASTC Settlement Rules. On admission to CHESS, the Company will operate an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together will make up the Company's principal register of securities.

Under CHESS, the Company will not issue share certificates to Shareholders. Instead, the Company will provide Shareholders with a holding statement (which is similar to a bank account statement) that sets out the number of New Shares allotted to that Shareholder under this Prospectus. This statement will also advise Shareholders of either their Holder Identification Number (HIN), in the case of a holding on the CHESS sub-register, or Security Holder Reference Number (SRN), in the case of a holding on the issuer-sponsored sub-register.

Statements will be routinely sent to Shareholders at the end of any calendar month during which their shareholding changes. A Shareholder may request a statement at any other time, however a charge may be incurred for additional statements.

Arrangements can be made at any subsequent time to convert your holding from the issuer-sponsored subregister to the CHESS subregister under sponsorship of a sponsoring participant (eg, your broker) or vice versa by contacting your sponsoring participant.

General Terms Applying to Rights Issue Shares and Public Offer Shares

From the date of allotment, Rights Issue Shares and Public Offer Shares will rank equally in all respects with existing Shares presently on issue.

A summary of the rights and liabilities attaching to New Shares is set out in section 10 Additional Information, Rights Attaching to Shares of this Prospectus.

Taxation

The Australian taxation consequences of any investment in New Shares will depend upon the investor's particular circumstances. Therefore, the Directors consider it inappropriate to give advice regarding the taxation consequences of investing in Vita Life. Neither the Company, the Directors, nor any advisers accept any responsibility or liability for such taxation consequences. Investors should make their own enquires concerning the taxation consequences of an investment in the Company or the taxation treatment of an issue of non-renounceable rights. If you are in doubt as to the course that you should follow, you should consult your stockbroker, solicitor, accountant or other professional adviser without delay

Overseas Investors

No action has been taken to register or qualify the New Shares or the Offer, or otherwise to permit a public offering of Shares, in any jurisdiction outside Australia or to Shareholders resident in New Zealand. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons who obtain this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

This Prospectus does not constitute an offer or an invitation in any place outside Australia where, or to any person to whom, it would be unlawful to make such an offer or invitation. It is the responsibility of any Applicants who are citizens or residents of jurisdictions outside of Australia (other than Shareholders resident in New Zealand) to ensure compliance with all laws of any jurisdiction which are relevant to their Applications. The Shares have not been and will not be registered under the US Securities Act 1933 and may not be offered or sold in the United States or to, or for the account or benefit of, a US Person (as defined in Regulation S under the US Securities Act 1933) except in transactions exempt from the registration requirements of the US Securities Act 1933 and applicable United States state securities laws. None will be offered in the United States. The Shares being offered under this Prospectus are offered in New Zealand in reliance on the Shares Act (Overseas Companies) Exemption Notice 2002 (New Zealand). This prospectus is not an investment statement or prospectus under New Zealand law and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

Partial and Conditional Underwriting

The Offer is conditionally underwritten by CVC Venture Managers to a maximum of 27,500,000 shares or $5.5 million shares and the Underwriting will proceed if and when ASIC authorises CVC Venture Managers to amend its Australian Financial Services Licence to permit it to underwrite issues of securities. If ASIC does not authorise this amendment, and the Minimum Subscription is not achieved, the Offer will not proceed and Applicants will receive their application monies back. Refer section 10, Additional Information, Summary of Material Contracts - Underwriting Agreement.

In the event that CVC Venture Managers, as underwriter to the Offer, is required to subscribe for the Minimum Subscription amount of 27,500,000 New Shares ($5.5 million), CVC Venture Managers would hold approximately 54.7% of Vita Life's issued Shares (upon completion of the Offer). However CVC Venture Managers has sub-underwriting arrangements in place and should all sub-underwriting commitments be fulfilled CVC Venture Managers would hold approximately 9.0% of Vita Life's issued Shares (upon completion of the Offer).

Details of the Underwriting Agreement are set out in section 10 Additional Information.

No Brokerage and Stamp Duty

No brokerage, handling fees or stamp duty is payable by Applicants. The amount payable on application will not vary during the Offer Period and no further amount is payable on allotment.

CVC Venture Managers will pay an amount equal to 3% of the application monies on any Application bearing the stamp of the holder of an Australian Financial Services Licence or its authorised or other duly appointed representative including members of the ASX.

Investor Enquiries

Additional copies of this Prospectus or advice on how to complete the relevant application form can be obtained by telephoning Vita Life's office in Melbourne on (03) 9867 2811 or the Sponsoring Broker, SHAW Stockbroking Limited in Melbourne, (03) 9268 1000 or in Sydney (02) 9238 1238.

Shareholders and investors should, however, rely only on such information as is contained in this Prospectus as this and the Constitution will form the sole basis of any contract made with Vita Life.

Applying for Shares

• Applications for New Shares may only be made on a personalised Entitlement and Acceptance Form, or on a Public Offer Application Form attached to and forming part of, this Prospectus or as downloaded with the electronic version of the Prospectus in its entirety from www.vitalifesciences.com.au. Detailed instructions on how to complete the application form are set out on the reverse of the application form.

• Applicants are invited by the Company to apply for the New Shares at the Offer Price of $0.20 each. To the extent permitted by law, Applications will be treated as irrevocable.

• The application list for New Shares will open on whichever is the later of 5 July 2007 or expiry of the Exposure Period, but applications can be received earlier. The list will remain open until the Closing Date. Accordingly, Applicants are encouraged to submit their applications as soon as possible.

• An application form must be accompanied by payment in Australian currency of $0.20 per New Share. Cheques or bank drafts must be drawn on an Australian branch of an Australian bank and must be made payable to 'Vita Life Sciences Limited' and should be crossed and marked 'not negotiable'.

• The Company will not accept an application form electronically. Completed application forms and application monies must be delivered by mail or by hand to the Registry or the Company at the following addresses:

Gould Ralph Pty Ltd	Vita Life Sciences Limited
Level 42, Suncorp Place	Suite 630
259 George Street	1 Queens Road
Sydney NSW 2000	Melbourne Vic 3004

and must be received at the above addresses by 5.00 p.m. Melbourne time on the Closing Date.

5 Overview of The Company and Business Description

The information set out in this section 5 is a summary only. It should be read in conjunction with the information contained in the remainder of this Prospectus.

Background

Vita Life was incorporated in 1986 as a public company and has more than 2,600 Shareholders. In 2000 the Company acquired the VitaHealth business and a medical business concurrently and listed its shares for quotation on what was then the Australian Stock Exchange.

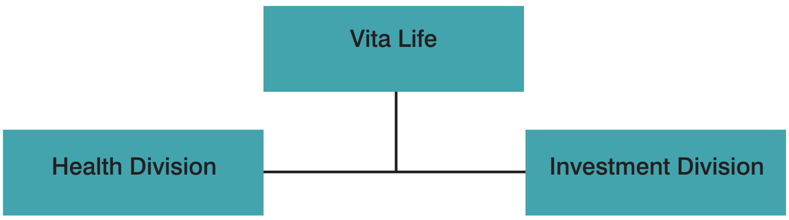
Shareholders will be well aware that the Health division suffered exceptional losses in 2003 in the wake of the Pan Pharmaceuticals recall (Pan Pharmaceuticals manufactured Health division products). The Company delisted in mid 2003. Much of 2003-2005 was spent rebuilding the business and during this period the Company assumed substantial borrowings. In hindsight, the massive Pan Pharmaceutical product recall masked certain unrelated system failings, including frauds within the Health business, which are now well behind us.

In January 2007, Vita Life completed the divestment of its medical business. However the Company had a net liability position as at 31 December 2006 and the Offer will, when completed result in Vita Life having positive net assets. Refer to section 8 Independent Accountants Report for details.

Our Business

Vita Life's business units comprise the established Health division and a fledgling Investment division as shown in Figure 3.

Figure 3
Group Businesses



Health – development and distribution of 'over the counter' medicines as well as complementary and alternative medicines, dietary supplements and health foods. Products are presently sold in 6 countries including Australia, Malaysia and Singapore.

Investment – investment in real estate projects and businesses, intended to generate a second revenue streams with the potential to generate positive cash flows within 1 to 3 years.

Our Opportunity

Vita Life's opportunity is to capitalise on its small but established health supplements market position in Australia and several Asian markets within the health sector by:

- expanding the marketing channels through which its products are sold: pharmacies in Australia, Multi-Level Marketing, and direct to customers in South East Asia;
- expand product sales geographically: to those countries that have a population of more than 50 million people – China, Indonesia, Thailand, Vietnam and the Philippines; and
- build the Investment division's asset base.

Health Division

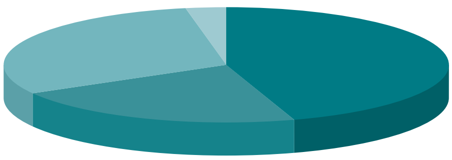
The Health division formulates its products, which fall into the following broad categories:

- bone and joint
- heart and blood vessels
- weight management
- skin and beauty
- cold and flu

The Company's products, whilst developed and formulated in-house, are manufactured by licensed pharmaceutical contract manufacturers in Australia, US, and Malaysia. These manufacturers produce the Health division products in bulk form, which are then shipped to Australia, Singapore or Malaysia where it is packed ready for sale.

It generally takes many years to establish a health supplement brand. It requires the development of consumer loyalty and the gaining of a reputation as a supplier of reliable quality products. The Health division's cornerstone brands, Herbs of Gold for the Australian market and VitaHealth for the Asia markets are established as reflected in their contribution to Vita Life's revenue. Refer Figure 4 for details.

Figure 4
Sales Breakdown by Region for the year ended 31 December 2006



Source: Sales by region information is obtained from audited Vita Life Group Accounts for the year ending 31 December 2006.

The Health division's sales of $11.1m in 2006 are small compared to the size of the market in which they are sold. The health supplements market is approximately $1 billion and $27 billion annually in Australia and Asia respectively and is growing steadily. The opportunity is to successfully tap into sectors of the market in which the Health division has not previously operated. A strategy has been implemented to grow the Vita Life Group's sales by tapping into new market channels and new markets.

The markets for selling Health division products are divided into several segments as shown below:

Figure 5
Channels for selling Health division products

	Over the counter		Multi-Level Marketing	Direct
Channel	Chain pharmacies	Health food stores	Distributors	Medical Practitioners and non-chain pharmacies
Brand	Vita Science VitaHealth	Herbs of Gold	Vita Life	Pharma Direct

The Health division has established operations in the "over the counter" sector. For example:

- In Australia, Herbs of Gold products are sold in approximately 900 health food stores and pharmacies; and
- In Singapore and Malaysia the VitaHealth brand is sold in more than 1,000 pharmacies and retailers.

The new channels that the Health division is endeavouring to develop are the Multi-Level Marketing, initially in Malaysia and the direct channel in Malaysia.

The distinguishing characteristic of Multi Level Marketing is that the distributor or direct seller initiates contact with the potential customer instead of waiting for the customer to go to a pharmacy or health food store. The distributor or direct seller is therefore a person who sells the Company's products and renders a service by direct personal contact with the consumer. To this end the Health division has obtained the necessary licences, employed personnel, developed products to be marketed under the brand Vita Life and systems, and commenced recruiting distributors in May 2007.

In Malaysia and Singapore medical practitioners dispense medicine and health supplements. The Health division has developed the Pharma Direct brand for sale to this sector of the market place.

Brands

The VitaHealth and Herbs of Gold brands have been in the marketplace more than 33 and 17 years respectively. In more recent times the Health division has established the Vita Science, Vita Life and Pharma Direct brands for specific market segments.

The Herbs of Gold and VitaHealth brands offer 78 and more than 92 products respectively to consumers. The Company's other brands are in establishment phase and presently offer a limited range of products:

- VitaScience: 21 products
- Vita Life: 5 products
- Pharma Direct: 4 products

The Health division is also in the process of establishing and selling its products in countries that have large populations including China, Indonesia, Philippines, Thailand and Vietnam. In May 2007 the Vita Health brand was launched in Thailand with an initial offering of 7 products. Vita Life Group's products are being sold in Indonesia and the Philippines but sales are currently small as reflected in Figure 4.

Distribution and Sales Network

Vita Life has an established distribution and sales network in Australia and South East Asia as shown in Figure 6.

Figure 6
Distribution Network for Vita Life Group Products

Investment Division

The Company has a small asset base currently negative but on completion of the Offer will have positive net assets. Refer section 8 Independent Accountants' Report for details. With a view to building Vita Life's asset base, Shareholders approved the creation of an Investment division in May 2007. When fully established it is proposed the Investment division will provide an alternate source of revenue and profits for the Company.

Whilst the Investment activity is a new one for the Company, its Directors and senior management have substantial investment experience. Vita Life's Chairman, Mr Gould, brings extensive investment expertise through his 24 year involvement with listed private equity investor, CVC Limited and the Managing Director, Mr Tie has more than 25 years commercial experience in property development, manufacturing, education and hotels.

The Vision Smart, Hoodia Lite, Pearly Skin and Multi-Berries products are owned and marketed by Vita Life Group's Multi-Level Marketing business in Malaysia.

VitaHealth products are an asset of and marketed by the Vita Life Group in Malaysia and Singapore.

VitaScience
THE SCIENCE OF HEALTHY LIVING

herbsofgold

Vita Science products are as asset of the Vita Life Group and sold to pharmacies in Australia.

Herbs of Gold products are an asset of the Vita Life Group and sold in healthfood stores in Australia.

PharmaDIRECT
affordable health supplements for all

Pharma Direct products are an asset of the Vita Life Group and sold in Malaysia and Singapore.

The Directors have resolved to invest up to $1.6 million in the Investment division. Whilst potential projects will be judged on their merits primary consideration will initially be given to investment opportunities that have the following characteristics, namely that they are investments in entities or ventures:

- with tangible assets such as real estate;
- with little or no debt or the potential to reduce their debt burden;
- that enable the Vita Life Group to take a portion of the investment opportunity so other parties share risk; and
- that have or have the potential to generate positive cash flow within 1 to 3 years.

The Company's first investment project has met the aforementioned criteria and is being undertaken by its subsidiary, Lovin Pharma International Ltd (Lovin). Lovin has invested $1.1 million in a Malaysian company by way of a loan and has taken an equity position. The $1.1 million is the total amount Vita Life Group will invest in the project which comprises the development of 352 homes and 20 shops in Malaysia. The development has commenced and is planned in 3 phases spanning 3 years. Refer section 10, Additional Information for details.

Subject to the Offer being subscribed to an amount greater than the Minimum Subscription amount of $5.5 million the Investment division will continue to actively seek other investment opportunities both in Australia and in Asia.

Dividends

The Company does not propose to pay a dividend for the year ended 31 December 2007. The Directors will review this policy of not paying a dividend in 2008. The Directors can give no assurance about any future level of dividends and the franking of those dividends, if any.

Risk Factors

An investment in Vita Life as described in this Prospectus is subject to general business and specific industry risks. Before investing in the Company or investing further, prospective investors should read the entire Prospectus and, in particular, should consider the assumptions underlying the forecast and the sensitivity analysis in section 7, Financial Information and section 6, Risk Factors that could affect the future performance of the Company.

6 Risk Factors

You should read the entire Prospectus relating to 'Risk Factors' before making any decision to invest, including risks associated with business integration, key personnel, dividends, intellectual property, operations in overseas countries, funding, product liability, investment in Shares, economic and political circumstances, legislation and other risks.

Shareholders and prospective investors in Vita Life should be aware that there are risks associated with subscribing for Shares in Vita Life. Some are of a general nature, others are specific to the specialist nature of Vita Life's business or the circumstances under which that business is operating.

General

There are many factors, both specific to the Vita Life Group and of a general nature, which may affect the future operating and financial performance of Vita Life and the outcome of an investment in Vita Life. Some of these risks may be mitigated by the use of contingency plans and safeguards. However, many are outside the control of Vita Life and the Directors. Neither the Directors nor Vita Life make any representation or give any guarantee that Vita Life will achieve its stated objectives or its prospects in the Prospectus or that statements otherwise made in connection with the Offer to do with those matters will be realised, in whole or in part.

This section describes many of the risks which the Directors have identified may be associated with an investment in Vita Life. Each of the risks set out below could, if they eventuate, have an adverse impact on Vita Life's operating and financial performance and the value of the Shares. It is simply not possible to identify every risk that Vita Life could encounter which could affect Shareholders or investors.

Before deciding to invest in Vita Life, Shareholders and potential investors should read the entire Prospectus and specifically consider the factors contained within this section in order to fully appreciate the risks associated with an investment in Vita Life. You should carefully consider these factors in light of your personal circumstances and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to apply for New Shares in Vita Life.

Specific Risk Factors

The business activities of the Vita Life Group are subject to a number of risks that could affect Vita Life and the industry in which it operates. These factors may substantially impact on its future performance.

The Directors believe that there a number of specific factors that should be taken into account before investors decide whether or not to apply for New Shares. These include:

Continuation of a Going Concern

In April 2007, the Auditor commented in, but did not qualify, his audit opinion on the 2006 Financial Statements that there was significant uncertainty whether Vita Life would be able to continue as a going concern and therefore whether it would be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the Financial Statements. The Directors, whilst acknowledging the negative net asset position of the Vita Life Group as at 31 December 2006, noted a number of positive post-balance date events but also acknowledged the importance of a successful outcome to the proposed equity raising, now the subject of this Prospectus.

Competition

To date, Vita Life Group has demonstrated that it can compete in the health supplements market in Australia, Singapore and Malaysia. The Company has not demonstrated it can compete in investment markets as this is a new business endeavour for the Vita Life Group.

The drug and health supplements industry is very competitive and characterised by large international companies supplying much of the global market requirements The health supplements market also has numerous small operators. Accordingly, there is a business risk in that Vita Life's key revenue source from the sale of health supplements could be severely disrupted or reduced. There are many products that compete with VitaHealth and Herbs of Gold products. These products could replace VitaHealth and Herbs of Gold products and therefore negatively impact Vita Life Group's revenue and profitability. The Directors note that the lengthy periods it takes to achieve regulatory approval and acceptance of new products by consumers, Vita Life Group's reputation for timely and quality service, its competitive pricing, and the breadth of its distribution, mitigate against these risks.

Unanticipated changes in demand patterns for the Vita Life Group's product range may occur, for example, due to technological advances by suppliers of competitor products, and consumer spending patterns particularly arising from consumer fads.

There can be no assurance that the competitive environment in this market will not change adversely due to actions of competitors, changes in customer preferences or rationalisation in the industry. In addition, the Vita Life Group's business plan and stated strategy is to continue to develop sales in international markets. Whilst the Vita Life Group has a track record in this regard, no assurance can be given that it will be successful in continuing to do so. Vita Life's financial performance could be adversely affected if the actions of competitors or potential competitors become more effective, or if new competitors enter the market and the Vita Life Group is unable to counter these actions.

Product Liability
The Vita Life Group is exposed to the risk of product liability claims arising from defective products. To a large extent this is managed by having in place quality control programs (which are, in the case of products sold in Australia, consistent with licensing in Australia by the Therapeutic Goods Administration). The Vita Life Group has systems to detect defective products and ensure effective product recall. The Vita Life Group maintains appropriate insurance cover against potential claims.

The Vita Life Group maintains an internal risk management process which includes following quality assurance procedures in relation to the distribution of its products. Testing of products is carried out prior to their marketing and sale. Although no express warranties are given as to performance standards of any products, it is possible that such performance warranties could be implied at law based on the conduct of the Vita Life Group's staff or marketing material. It is possible that claims against the Vita Life Group could arise if products fail to perform to implied warranted standards or alternatively if products manufactured on behalf of, and distributed by, the Vita Life Group contain any defects. Because of the environment in which the Vita Life Group's products are likely to be sold, any such claims could be material and, if successful, have a material adverse effect on the financial position and performance of Vita Life.

Reliance on Key Personnel
As the Vita Life Group's business grows, future success will depend on the ability to attract and retain personnel. There can be no assurance that the Vita Life Group will be able to retain its key personnel or to attract and retain additional personnel in the future. Inability or delays in attracting and retaining the necessary personnel could have a material adverse effect upon the Vita Life Group.

The Vita Life Group has experienced personnel who are integral to its business activities. The loss of such personnel may have a negative impact on the operating capabilities and profitability of the Vita Life Group.

Disruption of Business Operations
As a producer, the Vita Life Group is exposed to a range of operational risks relating to both current and future operations. Such operational risks include equipment failures, IT system failures, external services failure (including energy supply), industrial action or disputes and natural disasters. If one or more such operational risks materialize, they may have an adverse impact on the operating and financial performance of Vita Life.

The Vita Life Group operates through a series of contractual relationships with customers, suppliers, distributors and contractors. To date, the Vita Life Group has generally provided products and services on the basis of negotiations with customers, followed by purchase orders incorporating the Vita Life Group's standard terms and conditions of trade as a condition of the acceptance. Although the Vita Life Group endeavours to include standard exclusions and limitations of liability, these are not always incorporated into the documentation. So, there is a risk that if the products fail and the Vita Life Group is in breach, there may be no limit on the damages that would apply.

Loss of key customers

Vita Life's financial result could be adversely affected by the loss of large customers, a change in the terms of business with a large customer, or by such customers not adequately or fully complying with their respective contractual rights and obligations.

Reliance on Distributors

Whilst the Vita Life Group maintains a spread of customers, the loss of a major distributor could have a significant, adverse impact on Vita Life's projected earnings. Whilst the Vita Life Group has distribution arrangements, some may be terminated by the distributor with six months' notice or less prior to the expiration of the current terms (which vary as the agreements are not entered into on standard terms and conditions).

All contracts, including those entered into by the Vita Life Group, carry a risk that the respective parties will not adequately or fully comply with their respective contractual rights and obligations or that these contractual relationships may be terminated.

Suppliers and Prices

The Vita Life Group depends upon a range of suppliers. If one or more is unable to supply commodities on their usual terms, the ability to substitute alternative sources in order to service their customers may be inhibited.

Components are a significant input into the Vita Life Group's manufacturing process and the Vita Life Group relies upon contract manufacturers who may experience or cause a supply chain bottleneck. Any changes to the terms of trade for components, particularly in relation to pricing or maximum/minimum quotas or disruption to supply, may adversely affect Vita Life's operating and financial performance.

There can be no guarantee that the Vita Life Group can pass on price increases to customers or maintain its margins or that customer demand will not be adversely affected by product price rises or tax increases.

Insurance

Insurance of risks associated with health supplements companies is sometimes unavailable and may attract large premiums. Accordingly, no assurance can be given that the Vita Life Group will be able to obtain such insurance coverage at reasonable rates or at all, or that any coverage it arranges will be adequate and able to cover any such claims. The Vita Life Group's product related insurance cover is limited to $20 million. If the Vita Life Group incurs uninsured losses or liabilities, this could have a material adverse effect on the financial performance and position of Vita Life.

Reputation

The performance of the Vita Life Group's products is critical to its reputation and to its ability to achieve market acceptance of these products. Any product failure could have a material adverse effect on the Vita Life Group's reputation as a supplier of these products.

Growth Management

The development of the Vita Life Group may place a significant strain on its managerial, operational and financial resources. To manage its potential growth, the Vita Life Group must successfully implement management, operational and financial systems. There can be no assurance that the Vita Life Group will be able to manage effectively the implementation of such systems. Inability to manage growth could have a material adverse effect on the Vita Life Group. There is no assurance that the recent growth of the Vita Life Group can be maintained or is indicative of future profitability.

Acquisitions

Vita Life may assess strategic acquisitions as one of its growth strategies. There can be no assurance that Vita Life will be able to successfully identify, acquire or integrate such businesses.

The consideration payable in respect of any such acquisitions may consist wholly or partly of Shares issued to the vendors, in which case the current holdings of Shareholders will be diluted. Further, Vita Life may seek to raise additional capital, in order to fund such acquisitions, or for other purposes, by the issue of new Shares. This may also have the effect of diluting the holdings of Shareholders.

Capital Expenditure

Vita Life's budgeting is based on certain assumptions in relation to the level of capital expenditure required to maintain its operations. If the level of capital expenditure required is higher than expected, or if capital expenditure must be undertaken earlier than anticipated, or if there is significant operational failure requiring capital expenditure, the financial performance of Vita Life may be adversely affected.

Funding

While the Vita Life Group believes it will have sufficient funds to meet all of its growth and capital requirements at the date of this Prospectus, Vita Life may seek to exploit opportunities of a kind that will require it to raise additional capital from equity or debt sources. It is difficult to predict the level of funding required with accuracy. Any additional equity financing may be dilutive to Shareholders and investors, and debt financing, if available, may involve restrictions on financing and operating activities. There can be no assurance that Vita Life will be able to raise such financing on favourable terms or at all.

Currency and Exchange Rate Fluctuations

The financial contribution to the Vita Life Group of the health supplements business will depend on the movement in exchange rates between the Australian dollar and a number of foreign currencies, particularly the Singapore Dollar and the Malaysian Ringgit.

The exchange rate between various currencies may fluctuate substantially and the result of these fluctuations may have a material adverse impact on Vita Life's operating results and financial position. In the long term, Vita Life's ability to compete against imported products may be adversely affected by the expectation of the Board that the high Australian A$ sustained over a lengthy period would reduce the Vita Life Group's price competitiveness.

Approximately, 45% of Vita Life Group's employee expenses are currently payable in Malaysian Ringgit as 99 of its 142 employees work in the Malaysian office. Approximately, 71% and 15% of the cost of Vita Life Group's products are manufactured in Australia and the United States, respectively. The Vita Life Group also sells approximately 55% of its product to overseas markets and hence is exposed to movements in the A$ exchange rate. The Vita Life Group does not enter into forward exchange contracts to hedge its anticipated purchase and sale commitments denominated in foreign currencies. Therefore, Vita Life is exposed to exchange rate fluctuations.

Litigation

So far as the Directors are aware, after reasonable enquiry, there are no claims or legal or arbitration proceedings which are likely to have a significant effect on the business, financial position or financial condition of the Vita Life Group beyond the provisions currently included in the consolidated financial statements.

Various members of the Vita Life group of companies are subject to actual and potential claims and legal or arbitration proceedings. The potential magnitude has been assessed as have the prospects of defending the claim, along with the prospects of recouping all or part of the claim from the claimant or third parties, including insurers. Where appropriate, provisions against these claims, etc. have been raised in the consolidated financial statements.

The Directors believe, however, that it is appropriate to set out specific reference in this Prospectus to the following matters:

- Tetley Manufacturing Pty Limited (formerly Vita Medical Ltd) was a defendant to two separate legal proceedings in Australia and France. On 22 March 2007 Tetley Manufacturing Pty Ltd and the other parties agreed to a "global settlement" (settlement of French and Australian cases) taking into account the French court decision, which required Tetley Manufacturing Pty Ltd to pay an agreed settlement amount. Documentation for the settlement has been drafted and is in the process of being agreed by all the parties with one of the defendents' execution still to be obtained. The terms of the global settlement are confidential and will not have a material impact on Vita Life group's financial results in 2007.

- Mr Gould appealed unsuccessfully to the High Court of Australia against the decision of the Companies Auditors and Liquidators Disciplinary Board to suspend him from practicing as a Liquidator for three months in 2004. Mr Gould has appealed the decision of the Board to the Commonwealth Administrative Appeals Tribunal on the substantive issues.

• The Vita Life Group is seeking damages in Singapore from Arthur Andersen for negligence in the preparation of and/or misstatements in the audit reports of the Vita Life Group companies between 1998 and 2002 as well as damages for breach of duty and breach of the terms of the audit engagement. The final quantum is yet to be assessed.

• Normandy Finance & Investments Asia Ltd is a venture capital company and Mr Townsing is one of its directors. Refer section 10, Additional Information - Directors Interests and Remuneration. In 2001 a Normandy group company made a private equity investment into a group of companies, with business in New Zealand. In his capacity as a nominee of a Normandy group company (unrelated to the Vita Life Group) Mr Townsing became a director of the Australian “holding” company and a director of a Singaporean domiciled subsidiary private company. Whilst no proceedings have been brought at the Australian holding company level, in civil proceedings in Singapore, the Singaporean subsidiary company sued Mr Townsing and gained judgment against him for breach of his duties to that company and the company was awarded damages. The Singaporean subsidiary company has made demand for payment of the judgement sum and confirmed its intention to register the Singaporean judgement in Australia. To date no further action has been taken.

• The Vita Life Group has claimed for future loss of profits from the Liquidator of Pan Pharmaceuticals which were suffered as a result of the Pan Pharmaceuticals product recall in 2003. The claim seeks an order reversing the Liquidators decision to reject the Vita Life Group’s formal proof of debt in the sum of $1,750,443. Ultimately the Vita Life Group seeks to recover a dividend in respect of the formal proof of debt. The matter was stood over to enable separate proceedings between another company (not related to Vita Life) and the Pan Pharmaceuticals Liquidator to be concluded. The other proceedings are similar in nature to the Vita Life Group’s claim and therefore the outcome of the other proceedings will influence the Vita Life Group’s proceedings. The other proceedings are expected to be finalised by November 2007.

• The Vita Life Group has made several claims in Malaysia against the former Managing Director, and two former Malaysian senior managers of the Vita Life Group and a contract packer in Malaysia to the Group in relation to the defendants passing off, breach of copyright and breach of directors’ fiduciary duties. Damages remain to be assessed. In response, the contract packer has lodged a counter claim for RM 10 million alleging wrongful termination of the packing agreement. The Vita Life Group has obtained an interim injunction order against its former executives and the contract packer restraining them from selling products which carry the VitaHealth name and logo. The matter is expected to be set down for trial in 2007.

• The Vita Life Group’s Malaysian distributor employs personnel on behalf of the Health division to assist in the distribution of its products. In consideration of the distributor employing personnel on its behalf, the Vita Group has agreed to indemnify the distributor against any legal proceedings arising out of the employment. Currently, the Vita Group is indemnifying the distributor in respect of three proceedings arising out of the employment of personnel for VitaHealth.

The Directors have considered each piece of litigation in respect of which one of their number was or is involved. They reviewed documents and materials prepared on each matter and interviewed the relevant director. In each case, the Directors (other than the director in question, who absented himself) considered that the case, irrespective of the judgement having been handed down with an adverse ruling, does not present an impediment to the relevant director continuing to act in that capacity and that director remained an appropriate person to fulfil that role for Vita Life and the Vita Life Group.

The Directors have also considered each of the other pieces of litigation and have where appropriate obtained legal advice. Based upon the above, the Directors consider that there is in respect of each claim a reasonable probability of success on the part of the Directors or members of the Vita Life Group.

In the event of judgment against the Vita Life Group, no provision has been made to cover that eventuality in the financial statements or the forecast financial information. Therefore an adverse finding in any or all of these cases would have a negative financial impact on the Vita Life Group. See section 7, Financial Information.

The Board is not aware of any other material litigation.

Dividends

The quantum of any dividends is dependent on net profit after tax available after taking into consideration the cash requirements of Vita Life. Payment of any dividends and the level of franking of dividends will be dependent upon a range of factors, including the risk factors set out in this section of this Prospectus, government legislation and the tax position of Vita Life. The Directors forecast no dividend will be paid to Shareholders for the year ending 31 December 2007 and cannot give any assurances about the existence, or future level, of dividends or the franking of those dividends.

General Risk Factors

Economic Conditions

The performance of the Vita Life Group may be influenced by the general condition of the Australian and overseas economies in which the Vita Life Group operates. Movements in the currencies in which Vita Life deals in, changes in interest rates, employment rates, inflation, consumer spending and government policy may affect sales and operating profits.

Doing Business Internationally

As the Vita Life Group will be and is operating in numerous countries, the Vita Life Group will be exposed to risks such as unexpected changes in regulatory requirements (including taxation), longer payment cycles, problems in collecting debts, fluctuation in currency exchange rates, foreign exchange controls which restrict or prohibit repatriation of funds and potentially adverse tax consequences, all of which could adversely impact on the Vita Life Group.

The Vita Life Group currently requires, and in the future may require further, licences to operate in foreign countries which may be difficult to obtain and retain depending on government policies and political circumstances.

Occupational Health and Safety

In common with many companies, the Vita Life Group faces the risk of work place injuries which may result in workers' compensation claims, related common law claims and potential occupational health and safety prosecutions.

Hostilities, Act of Terrorism and Politics

War or problematic trade or international relations may affect the ability of the Vita Life Group to export product to or import product from certain territories. Acts of terrorism or an outbreak of international hostilities may also adversely affect consumer confidence and lead to a downturn in customer spending.

Share Market

There are a number of risks associated with any stock market investment but equally there are risks in holding an unlisted investment. There can be no guarantee that any market in the Shares will develop or continue. If a market does not develop or is not sustained, it may be difficult for investors to sell their Shares at a price that is attractive to them or at all.

The price at which the Shares will trade, if at all, may be affected by the financial performance of Vita Life and by numerous external factors over which the Directors and Vita Life have no control. These factors include availability of buyers, movement in local and international stock exchanges, local interest rates and exchange rates, domestic and international economic and political conditions, government taxation, market supply and demand and other legal, regulatory or policy changes. No assurance can be given that Vita Life's performance will not be adversely impacted by such market fluctuations or factors or the illiquidity of the Shares.

Regulatory

Changes in relevant tax legislation (including GST in Australia), legal and administrative regimes and government policies in the many jurisdictions in which the Group's business operate may adversely affect the financial performance of Vita Life. Any changes to the current rate of company income tax will impact on Shareholders' and investors' returns both in terms of profits that Vita Life may be able to distribute as dividends and the level of franking credits available to frank any future dividends. Any change to the current rate of income tax applying to individuals and trusts will similarly impact on Shareholder and investors' returns.

Future expansion of Vita Life's range of products and services may be governed by regulatory controls in each target market and it is not possible for Vita Life to guarantee that approvals in all target markets will be obtained and maintained in the future.

Vita Life Group's health supplements are required to be registered with the relevant regulatory bodies in each country. If for any reason such product registrations are withdrawn, cancelled (or otherwise lose their registered status) or are not renewed, it would have a significant effect on the sales of products which rely on them in the relevant country or countries.

The Vita Life Group's production of products does not involve the emission of any environmentally sensitive materials and the Vita Life Group is not required to hold any environmental licence or consent under the Environmental Protection Act (Cth) and Biodiversity Conservation Act (Cth) 1999. It is possible that this could change with the development of new products and any additional regulatory requirements could impact upon the profitability of the group.

The Vita Life Group has obtained various licences for its products. It must retain these licences while it continues to produce and sell its health supplements. Refer section 10 Additional Information - Summary of Material Arrangements for details.

Change in Accounting or Financial Reporting

Vita Life was incorporated on 5 November 1986 in Australia and therefore must comply with the Australian equivalents to International Financial Reporting Standards (AIFRS) as issued by the Australian Accounting Standards Board. These reporting standards applied from 1 January 2005 and to the current financial statements of the Vita Life Group. Any future changes to AIFRS may impact upon the financial results of the Vita Life Group.

Information Technology

Information technology is important to the success of the Vita Life Group's business as is the information technology and automation of its suppliers and distributors. For itself, the Vita Life Group guards against systems failures by having back-up facilities (including business recovery plans for restoring information), employing skilled staff to monitor and maintain those systems and by maintaining appropriate insurance.

The Vita Life Group has invested in management information and telecommunications systems designed to protect its brands, facilitate the Vita Life Group's operations but system failures may adversely impact on the Vita Life Group's performance.

Intellectual Property Rights

The Vita Life Group's success may be affected by its ability to maintain trademarks for products, to preserve its trade secrets and to operate without infringing the proprietary rights of third parties.

• Trademarks

The Vita Life Group maintains at least one "Vita" trademark in each of the territories in which it currently trades. Whilst all trademarks are held within the Vita Life Group, each trading entity that relies upon the trademark is not the registered proprietor of the trademark nor does it always hold a licence over the trademark. However, the Board has formed the opinion that it will pursue an intellectual property strategy that primarily seeks to build the VitaHealth brand rather than protect individual products within the brand range. In addition, going forward, this strategy will cause trademarks for individual products to be registered with, and licensed to, the appropriate entities within the Vita Life Group. Supplementary trademarks also exist in various territories. There is however always the possibility that the existing trademarks may be challenged and new trademark applications in respect of new territories rejected which may impact upon the image and goodwill of the Vita Life Group.

• Confidentiality and Non-disclosure

There can be no assurance that the Vita Life Group's confidentiality or non-disclosure agreements and other safeguards will protect its proprietary information and know how or provide adequate remedies for the Vita Life Group in the event of unauthorized use or disclosure of such information, or that others will not be able to independently develop such information.

• Litigation
Litigation, which could result in substantial cost to, and diversion of effort by, the Vita Life Group, may be necessary to enforce and protect trade secrets or know-how, to defend against claimed infringement of the rights of others or to determine the ownership, scope or validity of the proprietary rights of the Vita Life Group and others. An adverse determination in any such litigation could subject the Vita Life Group to significant liabilities to third parties, require the Vita Life Group to seek licences from third parties.

Furthermore, such disputes may require the Vita Life Group to seek to negotiate or enter into licensing agreements. Such agreements, even if necessary, may not be negotiable on terms acceptable to the Vita Life Group, if at all.

• Third Party Challenge
No assurance can be given that others will not challenge the ownership or proprietary rights of the Vita Life Group in its intellectual property or the rights of a licensor.

• Cost of Protection
The costs of seeking to protect the Vita Life Group's trade secrets, proprietary rights and information can be prohibitively expensive or not commercially practical.

Other risks
The risk factors listed are not exhaustive. Other risks may affect the value of the Shares or the financial performance of Vita Life, or both. As a result, no guarantee is provided with the New Shares with respect to the payment of dividends, return of capital or the market value of the Shares.

7 Financial Information

This section 7 contains a summary of historical financial information and forecast financial information of Vita Life and its controlled entities.

All financial information in this section should be read in conjunction with and is qualified in its entirety by the information contained elsewhere in this Prospectus, including section 6, Risk Factors and section 8, Independent Accountant's Report.

Unless otherwise stated, the financial information has been prepared in accordance with, and on the basis of, AIFRS.

Summary Historical Income Statements and Normalised Historical Financial Information

Figure 7, Summary Income Statements, sets out a summary of audited historical financial information and normalised historical financial information.

The audited historical income statements for the years ended 31 December 2005 and 31 December 2006 reflect the audited historical financial performance and position of Vita Life and its controlled entities at that time. The accounts of the Company were audited by Russell Bedford NSW.

The normalised historical financial information for the years ending 31 December 2005 and 31 December 2006 are based on the audited historical financial information and adjusted for items of a non-recurring nature.

Figure 7
Summary Income Statements

	2006	2005
	$	$
Continuing Operations		
Sale of goods	11,134,472	11,123,037
Gross profit	**5,890,583**	**5,677,938**
Other income	12,681,855	2,604,854
Distribution expenses	(285,746)	(340,786)
Marketing expenses	(1,299,329)	(1,729,321)
Occupancy expenses	(504,660)	(603,324)
Administrative expenses	(5,910,360)	(4,890,570)
Other expenses	(1,883,015)	(679,653)
Profit/(Loss) from continuing operations before tax and finance costs	**8,689,328**	**39,138**
Finance income	1,342,162	26,548
Finance costs	(1,756,660)	(2,590,812)
Profit/(Loss) before income tax	**8,274,830**	**(2,525,126)**
Income tax expense	–	(129,375)
Profit/(Loss) after income tax from continuing operations	**8,274,830**	**(2,654,501)**

Figure 7
Summary Income Statements Continued

Discontinued Operations		
Net profit after tax from discontinued operations	1,390,203	2,094,165
Net Profit/(Loss) for the year	**9,665,033**	**(560,336)**
Loss attributable to minority interest	142,295	281,020
Profit/(Loss) attributable to members of the parent	**9,807,328**	**(279,316)**
Normalised Historical Financial Information*		
Income	(15,315,293)	(4,428,904)
Expenses	4,901,093	2,850,544
Net Loss after normalisation adjustments	**(606,872)**	**(1,857,676)**
Ordinary interest income	(75,241)	(26,548)
Ordinary interest expense	452,569	463,683
Income tax expense	-	129,375
Normalised Loss Before Interest & Tax	**(229,544)**	**(1,291,166)**

* Refer Section 8, Independent Accountants Report for details
The normalisation adjustments relate to:

• The Company's medical business was divested in 2006. The normalisation adjustment assumes this business had been divested prior to 1 January 2005.

• The Company's convertible notes were repaid progressively throughout 2006 and early 2007. The normalisation adjustment assumes the notes were repaid prior to 1 January 2005.

• Profit arising from the closure of Vimed Biosciences Pty Ltd and Tetley Treadmills Pty Ltd. The normalisation adjustment assumes that the businesses were closed prior to 1 January 2005.

• The write-off of Supplements World Pte Ltd and other cost including legal costs associated with litigation which has now been concluded. The normalisation adjustment assumes that the intangible amount was written off prior to 1 January 2005.

Forecast Financial Information
The Directors' forecast for the 6 months ending 30 June 2007 reflect the Company's unaudited management accounts for the 4 months ended 30 April 2007 together with a forecast for the 2 months ending 30 June 2007 and is summarised in Figure 8.

The unaudited management accounts for the 4 months ending 30 April 2007 are derived from accounting records of the Vita Life Group. They are prepared for internal management purposes and have not been audited for statutory purposes. The internal management accounts of the Vita Life Group reflect the trading result of the Vita Life Group for the 4 months ending 30 April 2007.

The Directors' forecast for the 2 months ending 30 June 2007 reflects an assessment based on present circumstances of the most likely courses of future action. The forecast is based on a number of best-estimate assumptions relating to future events and/or actions which, as at the date that the forecast was prepared, the Directors expect to take place. The assumptions are detailed below headed "Forecast Financial Information – General Assumptions" and "Forecast Financial Information – Key Assumptions". The events and/or actions described therein may or may not take place. Accordingly, no guarantee is given that the forecast will be achieved.

Russell Bedford NSW has not been asked to and has not reported on the forecast financial information in its Independent Accountant's Report as contained in section 8.

Figure 8
Forecast Financial Information

	6 Months ending 30 June 2007
	$
Continuing Operations	
Sale of goods	5,225,320
Gross profit	**3,101,477**
Other income	435,800
Distribution expenses	(168,603)
Marketing expenses	(655,615)
Occupancy expenses	(226,434)
Administrative expenses	(2,455,674)
Other expenses	(18,747)
Profit/(Loss) from continuing operations before tax and finance costs	**(12,204)**
Finance income	–
Finance costs	(232,994)
Profit/(Loss) before income tax	**(220,790)**
Income tax expense*	–
Profit/(Loss) after income tax from continuing operations	**(220,790)**
Loss attributable to minority interest	31,104
Profit/(Loss) attributable to members of the parent	**(189,686)**
Normalisation adjustments	
Reversal of overprovision / recovery from legal disputes and costs	(430,310)
Net loss after normalisation adjustments	**(619,996)**
Ordinary interest income	–
Ordinary interest expense	232,994
Income tax expense*	–
Normalised Earnings before Interest & Tax	**(387,002)**

* No income tax forecast has been made. Any profits derived in Australia are unlikely to be taxed as the Australian domiciled companies will be able to utilise Vita Life's $19.0 million of tax losses.

Management Discussion of Historical Audited Income Statements

The audited historical financial information includes the contribution from the medical business owned by Vita Life in 2005 and 2006, which has been divested and interest paid on $18.2 million of convertible note debt that has since been repaid. The profit (loss) after tax of ($0.3 million) and $9.8 million in 2005 and 2006 respectively does not reflect the underlying ongoing business operation of the Vita Life Group as it includes:

• 12 months (2005) and 10 months (2006) profit contribution from the medical business and a one time gain from the partial divestment of the medical business in 2006.

• an interest charge of $2,104,761 (2005) and $1,292,091 (2006) in relation to the Company's convertible notes.

The historical financial information excludes revenue from the medical business that was generated in 2005 and 2006. The revenue of $11.1 million (2005) and $11.1 million (2006) is only from operations that were continuing at 31 December 2006. Those operations continue as at the date of this Prospectus.

Management Discussion on Normalised Historical Financial Information.

The normalised historical financial information is based on the Company's audited financial statements and adjusted for those items detailed below and assume Vita Life Group's operations in 2005 and 2006 were those that continue as at the date of this Prospectus. Those operations are that of the Health division and income and costs derived from corporate activities including;

- Revenue from the Pan Pharmaceutical liquidation;
- Insurance claim in relation to the Pan Pharmaceutical recall; and
- Expenses relating to legal costs and sundry costs incurred by Vita Life.

Forecast Financial Information – General Assumptions

The following are the general assumptions underlying the forecast financial information.

- No new Shares are issued during the 6 month period to 30 June 2007;
- The Offer proceeds are received after 30 June 2007 and prior to 27 July 2007;
- No change in business strategy other than that outlined in the Prospectus;
- There are no changes to the statutory, legal or regulatory environment which would have a material effect on the Company's operations or trading or its key suppliers in any of the jurisdictions in which it operates;
- No material changes in industrial, political and economic conditions in Australia and/or any of the countries where the Vita Life Group intends to operate during the forecast period;
- No loss of key management personnel;
- There are no material beneficial or adverse effects arising from the actions of competitors;
- The Company is not a party to any material litigation or exposed to any environmental issues other than as disclosed in section 6, Risk Factors;
- No changes in current tax legislation in the relevant operating jurisdictions;
- The Vita Life Group's accounting policies remain consistent throughout the forecast period with those in the prior year and as disclosed in section 8, Independent Accountant's Report;
- No change occurs in the current Australian accounting standards which has a material impact on the results of the Company;
- There are no material acquisitions or disposals other than those outlined in section 5 Overview of the Company and Business Description;
- There is no change to the Company's funding and capital structure as outlined in this section 7; and
- The financial forecast for the 6 months ending 30 June 2007 comprises 4 months of actual trading and 2 months forecast ending 30 June 2007 by the Vita Life Group.

Forecast Financial Information – Key Assumptions

The financial forecasts have been derived from both unaudited management accounts for the 4 months ending

30 April 2007 and a budget setting process for the Vita Life Group, which incorporates the expected performance of business initiatives of the Company in terms of growth and profitability. The budget setting process considers the historical performance of the Company's operations including business development and investment initiatives adjusted for the forecast level of activity and performance expected to be achieved.

The material best estimate specific assumptions made by the Directors in preparing the forecast financial information are as follows:

- Revenue is forecast to decrease from $5.55m in the half year ending 30 June 2006 to $5.22m in the half year ending 30 June 2007;
- The Health division launching 26 new products in Australia, Singapore, and Malaysia;
- Forecast gross profits from sale of established products have been determined based on actual historical and current profit margins. Budgeted gross profit margins forecast for new

products are expected to increase over historical product levels because of uniqueness and "first market mover" advantage;

- The market in which the Vita Life Group sells its products is assumed to be impacted by increases in volumes of lower cost products, which are aggressively seeking market share. The market, henceforth, is expected to become increasingly competitive resulting in pressure for lower selling prices;
- Operating costs have been based on management's assessment, according to both past experience and anticipated requirements including operating structure, management and other agreements entered into and the Directors' expectations of future expenses for the period ending 30 June 2007;
- Salary and wages are forecast to increase in 2007 as a result of recruiting key personnel in Australia and Asia. This is consistent with the Company's stated intention to increase sales and marketing efforts in existing and to new markets;
- Offer Costs associated with the issue of the Shares pursuant to the Offer will be applied against equity;
- Interest expense assumes an interest rate on borrowings of 12.5% per annum. Interest income assumes an interest rate on cash balances of 3.7% per annum. It is expected that there will be no change in borrowings or interest rates applicable to the Company's borrowings during the 6 month period to 30 June 2007;
- No income tax forecast has been made. Any profits derived in Australia are unlikely to be taxed as the Australian domiciled companies will be able to utilise Vita Life's $19.0 million of tax losses. Additionally, the Vita Life Sciences Group has Malaysian tax losses available to it;
- The Company's working capital requirements will continue to be a function of historical debtor and creditor terms;
- There will be no impairment of assets (including any intangible assets) during 2007 and that no write down of tangible or intangible assets as a result of impairment will be required;
- The Company will have sufficient working capital to meet its needs and no additional borrowings will be required during the period ended 30 June 2007;
- The Company has budgeted to expense all legal costs associated with the proceedings it has initiated for the 6 months ending 30 June 2007. Refer section 6 Risk Factors for details. The forecast assumes no income will be derived from litigation in the forecast period. The Company's audited accounts at 31 December 2006 provided for an amount in relation to potential legal costs. It is assumed that this provision is no longer required and certain legal costs have been recovered;
- The Company has budgeted to expense all costs associated with the Pan Pharmaceutical recall and its claims against the Pan Pharmaceutical liquidator. No income has been forecast to be derived from the Pan Pharmaceutical recall in the forecast period;
- The Health division will continue to expense all costs associated with the development and establishment of products, its Multi-Level Marketing business and Pharma Direct, whilst sales will commence from May 2007; and
- The Investment division's Mitre Focus project is forecast not to earn any income in the 6 month period ending 30 June 2007 and interest on borrowings of $1.1 million applied for the purpose of making this investment are expensed.

Sensitivity Analysis on Forecast Financial Information

The forecast financial information has been based on certain economic and business assumptions about future events. A summary of the Directors' best estimate assumptions underlying the forecast financial information is set out above under the headings Forecast Financial Information – General Assumptions and Forecast Financial Information – Key Assumptions.

Forecast EBIT and net profit after tax attributable to Shareholders is considered to be sensitive to a number of Directors' best estimate assumptions. The Directors are of the opinion that the major drivers of EBIT and profit after tax for the 6 months ending 30 June 2007 are net sales, gross margin and operating expenses.

Accordingly, the Company's forecast for the 6 months ending 30 June 2007 has been restated in Figure 9 assuming:

- a 5% variance in net sales;
- a 5% variance in gross margin; and
- a 5% variance in operating expenses.

The changes in the key assumptions set out above are not intended to be indicative of the complete range of variations that may occur.

Care should be taken in interpreting this information as the analysis considers a movement in the above stated variables in isolation. This possible variance in other assumptions, the effect of which may have offsetting or compounding effects on other variables, are not reflected in the following analysis.

Typically the Company's management would respond to material adverse changes by taking action to minimise, to the extent possible, adverse effects on profit and dividends. The effect of any such mitigating action has also been excluded from the following analysis.

Figure 9
Sensitivity Analysis on Forecast Financial Information
Six Months Ending 30 June 2007 ($'000)

Assumptions	Percentage change (+ / -)	**EBIT & PAT Impact (+ / -)
Gross profit margin remains constant	Impact of a 5% change of sales	261,266
All other operating expenses remain constant	Impact of a 5% change in margins	155,074
Sales and margins remain constant	Impact of a 5% change in operating expenses	176,254

**EBIT means Earnings before Interest and Tax and PAT means Profit after Tax. There is no difference between the EBIT and PAT impact as the forecast for the 6 months ending 30 June 2007 assumes no tax will be payable. Refer to Key Assumptions within this section 7 for further detail.

Effect of Offer Being Fully Subscribed or the Minimum Subscription Amount Subscribed
The financial forecast for the 6 months ending 30 June 2007 assumes the proceeds from the Offer are received after the end of the forecast period. Therefore the amount subscribed under the Offer has no effect on the financial forecasts.

Company Prospects
Whilst sales for 2005 and 2006 were constant at $11.1 million, the Directors foresee some improvement on prior year results for calendar 2007 given the introduction of the Multi-Level Marketing, Pharma Direct and the commencement of sales in Thailand in the second quarter of 2007.

The Directors' have forecast the Company on a consolidated basis, will incur a loss of ($189,686), for the 6 months ended 30 June 2007. Refer Figure 8 for details. The trend of narrowing losses that commenced in 2005 / 2006 (refer Figure 7) is evident. The continuing Health division operations generally experience lower sales and profitability in the first 6 months of the year (January to June) when compared to the second half of the year (July to December). This is due to seasonal factors, including the Asian festive season (January to February) which results in a low level of sales for the VitaHealth brand and the winter months in Australia which results in increased sales for the Herbs of Gold brand. The January to June 2007 forecast is also negatively impacted by costs associated with the establishment of the Multi-Level Marketing and Pharma Direct business.

The Directors make no forecast as to the financial performance of the Vita Life Group beyond 30 June 2007.

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New South Wales

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8 Independent Accountant's Report

The Directors
Vita Life Sciences Limited
Suite 630, 1 Queens Road
MELBOURNE VIC 3004

26 June 2007

Dear Sirs

INDEPENDENT ACCOUNTANT'S REPORT

1. INTRODUCTION

This report has been prepared at the request of the Directors of Vita Life Sciences Limited ("Vita Life" or the "Company") for inclusion in a Prospectus to be dated on or about 27 June 2007.

The Prospectus invites participation in the issue by Vita Life of up to 33,329,450 ordinary shares, with a minimum issue of 27,500,000 ordinary shares, at an issue price of 20 cents per share to raise a minimum of $5,500,000 and maximum of $6,665,890.

The purpose of this report is to provide investors with information on the historical results of Vita Life, its financial position as at 31 December 2006 and the pro-forma financial position of Vita Life upon completion of the issue as set out in the Appendix. The pro-forma balance sheet illustrates the financial effects of the capital raising pursuant to the Prospectus, assuming minimum and maximum subscription, the payment of issue costs and other significant transactions envisaged upon completion of the issue.

This report does not address the rights attaching to the shares to be issued in accordance with the Prospectus or the risks associated with the investment, nor forms the basis of an independent expert's opinion with respect to a valuation of Vita Life or a valuation of the share issue price of 20 cents per share.

2. BACKGROUND

Vita Life was incorporated in 1986 as a public company. In 2000, the Company acquired the Vita Health business and a medical business concurrently and following a prospectus, listed on the Australian Stock Exchange.

During 2003, the Health division suffered exceptional losses and the company was de-listed. In 2004, the directors and management set about rebuilding the business and the Company assumed substantial borrowings to fund its operations. During 2006/2007, Vita Life undertook a restructure encompassing the divestment of its medical business (now Cyclopharm Limited) and repaid $18.4 million of borrowings.

Accordingly, at the date of this report, the business of the Vita Life Group encompasses the Vita Health business (including the manufacture and wholesale of 'over the counter' vitamins and supplements together with new direct selling operations of Vita Health products) and a fledging Investment division with initial operations in property development in Malaysia.

3. SCOPE OF WORK

Instruction

We have been requested to prepare a Report for inclusion in the Prospectus, dealing with the following financial information:

(a) The Summary Income Statements, Summary Statements of Changes in Equity and Summary Statements of Cash Flows of the Vita Life Group for the years ended 31 December 2005 and 31 December 2006;

(b) The Summary Balance Sheet of the Vita Life Group as at 31 December 2006; and

(c) The Pro-forma Balance Sheet of the Vita Life Group as at 31 December 2006 assuming completion of the issue with minimum and maximum subscriptions and other significant transactions as set out below.

Pro-forma transactions

The pro-forma financial statements reflect the consolidated financial position of the Vita Life Group upon completion of the issue and assuming the following transactions have occurred:

a) The issue of the minimum 27,500,000 and maximum 33,329,450 fully paid ordinary shares at 20 cents each to raise a minimum of $5,500,000 (before transaction costs of $512,169) and a maximum of $6,665,890 (before transaction costs of $550,261).

b) The payment of preliminary share issue costs estimated at $512,169 (minimum) and $550,261 (maximum), recognised as a charge against equity.

c) The completion, on 11 January 2007, of the sale of the Company's remaining 11.8% interest in Cyclopharm Limited at $0.30 per share resulting in a cash inflow of $4,000,000.

d) The repayment of the remaining convertible note principal of $5,701,508 and accrued interest of $1,135,143.

e) The increase in the company's loan facility with Barleigh Wells Ltd by $1,100,000 which was subsequently on lent to the company's wholly owned subsidiary Lovin, in order to finance its investment in the Lovin/Mitre Focus joint venture.

f) The de-recognition of employee loans of $627,500 granted in accordance with the company's long term incentive plan having regard to the effects of the recent 1:4 share consolidation.

Review of historical financial information and pro-forma financial information

The financial statements at 31 December 2005 and 31 December 2006 were audited by Russell Bedford NSW, as general purpose financial reports, prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards.

For the purposes of this report we have undertaken an independent review of the 31 December 2006 historical financial statements and have reviewed the pro-forma balance sheet in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the 31 December 2006 historical financial statements or pro-forma balance sheets are not presented fairly in accordance with the measurement requirements of applicable Accounting Standards, other mandatory professional reporting requirements in Australia and the assumptions set out above. Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements.

We made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances including:

(a) Review of the financial statements;

(b) Analytical review procedures applied to the financial data;

(c) Comparison of consistency in application of applicable accounting standards and accounting policies;

(c) Review of workpapers, accounting records and other documents;

(d) Inquiry of Directors, Management and Others; and

(e) A review of the transactions incorporated in the pro-forma financial information as set out in the Appendix of this report.

These review procedures were substantially less in scope than an audit examination conducted in accordance with Australian Auditing Standards, the purposes of which is the expression of an opinion on the financial statements. Accordingly, we do not express such an opinion on the summary financial statements or pro-forma financial statements.

The opinion expressed in this report has been formed on the above basis.

4. CONCLUSION

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the Financial Information set out in the Appendix to this report does not present fairly:

(a) The Summary Income Statement, Summary Statement of Changes in Equity and Summary Statement of Cash Flows for the years ended 31 December 2005 and 31 December 2006;

(b) The Summary Balance Sheet as at 31 December 2006;

(c) The pro-forma Balance Sheet as at 31 December 2006 assuming that all transactions outlined in Note 2 to the Appendix to this report have occurred or will occur as a consequence of the Offer proceeding; and

having regard to the recognition and measurement principles, but not necessarily all the disclosure requirements, prescribed in the Accounting Standards and other mandatory professional reporting requirements and the accounting policies adopted by the Company as described in Note 1 to the Appendix.

5. SUBSEQUENT EVENTS

Apart from the matters dealt with in the report, and having regard to the scope of our report, to the best of our knowledge and belief, no material items, transactions or events outside of the ordinary business of the Company have come to our attention which would require comment on, or adjustment to, the information referred to in our report or that would cause the information to be misleading or deceptive.

6. INDEPENDENCE AND DISCLOSURE OF INTEREST

Russell Bedford NSW does not have any pecuniary interests that could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion in relation to this report. Russell Bedford NSW will receive a professional fee for the preparation of this Report. Additionally, Russell Bedford NSW have been appointed statutory auditors of Vita Life and Gould Ralph Pty Ltd (being a company associated with Russell Bedford NSW), provides share registry and tax compliance services to the company. The partners of Russell Bedford NSW do not hold any interest in the Company or its controlled entities.

Consent has been given to the inclusion of this Independent Accountant's Report in the Prospectus in the form and context in which it appears. However the giving of this consent should not be taken as an endorsement of Vita Life or a recommendation by the author of any participation in the offer by intending investors. Neither the author nor Russell Bedford NSW gives any assurance or guarantee whatsoever with respect to the future success of, or financial returns associated with, the subscription for shares being offered pursuant to this Prospectus. Further, we take no responsibility for any matter or omission in the Prospectus, other than responsibility for this report.

Yours faithfully
RUSSELL BEDFORD NSW

GREGORY RALPH, M.Com FCA
Partner

APPENDIX 1

Vita Life Sciences Limited and its Controlled Entities
Summary Consolidated Income Statements

	Year ended 31 December 2006 $	Year ended 31 December 2005 $
CONTINUING OPERATIONS		
Sale of goods	11,134,472	11,123,037
Cost of sales	(5,243,889)	(5,445,099)
Gross profit	**5,890,583**	**5,677,938**
Other income	12,681,855	2,604,854
Distribution expenses	(285,746)	(340,786)
Marketing expenses	(1,299,329)	(1,729,321)
Occupancy expenses	(504,660)	(603,324)
Administrative expenses	(5,910,360)	(4,890,570)
Other expenses	(1,883,015)	(679,653)
Profit/(Loss) from continuing operations before tax and finance costs	**8,689,328**	**39,138**
Finance income	1,342,162	26,548
Finance costs	(1,756,660)	(2,590,812)
Profit/(Loss) before income tax	**8,274,830**	**(2,525,126)**
Income tax expense	-	(129,375)
Profit/(Loss) after income tax from continuing operations	**8,274,830**	**(2,654,501)**
DISCONTINUED OPERATIONS		
Net profit after tax from discontinued operations	1,390,203	2,094,165
Net Profit/(Loss) for the year	**9,665,033**	**(560,336)**
Loss attributable to minority interest	142,295	281,020
Profit/(Loss) attributable to members of the parent	**9,807,328**	**(279,316)**
NORMALISATION ADJUSTMENTS		
(Write off)/Add back		
Income		
Gain on disposal and revaluation of Cyclopharm Ltd	(11,786,949)	-
Proceeds from creditor recovery - Pan Pharmaceuticals Liquidation	(871,220)	(494,823)
Profit arising from closure of Vimed Biosciences Pty Ltd	-	(1,494,425)
Profit arising from closure of Tetley Treadmills Pty Ltd	-	(345,491)
Discounts on redemption of convertible notes	(1,266,921)	-
Net profit from discontinued operations – Cyclopharm Ltd	(1,390,203)	(2,094,165)
Expenses		
Goodwill impairment	1,110,015	-
Restructuring and prospectus costs – Cyclopharm Ltd	840,367	-
Write off of Supplements World Pte Ltd	407,229	476,571
Convertible notes interest expense and borrowing costs	1,304,091	1,931,460
Interest to Cyclopharm Ltd Group	-	195,669
Legal costs net of over-provision in legal settlement	1,239,391	246,844
Normalised Loss After Tax	**(606,872)**	**(1,857,676)**
Other interest income	(75,241)	(26,548)
Other interest expense	452,569	463,683
Income tax expense	-	129,375
Normalised Loss before Interest & Tax	**(229,544)**	**(1,291,166)**

The Summary Consolidated Income Statements should be read in conjunction with the accompanying notes to the financial statements.

Summary Consolidated Balance Sheets

	Notes	31 December 2006 (Audited) $	Pro-forma (Underwritten Amount) $	Pro-forma (Offer Fully Subscribed) $
ASSETS				
Current Assets				
Cash and cash equivalents	4	1,930,982	4,082,162	5,209,960
Trade and other receivables	5	4,889,930	4,262,430	4,262,430
Inventories	6	1,682,120	1,682,120	1,682,120
Other assets	7	128,047	128,047	128,047
Assets held for sale - Cyclopharm Ltd	8	4,000,000	-	-
Total Current Assets		12,631,079	10,154,759	11,282,557
Non Current Assets				
Trade and other receivables	5	-	1,100,000	1,100,000
Other financial assets		38,582	38,582	38,582
Property, plant and equipment	9	211,211	211,211	211,211
Intangible assets	10	77,699	77,699	77,699
Total Non Current Assets		327,492	1,427,492	1,427,492
Total Assets		**12,958,571**	**11,582,251**	**12,710,049**
LIABILITIES				
Current Liabilities				
Trade and other payables	11	6,479,607	5,344,464	5,344,464
Interest bearing loans and borrowings	12	8,135,124	3,533,616	3,533,616
Current income tax liability		241,188	241,188	241,188
Provisions	13	232,427	232,427	232,427
Total Current Liabilities		15,088,346	9,351,695	9,351,695
Non Current Liabilities				
Interest bearing loans and borrowings	12	6,213	6,213	6,213
Provisions	13	4,709	4,709	4,709
Total Non Current Liabilities		10,922	10,922	10,922
Total Liabilities		**15,099,268**	**9,362,617**	**9,362,617**
Net (Liabilities)/Assets		**(2,140,697)**	**2,219,634**	**3,347,432**
Equity				
Contributed equity	14	38,979,150	43,339,481	44,467,279
Foreign currency translation reserve		(1,347,735)	(1,347,735)	(1,347,735)
Accumulated losses		(40,196,525)	(40,196,525)	(40,196,525)
Parent entity interest		(2,565,110)	1,795,221	2,923,019
Minority interests		424,413	424,413	424,413
Total Equity		**(2,140,697)**	**2,219,634**	**3,347,432**

The Summary Consolidated Balance Sheets should be read in conjunction with the accompanying notes to the financial statements.

Vita Life Sciences Limited and its Controlled Entities
Summary Consolidated Statements of Changes in Equity

	31 December 2006 (Audited) $	Pro-forma (Underwritten Amount) $	Pro-forma (Offer Fully Subscribed) $
Total equity at the beginning of the period	(13,783,173)	(13,783,173)	(13,783,173)
Profit attributable to members of parent entity	9,807,328	9,807,328	9,807,328
Loss attributable to minority shareholders	142,295	142,295	142,295
Issue of share capital	897,705	897,705	897,705
Shares issued to minority shareholders	518,660	518,660	518,660
Exchange difference on translation of foreign operations	276,488	276,488	276,488
Total equity at the end of the period before pro-forma adjustments	(2,140,697)	(2,140,697)	(2,140,697)
Pro-forma Adjustments			
Share consolidation on 1:4 basis on 31 May 2007	-	-	-
Issue of shares pursuant to prospectus (pro-forma underwritten amount of 27,500,000 and pro-forma full subscription of 33,329,450) at 20 cents per share	-	5,500,000	6,665,890
Share issue costs	-	(512,169)	(550,261)
Employee Long Term Incentive Plan shares derecognised as not probable due to effects of share consolidation	-	(627,500)	(627,500)
Total equity at the end of the period	**(2,140,697)**	**2,219,634**	**3,347,432**

The Summary Consolidated Statements of Changes in Equity should be read in conjunction with the accompanying notes to the financial statements.

Vita Life Sciences Limited and its Controlled Entities
Summary Consolidated Statements of Cash Flows

	Year ended 31 December 2006 $	Year ended 31 December 2005 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	13,624,892	19,022,765
Payments to suppliers and employees	(12,130,891)	(18,523,512)
Borrowing costs	(1,684,235)	(107,678)
Income tax paid	(208,201)	(792,997)
Interest received	42,724	24,824
Proceeds from former supplier (Pan Pharmaceuticals)	871,220	-
Other	-	(26,249)
Net Cash flows from/(used in) operating activities	**515,509**	**(402,847)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends paid	-	(281,774)
Proceeds from sale of property, plant and equipment	1,154,624	-
Purchase of property, plant and equipment	(233,575)	(98,531)
Proceeds from disposal of subsidiary	15,186,389	-
Payments for FDA approval	-	(81,372)
Net Cash flows from/(used in) investing activities	**16,107,438**	**(461,677)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	897,705	-
Discounts from redemption of convertible notes	1,266,921	-
Proceeds from borrowings	-	2,250,000
Repayment of borrowings	(2,357,715)	(806,874)
Repayment of convertible notes	(12,725,778)	-
Loans from controlled entities	-	-
Loans to associated entities	(2,727,493)	(142)
Net Cash flows from/(used in) financing activities	**(15,646,360)**	**1,442,984**
Net increase in cash and cash equivalents	976,587	578,460
Cash and cash equivalents at beginning of the year	954,395	375,935
Cash and cash equivalents at end of the year	**1,930,982**	**954,395**

The Summary Consolidated Statements of Cash Flows should be read in conjunction with the accompanying notes to the financial statements.

NOTE 1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements and balance sheets have been prepared in accordance with the measurement requirements and methodologies, but not necessarily all the disclosure requirements, of the Corporations Act 2001 and Australian Accounting Standards with such disclosure as considered necessary. The financial statements have also been prepared on a historical cost basis.

The financial statements and pro-forma balance sheets are presented in Australian dollars.

(b) Statement of compliance

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

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Vita Life and its subsidiaries as at 31 December each year ('the Group').

Subsidiaries
Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Vita Life has control.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Transactions eliminated on consolidation
All intercompany balances and transactions, including unrealized profits arising from intra-group transactions, have been eliminated in full. Unrealized losses are eliminated unless costs cannot be recovered.

For business combinations involving entities under common control, which are outside the scope of *AASB 3: Business Combinations*, the Company applies the purchase method of accounting by the legal parent.

Minority interests represent the interests in VitaHealthcare Asia Pacific Sdn Bhd not held by the Group.

(d) Going concern

As at 31 December 2006, the Group's liabilities exceeded assets by $2.1 million and current liabilities exceeded current assets by $2.4 million. The issue of shares pursuant to this prospectus raising a minimum of $5.5 million (before costs) and a maximum of $6.6 million (before costs) and other pro-forma adjustments is expected to provide a positive net asset position on completion.

(e) Foreign currency translation

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

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences in the consolidated pro-forma financial statements are taken to the income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the income statement.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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

As at the reporting date the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of Vita Life at the rate of exchange ruling at the balance sheet date and the income statements are translated at the weighted average exchange rates for the year.

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

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

(f) Property, plant and equipment

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

Impairment

The carrying amount of plant and equipment is reviewed annually by directors to ensure for impairment. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including capitalised lease assets are depreciated on a straight-line basis over their useful lives commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is derecognised.

(g) Borrowing costs

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

All other borrowing costs are recognised in income in the period in which they are incurred.

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings, foreign exchange losses net of hedged amounts on borrowings, including trade creditors and lease finance charges.

(h) Intangibles

Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

The useful lives of these intangible assets are assessed to be either finite or indefinite. Where amortisation is charged on assets with finite lives, this expense is taken to the income statement through the 'administrative expenses' line item.

Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of indefinite life intangibles, annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

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

	Development costs
Useful lives	Finite
Method used	8 – 10 years – Straight line
Internally generated / Acquired	Internally generated
Impairment test / Recoverable Amount testing	Amortisation method reviewed at each financial year-end; Reviewed Annually for indicator of impairment

(i) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials – purchase cost on a first-in, first-out basis.

Finished goods and work-in-progress – cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated selling costs.

(j) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable and objective evidence exists to suggest that a loss event has occurred and therefore the debt is impaired. Bad debts are written off when identified.

(k) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade payables are normally settled within 30 to 60 days.

(l) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand together with short-term deposits with an original maturity of three months or less. For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(m) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised and through the amortisation process.

(n) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(o) Employee entitlements

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

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

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

(p) Leases

Finance Leases
Leases of fixed assts, which substantially transfer to the Group all the risks and benefits incidental to ownership of the leased item, but not the legal ownership, are classified as finance leases. Finance leases are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

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

(q) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

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

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

Interest
Revenue is recognised as the interest accrues (using the effective interest rate method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Dividends
Revenue from dividends from controlled entities is recognised by the parent entity when they are declared by the controlled entities. Revenue from dividends from associates is recognised by the parent entity when dividends are received.

Revenue from dividends from other investments are recognised when received.

Dividends received out of pre-acquisition reserves are eliminated against the carrying amount of the investment and not recognised in revenue.

(r) Income taxes

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises
- from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Tax consolidation

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

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

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

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

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

(s) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred is not recoverable from the Australian Taxation Office(“ATO”), and is therefore recognised as part of the asset’s cost or as part of the expense item. Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the balance sheet. Cash flows are presented in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to the taxation authority are classified as operating cash flows.

(t) Non-current assets and disposal groups held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction. They are not depreciated or amortised. For an asset or disposal group to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increase in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the income statement.

(u) Financial instruments

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

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

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

De-recognition of financial instruments

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

〈 the rights to receive cash flows from the asset have expired;

〈 the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a ‘pass-through’ arrangement; or

〈 the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

Impairment of financial assets
The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Financial assets carried at amortised cost
If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate (i.e. the effective interest rate computed at initial

recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

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

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

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

(v) Contributed equity

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

(w) Earnings per share

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

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

NOTE 2 - BALANCE SHEET PRO-FORMA ADJUSTMENTS

The pro-forma financial statements reflect the consolidated financial position of the Vita Life Group upon completion of the issue of shares and assuming the following proposed transactions have occurred:

a) The issue of the underwritten amount of 27,500,000 and the full subscription of 33,329,450 (respectively) fully paid ordinary shares of 20 cents each to raise a minimum of $5,500,000 (before transaction costs of $512,169) and maximum of $6,665,890 (before transaction costs of $550,261).

b) The payment of share issue costs estimated at $512,169 (underwritten amount) and $550,261 (full subscription), recognised as a charge against equity.

c) The completion on 11 January 2007 of the sale of the Company's remaining 11.8% interest in Cyclopharm Ltd at $0.30 per share resulting in a cash inflow of $4,000,000.

d) The repayment of the remaining convertible note principal of $5,701,508 and accrued interest of $1,135,143.

e) The increase in Vita Life's loan facility with Barleigh Wells Ltd by $1,100,000 which is to be subsequently on lent to Vita Life's wholly owned subsidiary Lovin, in order to finance its investment in the Mitre Focus joint venture.

f) The derecognition of employee and director share loans and capital of ($627,500) issued under the company's Long Term Incentive Plan. Settlement of the loans is not considered probable as the shares have an increased price of $1.00 following the recent 1:4 consolidation of shares. The transaction will subsequently be treated as options.

NOTE 3 - INCOME STATEMENT NORMALISATION ADJUSTMENTS

The historical income statements for the years ended 31 December 2005 and 31 December 2006 have been adjusted by Directors to remove the effects of one-off income and expenditure items in order to arrive at a normalised after tax loss for illustration purposes. The adjustments are as follows:

a) The Company's medical business was divested in 2006 (Cyclopharm Ltd). The normalisation adjustments assume this business had been divested prior to 1 January 2005 and excludes the sale and revaluation. Similarly prospectus costs relating to Cyclopharm Ltd incurred as part of the divestment have been excluded.

b) The Company's convertible notes were repaid progressively throughout 2006 and early 2007. The normalisation adjustment assumes the notes were repaid prior to 1 January 2005, therefore any interest expense and discounts on redemption have been excluded from the normalised loss after tax.

c) Profit arising from the closure of Vimed Biosciences Pty Ltd and Tetley Treadmills Pty Ltd. The normalisation adjustment assumes that the businesses were closed prior to 1 January 2005.

d) The write-off of Supplements World Pte Ltd and other costs including legal costs associated with litigation which has now been concluded.

e) Legal costs incurred in relation to one-off events such as the Nordian Case have been excluded as the directors are of the opinion that these costs are non-recurring and they are not a reflection of the level of legal expenses that will be incurred by the company going forward.

f) Goodwill impairment write-downs relating to the Herbs of Gold Pty Limited subsidiary have been excluded as the directors believe this write-down is non-recurring.

	31 December 2006 (Audited)	Pro-forma (Underwritten Amount)	Pro-forma (Offer Fully Subscribed)
	$	$	$
NOTE 4 - CASH AND CASH EQUIVALENTS			
Cash at bank and on hand	1,783,538	1,783,538	1,783,538
Short-term deposits	147,444	147,444	147,444
Issue of share pursuant to prospectus (pro-forma underwritten amount of 27,500,000 and pro-forma full subscription of 33,329,450 ordinary shares) at 20 cents per share	-	5,500,000	6,665,890
Share issue costs	-	(512,169)	(550,261)
Cash received from disposal of Cyclopharm Ltd shares	-	4,000,000	4,000,000
Repayment of Note holder debt and accrued interest	-	(6,836,651)	(6,836,651)
Further loan from Barleigh Wells Ltd	-	1,100,000	1,100,000
Investment in Lovin/Mitre Focus Joint venture	-	(1,100,000)	(1,100,000)
	1,930,982	4,082,162	5,209,960
NOTE 5 - TRADE AND OTHER RECEIVABLES			
Current			
Trade receivables	1,166,037	1,166,037	1,166,037
Provision for doubtful debts	(13,246)	(13,246)	(13,246)
	1,152,791	1,152,791	1,152,791
Other debtors	627,951	627,951	627,951
Other receivables	6,001	6,001	6,001
Net GST receivables	125,694	125,694	125,694
Loans to non-related parties	1,752,407	1,752,407	1,752,407
Related party receivables	1,225,086	1,225,086	1,225,086
Derecognition of employee/director long term incentive shares as no longer probable following consolidation of share capital.	-	(627,500)	(627,500)
	4,889,930	4,262,430	4,262,430
Non-current			
Lovin/Mitre Focus Joint venture loan	-	1,100,000	1,100,000
NOTE 6 - INVENTORIES			
Raw materials at cost	342,724	342,724	342,724
Finished goods at lower of cost and net realisable value	1,339,396	1,339,396	1,339,396
	1,682,120	1,682,120	1,682,120
NOTE 7 - OTHER ASSETS			
Prepayments	56,070	56,070	56,070
Security deposits	71,977	71,977	71,977
	128,047	128,047	128,047
NOTE 8 - ASSETS HELD FOR SALE			
Shares in Cyclopharm Ltd	4,000,000	4,000,000	4,000,000
Sale of remaining Cyclopharm Ltd shares	-	(4,000,000)	(4,000,000)
	4,000,000	-	-

	31 December 2006 (Audited)	Pro-forma (Underwritten Amount)	Pro-forma (Offer Fully Subscribed)
	$	$	$
NOTE 9 - PROPERTY, PLANT AND EQUIPMENT			
Leasehold improvements, at cost	217,345	217,345	217,345
Accumulated depreciation	(112,517)	(112,517)	(112,517)
	104,828	104,828	104,828
Plant and equipment, at cost	1,228,716	1,228,716	1,228,716
Accumulated depreciation	(1,125,396)	(1,125,396)	(1,125,396)
	103,320	103,320	103,320
Leased plant and equipment, at cost	112,362	112,362	112,362
Accumulated depreciation	(109,299)	(109,299)	(109,299)
	3,063	3,063	3,063
Total property, plant and equipment	211,211	211,211	211,211
NOTE 10 - INTANGIBLE ASSETS			
Development costs	311,528	311,528	311,528
Accumulated amortisation	(233,829)	(233,829)	(233,829)
	77,699	77,699	77,699
NOTE 11 - TRADE AND OTHER PAYABLES			
Trade payables	1,617,388	1,617,388	1,617,388
Other payables and accruals	4,839,262	4,839,262	4,839,262
Loans from associated entities	22,957	22,957	22,957
Repayment of note holder accrued interest	-	(1,135,143)	(1,135,143)
	6,479,607	5,344,464	5,344,464
NOTE 12 - INTEREST BEARING LOANS AND BORROWINGS			
Current			
Convertible notes - secured	5,701,508	5,701,508	5,701,508
Loans - secured	2,422,746	2,422,746	2,422,746
Lease liabilities - secured	10,870	10,870	10,870
Repayment of convertible note	-	(5,701,508)	(5,701,508)
Further loan from Barleigh Wells Ltd	-	1,100,000	1,100,000
	8,135,124	3,533,616	3,533,616
Non-current			
Lease liabilities - secured	6,213	6,213	6,213
NOTE 13 - PROVISIONS			
Current			
Employee entitlements	71,996	71,996	71,996
Deferred consideration	93,750	93,750	93,750
Other provisions	66,681	66,681	66,681
	232,427	232,427	232,427
Non current			
Other provisions	4,709	4,709	4,709

	31 December 2006 (Audited)	Pro-forma (Underwritten Amount)	Pro-forma (Offer Fully Subscribed)
	$	$	$
NOTE 14 - CONTRIBUTED EQUITY			
Contributed equity	38,979,150	38,979,150	38,979,150
Issue of share pursuant to prospectus (pro-forma underwritten amount of 27,500,000 and pro-forma full subscription of 33,329,450 ordinary shares) at 20 cents per share	-	5,500,000	6,665,890
Share issue costs	-	(512,169)	(550,261)
Derecognition of employee/director long term incentive shares as no longer probable following consolidation of share capital.	-	(627,500)	(627,500)
	38,979,150	43,339,481	44,467,279

Number of shares	**Number**	**Number**	**Number**
Balance as at 31 December 2006	51,357,651	51,357,651	51,357,651
1 : 4 consolidation of ordinary shares	-	(38,517,926)	(38,517,926)
Shares on issue post 1 : 4 consolidation	51,357,651	12,839,725	12,839,725
Issue of shares pursuant to prospectus (pro forma underwritten amount of 27,500,000 and pro-forma full subscription of 33,329,450 ordinary shares) at 20 cents per share	-	27,500,000	33,329,450
Issue of shares at 20 cents to Managing Director via Long Term Incentive Plan subject to employee loan as approved by shareholders on 31 May 2007.	-	825,000	825,000
	51,357,651	41,164,725	46,994,175

9 Directors and Senior Management and Corporate Governance

Directors

Mr Vanda R Gould
Non-executive Chairman

Bachelor of Commerce, University of NSW, Master of Commerce, University of NSW, Fellow of the Institute of Chartered Accountants, Australia and Fellow of the Australian Society of Certified Practising Accountants.

Vanda has broad business experience having practised as a chartered accountant for more than 30 years. As founding Chairman in 1984 of CVC Limited (listed on the ASX) he has overseen investments in several companies involved in the health services/medical industries including Cyclopharm Limited (listed on the ASX) where Vanda is Chairman. He is also chairman of several other private and public companies and educational establishments. Vanda has an interest in Vita Life's largest shareholder and CVC Venture Managers.

Vanda lives in Sydney and is 59 years old.

Mr Eddie Tie Lim Sung
Managing Director
CPA (M), CA (M), CFP

Eddie has more than 25 years commercial experience including holding positions as Managing Director/CEO across companies involved in hotel and property development, manufacturing and education. Earlier in his career he was the Finance Director for a regional subsidiary of a multinational information technology company and General Manager of Finance of a publicly listed company in Malaysia.

Eddie was appointed Managing Director of Vita Life on 1 January 2007.

Eddie lives in Kuala Lumpur, Malaysia and is 48 years old.

Mr John S Sharman
Non-executive Director

Master of Applied Finance, Macquarie University, NSW, Bachelor of Economics Degree from Monash University, Victoria and an Associate of the Institute of Chartered Accountants.

John became a non-executive Director of Vita Life on 1 September 2006 when he also became Managing Director of Cyclopharm Ltd (subsequently listed on the ASX). Prior to that John was the Executive Director of Vita Life of the Vita Life Group since early 2004.

John has over 15 years experience in company management, private equity, investment banking and corporate finance. He has extensive experience in capital raisings, negotiation of key agreements, recovery and commercial strategies for performing and non-performing companies in all stages of company development. John has an interest in CVC Venture Managers.

John lives in Melbourne and is 40 years old.

Mr Henry G Townsing
Non-executive Director

Associate Diploma of Valuation, Royal Melbourne Institute of Technology, Victoria.

Henry has more than 20 years experience in corporate finance and private equity. He was a director of Vita Life from 1985 to 1992 and was reappointed a director in 2004. He is a director of Normandy Finance & Investments Asia Ltd, one of Vita Life's largest shareholders, and several other companies. Henry has an interest in CVC Venture Managers.

Henry lives in Melbourne and is 52 years old.

Senior Management

Mr Chin Leng Khoo
Chief Financial Officer

Master of Business Administration, Open University, United Kingdom and Member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants.

Chin Leng joined the Vita Life Group in 2004 as Finance Manager and has over 17 years commercial and financial experience in various groups and companies. In 2005 he was made the Chief Financial Officer for the Group.

Chin Leng lives in Malaysia.

Ms Lai Mei Leong
Country Manager, Singapore

Bachelor of Accountancy, National University of Singapore, Member of Institute of Certified Public Accountants of Singapore.

Lai Mei has more than 15 years of audit, accounting and corporate finance experience spanning diverse industries such as public accounting, food and beverage, property development, electronics and business consulting.

Prior to joining the Vita Life Group in 2002, she was the corporate finance manager of an electronics-based company, which is dual listed on the ASX and Singapore Stock Exchange.

Lai Mei lives in Singapore.

Mr Nathan Cheong
Acting Country Manager

Bachelor of Science, University of Sydney. Bachelor of Health Science (Naturopathy), University of New England, Bachelor of Social Work University of Sydney.

Nathan joined Herbs of Gold Pty Ltd in 2006 as Technical Consultant and Technical Manager. He has since moved into the position of National Sales and Marketing Manager and Acting Country Manager. He has over 7 years of commercial experience in the complementary health industry and has successfully managed his own businesses.

Nathan lives in Sydney.

Mr Edmund Sim
Regional Regulatory Manager

Bachelor of Science (Pharmacy), Graduate Diploma Marketing, Professional Diploma in Asia Pacific Marketing.

Edmund joined the Vita Life Group in 2002 and manages the Health divisions regulatory matters and oversees the export activities for new markets in the Asia Pacific region. He has 12 years managerial experience in pharmaceutical product sales, business development and regulatory compliance.

Edmund lives in Singapore.

Corporate Governance
The Company is a holding company and its main corporate governance practices, as applicable to all Subsidiaries are summarised below.

Role of the Board
The Board is responsible to Shareholders for the Vita Life Group's overall corporate governance.

The Board has established and approved a board charter. Under this charter the Board is responsible for:

- considering and approving the corporate strategies proposed by the Managing Director and monitoring their implementation;
- approving, overseeing and monitoring financial and other reporting to Shareholders, employees and other stakeholders of the Company;
- ensuring that the Company has the appropriate human, financial and physical resources to execute its strategies;
- appointing and monitoring the performance of, and removing, the Managing Director;
- Ratifying the appointment, and where appropriate the removal, of the Chief Financial Officer and / or Company Secretary;
- reviewing the effectiveness of the Company's policies and procedures regarding risk management, including internal controls and accounting systems; and
- ensuring appropriate governance structures are in place including standards of ethical behaviour and a culture of corporate and social responsibility.

The Board proposes to hold 11 scheduled meetings each year should the Company become listed on the ASX and other meetings may be held at short notice as required.

Composition of the Board
The Board currently comprises 3 non-executive directors and one executive director, in conformity with the Company's policy that the Board not have a majority of executive directors. The Chairman, Mr V R Gould, is a non-executive director.

The composition of the Board has been determined using the following principles:

- the Constitution of the Company provides for a minimum of 3 directors and a maximum of 9;
- the chair of the Board should be a non-executive director;
- the Board should comprise a majority of non-executive directors;
- the Board should have enough directors to serve on various committees of the Board without overburdening the directors or making it difficult for them to fully discharge their responsibilities; and
- the Board should comprise directors with a broad range of expertise.

The ASX Principles of Good Corporate Governance and Best Practice Recommendations are not intended to be prescriptive but are guidelines about which the Company is required to disclose its approach on an "if not, why not" basis. The Board has determined that the adoption of such formal policies and procedures must be tailored to the Company at minimal expense and must be appropriate for the Company, taking into account the size and complexity of operations.

The Board does not strictly comply with the ASX Principles of Good Corporate Governance and Best Practice Recommendations in that:

- the Chairman, whilst a non-executive, is not an independent director because other entities of which he is a director have approximately 13.1% of the Shares (the Recommendations permit 5%). The Board has considered this matter and decided, Mr. Gould abstaining from expressing a view, that the non-compliance does not affect the operation of the Company and that so long as Mr. Gould continues to act as he has since his appointment to the boards of various entities making up the Vita Life Group, there is no reason to treat his actions as otherwise than that of an independent, non-executive;

• there is a majority of non-executive directors but there is not a majority of independent directors on the Board. The Board has considered this matter, and whilst no vote was taken to avoid the issue of abstentions, the consensus was that the composition of the Board vis-à-vis independence was appropriate having regard to where Vita Life was at in terms of its history and the Company's stage of development; and

• having regard to where Vita Life is at its present stage of development, Vita Life does not have on its Board either an independent Chairman nor a majority of independent, non-executive directors. The Board has determined that in the 2 years after listing occurs at least 1 director will be appointed who satisfies all relevant ASX tests of independence.

Conflict of Interest
In accordance with the Corporations Act and the Constitution, Directors must notify and keep the Board advised of any interest that could potentially conflict with those of the Company.

In the event that a conflict of interest may arise, involved Directors must withdraw from all deliberations concerning the matter. They are not permitted to exercise any influence over other Board members.

Independent Professional Advice
Each Director has the right, subject to prior consultation with the Chairman, to seek independent professional advice at the Company's expense if such advice is essential to the proper discharge of the Director's duties. The Chairman may notify other Directors of the approach with any resulting advice being made available to all other Board members.

The Chairman
The Chairman is elected by the full Board of Directors and is responsible for:

• leadership of the Board;

• the efficient organisation and conduct of the Board's functions;

• the promotion of constructive and respectful relations between Board members and between the Board and management;

• contributing to the briefing of directors in relation to issues arising at Board meetings;

• facilitating the effective contribution of all directors; and

• committing the time necessary to effectively discharge the role of the Chairman.

Committees
To assist the Board in fulfilling its duties and responsibilities, it has established the following committees:

• Audit & Risk Committee; and

• Remuneration Committee.

Audit and Risk Committee
The audit committee comprises 2 Directors, both non-executive Directors. The non-executive Directors are Mr. V R Gould, Chairman of the Audit Committee and Mr. J S Sharman. The Audit Committee's responsibilities include:

• reviewing procedures, and monitoring and advising on the quality of financial reporting (including accounting policies and financial presentation);

• reviewing the proposed fees, scope, performance and outcome of external audits. However, the auditors are appointed by the Board;

• reviewing the procedures and practices that have been implemented by management regarding internal control systems;

• ensuring that management have established and implemented a system for managing material financial and non-financial risks impacting the Company;

• reviewing the corporate governance practices and policies of the Company; and

• reviewing procedures and practices for protecting intellectual property (IP) and aligning IP to strategy.

Remuneration Committee

The Remuneration Committee currently comprises Mr. V R Gould, Chairman of the Remuneration Committee and Mr. H G Townsing.

The Remuneration Committee is responsible for:

- reviewing and approving the remuneration of Directors and other senior executives; and
- reviewing the remuneration policies of the Company generally.

Total remuneration for all non-executive Directors during the financial year ending December 2006 was $45,000. These Directors' fees are within the aggregate of the $100,000 per annum approved by the Shareholders of Vita Life in 2006.

Directors' fees cover all main Board activities and the membership of committees. There are no additional fees for committee membership. These fees exclude any additional 'fee for service' based on arrangements with the Company, which may be agreed from time to time. There were such additional fees paid during the current financial year. Refer section 10, Additional Information – Directors' Interests and Remuneration for details. Agreed out of pocket expenses are payable in addition to Directors' fees. There are no retirement or other long service benefits that accrue upon appointment to the Board.

Retiring non-executive Directors are not currently entitled to receive a retirement allowance.

Investment and Business Risk Management

The Board, based on the recommendations of the Managing Director, Mr. E Tie, makes decisions on investments for the Company. The Board considers that the general retention by it of the power to make the final investment or divestment decision by majority vote provides an effective review of the investment strategy.

A majority of the Directors must approve any modification to the investment parameters applying to the Company's assets. Any proposed major change in investment strategy is first put to Shareholders for their approval.

The Board is also responsible for identifying and monitoring areas of significant business risk. Internal control measures currently adopted by the Board include:

- monthly reporting to the Board in respect of operations and the Company's financial position, with a comparison of actual results against budget; and
- regular reports to the Board by appropriate members of the management team and/or independent advisers, outlining the nature of particular risks and highlighting measures which are either in place or can be adopted to manage or mitigate those risks.

Shareholdings by Directors and Senior Executives

Directors and senior executives are only entitled to trade their Shares without restriction for up to 4 weeks following announcements of the Company's half yearly and preliminary final results, any detailed announcements concerning profit forecasts, and after the Company's annual general meeting or with the consent of the Chairman.

Ethical Standards

The Board endeavours to ensure that the Directors, officers and employees of the Company act with integrity and observe the highest standards of behaviour and business ethics in relation to their corporate activities. All officers and employees are expected to:

- comply with the law;
- act in the best interests of the Company;
- be responsible and accountable for their actions; and
- observe the ethical principles of fairness, honesty and truthfulness, including prompt disclosure of potential conflicts.

10 Additional Information

The Company was incorporated in New South Wales on 5 November 1986. Its registered office is situated at Suite 630, 1 Queens Road, Melbourne 3004

As at the date of this Prospectus, and before the issue of the New Shares, the Company has 13,664,725 fully paid ordinary shares and 3,000,000 options on issue.

Rights Attaching to the Shares
The rights attaching to all Shares are set out in the Constitution. A summary of the more significant and relevant rights and restrictions attaching to the Shares is set out below.

General Meetings
Each Shareholder is entitled to receive notice of and, except in certain circumstances, may attend and subject to the Shareholder having voting rights, vote at general meetings of the Company. Each Shareholder is also entitled to receive all notices and other documents required to be provided to Shareholders under the Constitution and the Corporations Act.

Reports and Notices
The Shareholders are entitled to be present in person or by proxy or representative, to speak and, subject to the shareholder having voting rights, vote at general meetings of the Company. The Shareholders may requisition general meetings in accordance with the Constitution, the Corporations Act and the Listing Rules.

Voting
At meetings of the Shareholders of the Company, and subject to any rights or restrictions for the time being attached to any class or classes of Shares of the Company which relate to a shareholder's voting entitlement, each shareholder present in person, or by proxy or representative is:

- on a show of hands, entitled to one vote.
- on a poll, entitled to one vote for each fully paid share of the Company that the shareholder holds, and a fraction of a vote for each partly paid share of the Company that the shareholder holds where the fraction is equivalent to the proportion of the amount paid to the total amounts paid and payable on that Share. Where a shareholder has failed to pay calls and other sums due and presently payable to the Company in respect of its Shares, that shareholder is not entitled to vote at a general meeting.

Where a Shareholder's Shares are deemed to be restricted securities, as defined in the Listing Rules, the Shareholder will not be entitled to vote at a general meeting during a breach of the Listing Rules relating to restricted securities or a breach of a restriction agreement by that shareholder.

Dividends
The Directors may from time to time determine a dividend to be paid to Shareholders according to their rights and interests in the profits of the Company. The Directors must deem the dividend to be justified by the profits of the Company. Interest is not payable by the Company in respect of any dividend on Shares. All dividends declared may be paid in cash, by the issue of Shares of the Company, by the granting of options of the Company or by the transfer of assets.

Winding Up
If the Company is wound up and the liquidator has satisfied the claims of all preferred creditors in accordance with the Corporations Act the liquidator may, with the sanction of a special resolution, divide among the members in proportion to the capital paid up on the Shares the whole or any part of the remaining property of the Company and may set the value on any such property and may, subject to the Corporations Act, determine how such division is to be carried out. The liquidator may also, with the sanction of a special resolution, vest the whole or any part of the property in trustees on trust for the contributors as the liquidator thinks fit. No member is compelled to accept any property, including Shares or other securities, in respect of which there is any liability attached. In the event that the Company is wound up, the holders of preference Shares of the Company (if any) are entitled to a return of capital in preference to holders of ordinary Shares of the Company.

Transfer of Shares

A shareholder may transfer Shares by a proper transfer effected in writing in any usual form, or in any other form that the Directors may approve.

Where Shares are transferred by instrument, the Company may only register the transfer of Shares, if the instrument complies with the Constitution. Except where otherwise permitted under the Corporations Act or the Listing Rules, the instrument must be accompanied by the certificate for the Shares (but only if there is one), or such other evidence as the Directors may require to prove the title of the transferor or the transferor's right to transfer the Shares.

The Directors may in their absolute discretion decline to register a transfer of Shares where to do so would not contravene the Constitution.

The Directors must decline to register a transfer of Shares where required by the Corporations Act or where the Shares are restricted securities and during the escrow period applicable to them.

On any refusal to register a transfer of Shares, the Directors must give written notice to the transferee (and the relevant broker (if any)) of the refusal, and the reasons for the refusal, within five business days after the day on which the transfer was lodged with the Company. A failure to provide such notice will not invalidate the decision of the Directors.

Issue of Further Shares

Subject to the Constitution and the Corporations Act, the Directors may issue and allot, grant options over, or otherwise deal with or dispose of, all unissued Shares of the Company on such terms and conditions as they determine.

Share Buy Backs and Reduction of Capital

Subject to the Corporations Act the Company may reduce the share capital if the reduction is fair and reasonable to the Company Shareholders as a whole, does not materially prejudice the Company's ability to pay its creditors and is approved by the Shareholders pursuant to the Corporations Act. There are no provisions in the Constitution that preclude the Company buying back its own Shares or which impose restrictions on the exercise of the Company's power to buy back its own Shares under the Corporations Act.

Variation of Rights Attaching to Shares

Subject to the Corporations Act and the Listing Rules, the Company may vary or cancel the rights attached to Shares in any class of Shares of the Company with the approval of a special resolution of the members of that class, or with the written consent of at least 75% of the votes attached to the Shares in that class.

Proportional Takeover Provisions

The Constitution prohibits the registration of any transfer of Shares of the Company giving effect to an offer made under a proportional takeover scheme (being, an offer for some but not all of a member's Shares in the Company) unless and until the Shareholders of the Company approve that scheme at a meeting of Shareholders convened to consider the proportional takeover scheme. The offerer and any associates of the offerer are excluded from attending the members' meeting. Each shareholder entitled to be present and to vote at the relevant meeting is entitled to one vote for each Share of the Company they hold that is subject to the proportional takeover scheme. The offer is deemed to be approved if greater than one half of the votes cast are in favour of it.

Shareholder Statements

If there is a change in a Vita Life Shareholder's shareholding during a month, the relevant Shareholder will receive a statement to that effect during the following month. Such a Shareholder may also require Vita Life to provide a statement at other times, subject to Vita Life's right to charge an administration fee for additional statements.

Long Term Incentive Plan

The Plan for executives and employees of the Vita Life Group was implemented in 2004. The principal terms of the Long Term Incentive Plan are;

• A Maximum number of Plan Shares permitted to be issued, excluding those approved by Shareholders and issued to Directors; 7.5% of the Company's issued capital.

• Number of Plan Shares issued at the date of this Prospectus :
252,500 (1.8%) to employees
1,200,000 (8.8%) to Directors

After completion of the Issue, the percentage of Plan Shares held by Directors and employees will reduce to 3.0% if the Offer is fully subscribed or 3.5% if the Offer is subscribed to the Minimum Subscription amount.

• Price at which Plan Shares may be issued: Set by the Directors
• Period of the Plan: Set by the Directors
• Financial Assistance: An employee or Officer participating in the Plan may apply to the Company for financial assistance to finance the employee or Officer's subscription for Plan Shares.

Rights Attaching to the Options
As part of a loan facility provided to Vita Life by Barleigh Wells Ltd, Vita Life has granted options for Shares to Barleigh Wells Ltd. Since the date of the Prospectus the terms and conditions applying to the options issued by Vita Life have been finalised and are:

Date of initial issue of options: 1 February 2004

Expiry date of all options: 31 January 2009

Number: 3,000,000 options

Issue price: no charge – part of loan facility arrangement

Exercise price: each option confers on the holder the right to take up an ordinary fully paid share in Vita Life. The exercise price for each option is $0.40.

Transfers: the options may be transferred at any time in whole or in part.

Share issues including rights issues: the options will be treated as if they were fully paid shares and may participate in new issues without the prior exercise of any option.

Exercise period: the options may be exercised in whole or in part by notice in writing to Vita Life received at any time on or before 31 January 2009. The Options lapse five years from the date of issue.

Voting rights: the options will not, in themselves, carry any voting rights or dividend entitlements.

Reorganisation: In the event of a reorganisation of Vita Life's issued capital or distribution of assets to shareholders, option holders will be given notice by Vita Life prior to any such matter so that option holders can exercise their options in order than they may participate in the reorganisation or distribution of assets to shareholders.

Summary of Material Contracts
The Directors consider the material contracts described below are contracts which, taken collectively, an investor and their professional adviser would reasonably regard as material, having been entered into otherwise than in the ordinary course of business and would reasonably require and reasonably expect to find in this Prospectus for the purpose of making an informed assessment of the Offer contained in this Prospectus.

Shareholders' Agreement between Lovin Pharma International Limited and Others
The Company, via its wholly-owned Irish subsidiary, Lovin Pharma International Limited (Ireland) (Lovin) entered into an agreement with other investors to govern their relationship in relation to an investment in shares it made with, and loan it made to, Mitre Focus Sdn Bhd, a Malaysian company, (Mitre Focus) on 31 May 2007. Each investor has a pre-emptive right to acquire the shares held by other investors, which in the first instance requires investors to acquire shares such that the proportion of shares held by each investor remains the same.

The other investors invested in shares, loan funds and contributed services. Lovin's investment primarily takes the form of a loan to Mitre Focus of approximately $1,150,000, being 42.7% of loan funds contributed by shareholders at the time of entering into the shareholders' agreement. Lovin also acquired a 6.3% equity interest. The shareholders of Mitre Focus have agreed that the Board consist of three directors. Mr Tie, Vita Life's Managing Director, and Mr Yunus, an employee of the Vita Life Group, sit on the board of Mitre Focus and Lovin is entitled to nominate the third member of the board of Mitre Focus.

Using the loan funds from shareholders, Mitre Focus acquired a 61.7% equity interest in a Malaysian property development company, Pembangunan Ipoh-Utara Sdn Bhd (LandCo). LandCo is using capital contributed by shareholders to conduct a property development project in Malaysia. In addition to shareholder loans, Mr Tie procured a bank loan in favour of LandCo for approximately AUD$1,785,000 in respect of which Mr Tie and Mr Yunus provided personal guarantees. Under the terms of the shareholders' agreement, shareholders that contributed loan funds are entitled to the repayment of funds loaned to Mitre Focus in proportion to their contribution of loan funds in priority to any payment of profits. After Mitre Focus has repaid the loan funds, shareholders are entitled to a distribution of profits, at which time Lovin will be entitled to receipt of 32.6% of any profits generated by LandCo.

In return for the various services (including fundraising, corporate advisory and structuring) and a personal guarantee provided by Mr Tie, and as the Company understood was required by Malaysian law, Eighty Three Ventures Sdn Bhd (ETV), a company controlled by Mr Tie and Mr Yunus, holds an 85.2% equity interest in Mitre Focus but not an equivalent percentage of profits. Rather, ETV will only receive a 23.7% share of any profits generated by LandCo. Mr Tie is personally entitled to receive a portion of the profits received by ETV. This entitlement is equivalent to 11.9% of the profits generated by LandCo. The Company believes that this arrangement, in respect of Mr Tie's involvement, provides Mr Tie with remuneration that is not inappropriate in light of the market rate associated with the risks involved, and reflects an agreement that has been negotiated on arm's length terms.

On 31 May 2001, the shareholders of Vita Life in general meeting approved Mr Tie's participation in Mitre Focus.

Shareholders' Agreement between Vita Healthcare Asia Pacific Sdn Bhd and Vital Biotech Holdings Ltd

The Company entered into an agreement with Vital Biotech Holdings Limited (Vital Biotech) on 20 February 2004 whereby Vital Biotech acquired 10% of the Company's wholly owned subsidiary, Vita Healthcare Asia Pacific Sdn Bhd (Vita Healthcare). This relationship was entered into as part of the Company's plans to expand into China with the assistance of Vital Biotech, a Hong Kong listed company. The agreement, amongst other things, sets out the manner by which Vita Healthcare is managed. The Company is entitled to appoint three directors (including the managing director and chairman) to the board of Vita Healthcare and Vital Biotech is entitled to appoint two directors to the board. By virtue of the composition of the Board of Vita Healthcare, the Company has maintained control of Vita Healthcare and its subsidiaries. Both shareholders also have pre-emptive rights to acquire the other shareholder's shares.

The Company has revised its strategy for expansion into the China market and is instead establishing a representative office in Beijing that will allow it to move into this market and maintain close control of operations. On 25 May 2007, Vita Healthcare held an extraordinary general meeting of the members and passed a resolution approving an offer of a restricted rights issue. This offer entitled the Company to acquire up to 6,430,000 ordinary shares in the issued capital of Vita Healthcare. The Company has accepted the offer and now holds 93.25% of Vita Healthcare while Vital Biotech now holds 6.75% as it did not take up its entitlement under the restricted rights issue.

Borrowings

Vita Life established a debt financing facility for $3.0 million from Barleigh Wells Limited on 9 February 2004. The loan facility was provided on commercial terms. Subsequently the loan facility was increased and as at the date of this Prospectus the facility was drawn to $3.5 million.

Underwriting Agreement

By an agreement with the Company and CVC Venture Managers dated 27 June 2007, CVC Venture Managers has partially and conditionally underwritten the Offer to 27,500,000 New Shares to the value of $5.5 million under this Prospectus. This is 5,000,000 New Shares and $1.0 million more than the number put to shareholders of the Company at the Annual General Meeting on 31 May 2007. Since that meeting, however, the Directors have resolved to derecognise employee share loan assets as a result of the effects of the 1 for 4 share consolidation also approved at that meeting and to provide for an additional buffer to ensure that the Company prima facie meets ASX Listing Rule admission requirements.

The Company appointed CVC Venture Managers as its agent to arrange and manage the Offer, and CVC Venture Managers will have the right to nominate, with the Company, the allottees of all or any of the New Shares on the terms and subject to the conditions of the underwriting agreement.

Commissions and Fees
The Company is liable to pay to CVC Venture Managers, an underwriting commission of 5% payable on the date of allotment of underwritten New Shares, and commission of 3% payable (on receipt of a tax invoice) on or after the date of allotment of the balance of the New Shares, under this Prospectus including Shares issued to the Optionholders. The Company must also reimburse CVC Venture Managers for all costs and expenses in connection with the Offer, including legal costs of CVC Venture Managers.

Obligations of the Company
The obligations of CVC Venture Managers under the underwriting agreement are conditional on various conditions precedent relating to: ASIC varying CVC Venture Manager's Australian Financial Services Licence to permit it to underwrite the issue of securities; obtaining a commitment from Barleigh Wells Limited to take up at least $1.0 million worth of Rights pursuant to a sub-underwriting relationship; lodgement of the Prospectus; and satisfaction of various matters relating to due diligence which have been attended to and complied with. These include the delivery to CVC Venture Managers of the Due Diligence Report prepared in relation to the Prospectus and lodging an application for the admission of the Shares to quotation on the ASX within 7 days of the date of this Prospectus.

The underwriting agreement requires the Company to undertake due diligence investigations with all due care and skill and to permit CVC Venture Managers and its representatives full and free access to all material information for the purpose of due diligence investigations and to attend due diligence meetings and to ensure, among other things, that the Prospectus complies with the Corporations Act, the Listing Rules and the Constitution.

It imposes obligations on the Company, which are essentially to, advertise and promote the Offer, do everything necessary to comply with the Listing Rules, ensure that the Prospectus does not contain any false or misleading statements, whether by omission or otherwise, provide appropriate notifications to CVC Venture Managers in the event of anything generally in breach of the underwriting agreement or non-compliant therewith, and co-operate with and assist CVC Venture Managers in the event of any proceedings involving it, its advisors and their respective employees and agents. The rights and obligations created on the part of the Company follow the usual form in underwritings of this nature.

Events of Termination
CVC Venture Managers may terminate its obligations under the underwriting agreement by notice to the Company if, before satisfying its shortfall obligations:

- a termination event as set out below occurs; and
- in the opinion of CVC Venture Managers in the event has or is likely to have a material adverse effect on the Offer; or could create a potential liability for CVC Venture Managers.

Waiver by CVC Venture Managers of, or delay by it in exercising, its right to terminate in respect of one event does not affect its right to terminate if another event occurs, whether of the same or a different kind.

Termination by CVC Venture Managers of its obligations under the underwriting agreement does not affect the obligations of the Company dealing with payment of commission and expenses or the rights of CVC Venture Managers under the underwriting agreement accruing prior to termination. The rights not affected include:

- any right of indemnity; and
- any right to damages or other remedy for any breach by the Company of its obligations.

The events giving CVC Venture Managers the right to terminate are as follows:

a) Insolvency
The Company or a Related Body Corporate of the Company (where the effect on the Company is demonstrable):
• suspends payment of its debts generally;
• is or becomes insolvent;
• becomes an externally-administered body corporate, or steps are taken by any person towards making it an externally administered body corporate;
• has a controller (as defined in section 9 of the Corporations Act) appointed in respect of any of its property, or steps are taken for the appointment of such a person; or
• is taken to have failed to comply with a statutory demand within the meaning of section 459F of the Corporations Act.

b) Specific Interventions by ASIC

Whereby ASIC:
• applies for an order under section 1324B of the Corporations Act (to disclose information or publish advertisements) in relation to the Prospectus and the application is not dismissed or withdrawn before the Closing Date; or
• makes an order under section 739 of the Corporations Act (to stop the issue of securities to which the Prospectus relates) or an interim order which the Company is unable to have lifted within 14 Business Days after it is made.

c) Fall of Relevant Index

S & P All Ordinaries Share Price Index closes on 3 consecutive Business Days prior to the Closing Date at a level that is, 10% or more below the level of the index as at the close of trading on the last Business Day before the date of this agreement.

d) Default
The Company is in default under this agreement or in breach of warranty, and the default or breach is either incapable of remedy or is not remedied within 5 Business Days after it occurs.

e) Indictable Offence
A director (or, if he is not a director, the Chief Executive Officer, the Chief Financial Officer or the Chief Operating Officer) of the Company or a Related Body Corporate is charged with an indictable offence relating to a financial or corporate matter.

f) Financial Assistance
The Company or a Related Body Corporate of the Company passes or takes any steps to pass a resolution under section 260A of the Corporations Act to give financial assistance in connection with the acquisition of its shares without the consent of CVC Venture Managers.

g) Capital Structure or Constitution Altered
The Company or a Related Body Corporate of the Company alters its constitution or capital structure without the consent of CVC Venture Managers (except for an alteration referred to in the Prospectus or alteration passed by resolution at the Company's annual general meeting held on 31 May 2007).

h) Charge
The Company or a Related Body Corporate of the Company charges or agrees to charge the whole or a substantial part of its business or property without the consent of CVC Venture Managers (except for a charge referred to in the Prospectus).

i) Change to Business
The Company or a Related Body Corporate of the Company:
• ceases or threatens to cease to carry on its business; or
• disposes or agrees to dispose of a substantial part of its business (other than where the disposal is in relation to a transaction which has been announced to the market prior to the date of this agreement).

j) Change in Law or Policy
A new law or policy is announced, introduced or adopted which does or is likely to prohibit or restrict or have a materially adverse effect on the Offer. A "law" or "policy" includes:

• any legislation of the Australian parliament or the parliament of a State or Territory where the Company conducts a material part of its business or operation;
• any regulation, proclamation, order or other delegated legislation under the authority of the Australian parliament or the parliament of any State or Territory, including local government ordinances and by- laws where the Company conducts a material part of its business or operation; and
• any policy, guideline or rule of the ASIC, the ASX or the Australia Pacific Exchange (APX) (as the case may be), the Reserve Bank of Australia or other relevant fiscal or regulatory authority.

k) Hostilities
There is a major outbreak or escalation of hostilities (whether or not war has been declared) involving any one or more of the following:
• Australia; or
• member countries of Association of South East Asian Nations (ASEAN).

For the avoidance of doubt, there are existing hostilities in Afghanistan and Iraq involving Australia as at the date of this agreement and those hostilities do not, in the absence of a major escalation, give rise to a right of termination of this agreement.

l) Withdrawal of Consent to Prospectus
Any person (other than CVC Venture Managers) who consented to being named in, or to the issue of, the Prospectus withdraws that consent.

m) Non-Compliance
The Company or any Related Body Corporate of the Company fails to comply with:
a provision of its constitution;
any law of the country where it is incorporated, or in which it carries on business, or where its securities are listed or are intended to be listed;
• a requirement, order or request made by or on behalf of the ASIC or any governmental agency;
• other materially adverse change in the Company; and
• any materially adverse change occurs in the financial or trading position of the Company or a Related body corporate of the Company.

n) Other Material Adverse Event
Any other event occurs which has, or is likely to have, a materially adverse effect on the Offer.

Miscellaneous
The underwriting agreement contains usual clauses in relation to confidentiality, notices, amendments, waiver of rights, GST, governing law, assignment, severability (so that any unenforceable, illegal or void provisions is severed from the underwriting agreement), a whole of agreement clause and other matters including the granting of extensive indemnities to CVC Venture Managers and each of those parties defined as an “Indemnified Party” which essentially means CVC Venture Managers, its officers and employees.

Under the underwriting agreement, CVC Venture Managers reserves the right to appoint sub-underwriters.

Summary of Material Arrangement
The Directors consider the arrangements described below are matters which an investor and their professional adviser would reasonably regard as material, and expect to find in this Prospectus in order to make an informed assessment of the Offer it contains.

Divestment of Medical Business
Shareholders in general meeting on 12 April 2006 approved a plan for the divestment of the Company’s medical business and repayment of its noteholders debt. As a result and during the period 12 April 2006 to 11 January 2007 the Company entered into a series of transactions to effect the plan approved by shareholders. In particular:
• On 19 May 2006 Vita Life sold 28,571,429 shares in Cyclopharm Ltd (representing 26.8% of the issued capital of Cyclopharm Ltd) to noteholders, raising $6.0 million. The effect of Vita Life’s sale of 28,571,429 shares in Cyclopharm Ltd was to reduce its outstanding obligations to noteholders by $6.0 million.
• Noteholders agreed to discount Vita Life’s repayment obligations by 10% of the face value of

all notes. The result was to reduce the total amount owing to noteholders by $1,318,442 (face value of notes reduced from $1.00 to $0.90 per note).
• Pursuant to the terms of its notes, Vita Life issued 2,080,820 new shares at $0.25 cents per share to noteholders, in return for retiring $520,205 of note debt.
• On 19 July 2006 Vita Life paid $5,701,144 ($0.45 per note) to noteholders.
• On 11 January 2007 Vita Life paid $5,701,144 ($0.45 per note) and interest of $1,135,143 to noteholders.
• On 3 November 2006 the then largest shareholder of the Cyclopharm Ltd, Vita Life, transferred 58,995,547 Shares to its shareholders pursuant to a rights issue.
• Vita Life sold 13,271,719 Cyclopharm Ltd shares pursuant to a prospectus dated 28 November 2006

With the aforementioned payments the obligation to noteholders were fully settled.

Health Division Manufacturing Agreements

With all manufacturers, the Vita Life Group provides a specified formula and desired quantity and receives a quote. Once the quote is approved, the manufacturer produces the goods in accordance with the agreed formula and timetables. Payment terms are typically 30-90 days. Some are payable on order and the balance on delivery to the manufacturer or on relevant trading terms.

Health Division Distribution of Products

The Health division distributes its products through an sales network in Australia and South East Asia.

The Health division currently has distribution agreements in place for the following countries:
• Australia: Health Minders Pty Ltd - commenced 1 November 2001. The Company has given notice to terminate its agreement and is currently negotiating terms with a new distributor.
• Singapore: Diethelm Singapore Pte Ltd – commenced 5 November 2005 and Value Healthcare Pte Ltd – commenced 1 January 2005.
• Malaysia: Zuellig Pharma Sdn. Bhd - commenced 6 November 2006 and IDS Services Sdn Bhd – commenced 18 April 2007.
• Indonesia: PT Progress Biotech Indonesia - commenced 15 January 2003;
• Philippines: Fuller Life Direct Selling Philippines, Inc – commenced 1 January 2007.
• Myanmar: Value Healthcare Pte Ltd – commenced 1 January 2005.

Apart from Australia, Indonesia and Philippines where the initial terms are 4, 5, and 2 years respectively, all the remaining Asian distribution agreements have initial terms of 3 years, after which they may be automatically renewed for further periods of 1 year or until such time as they are terminated.

The distribution agreements contain provisions such that the distributor or the VitaHealth Group may terminate the respective agreement where there is a fundamental change in the nature of the business conducted by, or change of control in, the other party

Trademarks and Product Registration Summary

The Vita Life Group maintains a VitaHealth trademark in all jurisdictions into which it currently sells product and considers this sufficient to protect the Vita Life Group's image and goodwill. It is the intention of management to ensure that the Vita Life Group's image and goodwill is protected through registration of a VitaHealth trademark in all jurisdictions that it intends to operate within.

The Vita Life Group maintains all necessary product registration required for sale of its products into its existing markets.

Shareholders

At the date of this Prospectus, Shareholders who have a relevant interest (as defined in the Corporations Act) of more than a 5% shareholding in the Company, assuming New Shares are allotted to third parties other than those shown in Figure 10.

Figure 10
Substantial Shareholder of Vita Life

Shareholder	Shares	%
Stinoc Pty Ltd	1,611,348	11.8%
Normandy Finance & Investments Asia Ltd and associates	2,381,839	17.4%

Directors' Interests and Remuneration

Other than as set out below, no Director or proposed Director of the Company holds, or has held, at any time during the last 2 years, an interest in the formation or promotion of, or in any property acquired or to be acquired by, the Company or in the Offer and no amounts have been paid or agreed to be paid, or benefit given or agreed to be given, to any such person either as an inducement to become or qualification as a Director, or otherwise for services rendered by that person in connection with the promotion or formation of the Company or the Offer.

Remuneration by Vita Life

The Constitution of the Company contains the following provisions as to the remuneration of Directors:

• as remuneration for services, each non-executive Director is to be paid by the Company from the sum determined by the Company in general meeting, and that remuneration accrues daily. The remuneration may be divided amongst the non-executive Directors in such proportion as they agree from time to time and, in default of agreement, equally. Currently, the remuneration paid to all non-executive Director in any year may not exceed $100,000 for the year ended 31 December 2007;

• the non-executive Directors may be paid all travelling and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or otherwise in connection with the business of the Company;

• the Company may remunerate any non-executive Director who is required to perform extra services or make any special exertions (whether travelling or living abroad or otherwise) on behalf of the Company by way of a fixed sum determined by the Directors. Any remuneration paid to a Director in this way may be either in addition to or in substitution for part of that Director's remuneration determined by the Constitution; and

• an executive Director is (subject to the terms of any agreement entered into in a particular case) entitled to receive such remuneration (whether by way of salary, commission or participation in profits, or a combination thereof) as the Directors determine. No agreements of this nature other than those disclosed below, are in place as at the date of this Prospectus.

CVC Venture Managers has been reimbursed for costs it incurred on behalf of Vita Life and has been paid a fee for work it has undertaken in relation to this Prospectus. These amounts were $48,000 for the period January to May 2007.

As approved by Shareholders, Vita Life paid a restructuring commission to CVC Venture Managers for the restructuring of its operations in 2006 (refer "Other" below). From the restructuring commission paid by Vita Life, CVC Venture Managers paid a total of $57,409 to Mr Sharman. Mr Sharman is owed directors' fees of $6,250 by Vita Life for the period January to May 2007.

Mr Sharman resigned as CVC Venture Manager's Managing Director on 30 November 2006 to take up another position but remains a non-executive Director of CVC Venture Managers.

Mr Gould will not receive any part of the commission (refer "Other" below) paid by Vita Life to CVC Venture Managers. Vita Life has accrued directors' fees in its accounts for the period January 2006 to May 2007 of $12,500 for the benefit of Mr Gould.

Vita Life has accrued or paid directors' fees in its accounts for the period January 2007 to May 2007 of $6,250 for the benefit of Mr Townsing. From the restructuring commission (refer "Other" below) of $638,088 paid to CVC Venture Managers by Vita Life, CVC Venture Managers paid

$521,855 to a company related to Mr Townsing and retained $116,233 for its own benefit.

Vita Life has accrued or paid $24,175 for consulting services to Fashion and Fragrance Co. Ltd for the period January to May 2007. Mr Tie is a director of Fashion and Fragrance Co Ltd which has retained the fees paid to it by Vita Life for itself. Approval was given by Shareholders in general meeting, to allow ETV, a company incorporated in Malaysia in which Mr Tie, is a shareholder and director, to receive profits from a property venture in Malaysia in which the Company, through a wholly-owned subsidiary, has an investment notwithstanding that ETV, and hence Mr Tie, has not contributed debt or equity but rather the advisory services and guarantee. See section 10 – Additional Information – Summary of Material Contracts.

Other

Vita Life's Shareholders in general meeting:

• in April 2006 approved the payment of success based fees ("restructuring commission") to CVC Venture Managers for undertaking Vita Life's corporate restructuring and the divestment of Cyclopharm Ltd. For these services, CVC Venture Managers was paid a restructuring commission of $638,088 by Vita Life; and

• in May 2007 approved the payment of underwriting commission to CVC Venture Managers. See section 10 – Additional Information – Underwriting Agreement.

Permitted Interests of Directors

Subject to the Corporations Act and the Constitution of the Company, a Director and any firm, body or entity in which a Director has a direct or indirect interest may in any capacity:

• enter into any contract or arrangement with the Company;

• be appointed to and hold any office or place of profit under the Company other than that of auditor for the Company; and

• act in a professional capacity other than as auditor for the Company,

and may receive and retain for their own benefit any remuneration, profits or benefits as if they were not a Director.

The Directors have the following beneficial or non beneficial interests in, or entitlements to receive the following securities in Vita Life at the date of this Prospectus:

Figure 11
Directors' Interests

	Type	Holding	Percentage
Mr V R Gould	Non beneficial interests	1,784,798	13.1%
Mr E L S Tie*	Beneficial interests	975,000	7.1%
Mr J S Sharman*	Beneficial interests	317,925	2.3%
	Non beneficial interests	55,400	0.4%
Mr H G Townsing	Non beneficial interests	2,525,648	18.5%
Total		**5,658,771**	**41.4%**

*Of the shares held by Mr Tie and Mr Sharman, 825,000 and 250,000 shares respectively were derived from the Long Term Incentive Plan. For general terms and conditions refer to Section 10 – Additional Information – Long Term Incentive Plan.

Other Public Company Directorships

V R Gould:	CVC Ltd, Cyclopharm Ltd and Aust-Wide Group Ltd
J S Sharman:	Cyclopharm Limited
H G Townsing:	Cyclopharm Limited and Aust-Wide Group Ltd

Other Employment Arrangements

V R Gould:	Executive Chairman of CVC Ltd
E L S Tie:	None
J S Sharman:	Managing Director, Cyclopharm Ltd and Director, CVC Venture Managers
H G Townsing:	Executive Director, Normandy Finance & Investments Asia Pty Ltd and Investment Director, CVC Venture Managers

Summary of Offer Costs

The Offer Costs associated with the Offer are estimated as follows:

	Offer fully subscribed	Minimum Subscription amount subscribed
Underwriting and Sponsoring Broker fee and commissions	$309,977	$275,000
Professional fees (financial, legal & accounting)	$165,000	$165,000
Listing fees	$30,404	$27,289
Printing & distribution	$39,880	$39,880
Sundry expenses	$5,000	$5,000
Total	**$550,261**	**$512,169**

Experts' Interests

Except for the fees and interests disclosed in this Prospectus, none of the experts and professional advisors hold or has held any interest in the Offer of shares in the Company.

In the last 2 years, no payment has been made (or agreed to be made) or benefit given (or agreed to be given) in relation to this Offer, to such person or firm save as disclosed below.

Specifically:

• Russell Bedford NSW has acted as independent accountant to the Offer and has prepared the Independent Accountant's Report contained in this Prospectus and has assisted the Company in several matters in relation to this Prospectus. The Company has paid or agreed to pay $45,000 for these services up to the date of this Prospectus. Further amounts may be paid to Russell Bedford NSW in accordance with its usual time based charge-out rates.

• Gould Ralph Pty Ltd, a company in which Greg Ralph is a director has provided share registry, taxation and other consulting services to the Company during the previous 2 years. The Company paid Gould Ralph Pty Ltd $9,627 in fees from 1 January 2007 up to the date of this Prospectus. Further amounts may be paid to Gould Ralph Pty Ltd in accordance with the fee structure agreed with the Company.

• Greg Ralph of Russell Bedford NSW has acted as auditor to the Company. The Company has paid or agreed to pay $222,788 for these services up to the date of the Prospectus.

• Piper Alderman has acted as solicitors to the Company in relation to the Offer, participated in the due diligence in relation to legal matters, and prepared a due diligence report. The Company has agreed to pay Piper Alderman $82,500 for these services up to the date of the Prospectus. Further amounts may be paid to Piper Alderman in accordance with its usual time based charge-out rates.

• SHAW Stockbroking Limited has been appointed as the Sponsoring Broker in relation to the Company's proposed quotation on the ASX. For this service, SHAW Stockbroking Limited is to receive $20,000. SHAW Stockbroking Limited is also entitled to an amount equal to 3% of the application monies on any Application bearing the stamp of SHAW Stockbroking Limited.

• As approved by Shareholders in general meeting on 31 May 2007, the Company has agreed to pay CVC Venture Managers an underwriting fee of $225,000 in respect of the $4,500,000 of the underwritten amount of the Offer, being $5,500,000 and 3% in relation to applications lodged in excess of $5,500,000 for these services up to the date of the Prospectus. As for the remaining $1.0 million, the approval of Shareholders has not been sought as the commission payable to CVC Venture Managers is merely a reimbursement of the expense incurred by paying Barleigh Wells Limited, a sub-underwriter the same amount to have it commit to sub-underwrite $1.0 million worth of Rights. Barleigh Wells and CVC Venture Mangers are unrelated parties acting at arm-length.

The various fees outlined above are exclusive of disbursements and GST.

Consents & Disclaimers of Responsibility

The following persons have given, and before the date of this Prospectus have not withdrawn, their consent to:

• the issue of this Prospectus including the statements made by them, or the statements said in the Prospectus to be based on statements made by them, being included in this Prospectus in the form and context in which they are included; and/or

• being named in this Prospectus in the form and context in which they are named.

Copies of these consents can be inspected at the registered office of the Company:

• Independent Accountant - Russell Bedford NSW;
• Auditor - Russell Bedford NSW;
• Solicitors to the Company - Piper Alderman;
• Underwriter - CVC Venture Managers Pty Ltd;
• Registry - Gould Ralph Pty Ltd; and
• Sponsoring Broker - SHAW Stockbroking Limited.

Each of these parties advise Shareholders and investors that:

• it has not authorised nor caused the issue of this Prospectus;
• its involvement in the preparation of this Prospectus is limited to the preparation of those parts referred to next to its name which are set out in Experts' Interests above and takes no responsibility for this Prospectus;
• save as stated above, does not make, nor purport to make, any statement in this Prospectus;
• it expressly disclaims and takes no responsibility for any omissions from this Prospectus;
• the giving of its consent to the issue of this Prospectus and/or being named in it should not be taken as an endorsement of the Company nor a recommendation of any participation in the Offer by Shareholders or investors; and
• it gives no assurance or guarantee whatsoever in respect of the performance or returns of the Company.

Documents Available for Inspection

Copies of the following documents are available for inspection free of charge at the registered office of the Company between 9:00am and 5:00pm Monday to Friday during the Offer Period:

• the consents to the issue of this Prospectus;
• the Constitution of the Company; and
• the original of the Independent Accountant's Report

11 Directors' Statement

Authorisation of this Prospectus

The Directors report that, in their opinion, since the date of the financial statements in the Independent Accountant's Report, there have not been any circumstances that have arisen or that have materially affected, or will materially affect, the assets and liabilities, financial position, profits or losses, or prospects of the Company, other than as disclosed in this Prospectus (especially the post-balance date events) or because they are matters that may reasonably be expected to be known to Shareholders or investors, and their respective professional advisers.

This Prospectus is authorised by each Director of Vita Life, and each of those respective directors has consented to its lodgement with ASIC and its issue.

H G Townsing

12 Glossary of Terms

Term	Meaning
$ or A$	Australian dollars, being the lawful currency of Australia. All amounts are in Australian dollars unless otherwise stated.
AIFRS	Australian equivalents to International Financial Reporting Standards
Applicant(s)	Shareholder(s) and/or investor(s) who apply for New Shares pursuant to the Offer, and who complete and lodge the relevant application form.
Application	a validly completed application to subscribe for New Shares under this Prospectus.
ASIC	Australian Securities and Investments Commission.
Associates	persons or entities each of whom is an “associate” as that term is defined in the Corporations Act for the purposes of Chapter 6 of that Act.
ASX	ASX Limited ABN 98 008 624 691, the Australian Securities Exchange.
Board	the Directors of Vita Life acting together.
Business Day	a business day as defined in the Listing Rules.
CHESS	Clearing House Electronic Sub-register System.
Closing Date	5:00pm Melbourne time on 10 August 2007 or such other date as determined by the Company, being the last date by which Applications must have been received.
Constitution	the constitution of the Company as amended from time to time.
Corporations Act	Corporations Act 2001 (Cth) as amended and, as relevant, includes any regulations made under that Act.
CVC Venture Managers or Underwriter	CVC Venture Managers Pty Ltd ABN 94 006 535 299, with its registered office at Suite 630, Level 6, 1 Queens Road, Melbourne, VIC 3004.
Debt	borrowings from Barleigh Wells Ltd of $3.5 million with a first ranking registered charge over Herbs of Gold Pty Ltd ACN 003 718 152 and its assets.
Directors	currently Messrs. V. Gould, E. Tie, J. Sharman and H. Townsing.
Entitlement and Acceptance Form	the personalised entitlement and acceptance form sent to the Shareholders and Optionholders with this Prospectus.
Expiry Date	of this Prospectus is 11 August 2008 unless closed earlier.
Exposure Period	has the meaning given on the inside front cover of this Prospectus.
Listing Rules	the official listing rules of the ASX, as amended and/or waived by ASX from time to time.
Minimum Subscription or Minimum Subscription amount	$5.5 million under the Underwriting Agreement including the Optionholders’ commitment to subscribe for at least $1.0 million of their $1.2 million of Rights.
Multi-Level Marketing	A method of marketing where the direct seller initiates contact with the potential customer instead of waiting for the customer to come to a store or some permanent place of business. The direct seller is therefore a person who sells health supplements and other consumer products and renders a service by direct personal contact with the consumer.
New Shares	the 33,329,450 New Shares to be issued and allotted by the Company under this Prospectus.
Offer	the offer of New Shares under the Rights Issue and Public Offer.
Offer Costs	those fees and costs described in section 10, Additional Information.
Offer Price	the price at which New Shares are subscribed under this Prospectus, namely $0.20 each.
Offer Period	the period during which the Offer is open.
Optionholders	the registered holder of the Company’s 3.0 million options as at the Record Date.

Term	Meaning
Plan or Plan Shares	the Company's Long Term Incentive Plan for executives and employees, as approved by Shareholders on 3 May 2004, or Shares issued under the Plan.
Proforma	in relation to the balance sheet and/or profit and loss accounts of the Company, means the consolidated statements of financial position and/or financial performance of the Vita Life Group as at 31 December 2006 and 30 June 2007.
Prospectus	this disclosure document and any supplemental or replacement prospectus issued by the Company.
Public Offer Application Form	the application form for Public Offer Shares attached to, or accompanying, this Prospectus.
Public Offer Shares	those new Shares not subscribed by Shareholders under the Rights Issue.
Record Date	5.00pm Melbourne time on 4 July 2007 or the end of the Exposure Period, whichever comes first.
Registry and Register(s)	the Vita Life Share and option registers maintained by the party named as the Registry on the inside back cover of this Prospectus.
Rights Issue	the non renounceable rights issue to subscribe for 2 New Shares for each 1 Share or 1 option held at the Record Date.
Rights Issue Shares	New Shares subscribed by way of the 2 for 1 Rights Issue to those Shareholders on the register as at the Record Date.
Shareholder(s) or Investor(s)	Shareholders are the registered holder(s) of Shares in Vita Life as at the Record Date, whilst investors are those applying for Pubic Offer Shares who are not so registered.
Shares	fully paid ordinary shares in the capital of Vita Life including, as relevant, New Shares.
SHAW or Sponsoring Broker	SHAW Stockbroking Limited ABN 24 003 221 583 is the holder of Australian Financial Services License Number 236048.
Subsidiaries	the controlled entities of Vita Life comprising the Vita Life Group.
Underwriting Agreement	partial and conditional underwriting agreement between the Company, and CVC Venture Managers dated 27 June 2007 as described in section 10, Additional Information.
Vita Life or the Company	Vita Life Sciences Limited ACN 003 190 421 with its registered office at Suite 630, 1 Queens Road, Melbourne Vic 3004.
Vita Life Group	Vita Life Sciences Limited (A.C.N. 003 190 421), Herbs of Gold Pty Ltd (A.C.N. 003 718 152), VitaHealth Laboratories Australia Pty Ltd (A.C.N. 006 721 535), Allrad No 19 Pty Ltd (A.C.N. 060 631 585), Vimed BioSciences Pty Ltd (A.C.N. 060 651 247), Premier Foods Australia Pty Ltd (A.C.N. 081 307 137), Tetley Research Pty Ltd (A.C.N. 060 651 176), Tetley Treadmills Pty Ltd (A.C.N. 003 114 752), Vita Medical Ltd (A.C.N. 002 141 504), Lovin Pharma International Ltd (Ireland) (Reg No. 340736), Vita Healthcare Asia Pacific Sdn Bhd (Reg No: 638160K), Swiss Bio Pharma Sdn Bhd (Reg No: 534481V;), Vitaron Jaya Sdn Bhd (Reg No: 327573V), Vita LifeSciences Sdn Bhd (formerly known as Vitaherbs (M) Sdn Bhd) (Reg No: 687020W), CycloPET Sdn Bhd (Reg No: 757768P), Pharma Direct Sdn Bhd (Reg No: 703637K), Vita Corporation Pte Ltd (Reg No: 197500800G), Supplements World Pte Ltd in liquidation (Reg No: 198602599W), VitaHealth IP Pte Ltd (formerly known as VitaHealth Laboratories Indochina Pte Ltd (Reg No: 199603427N), VitaHealth Asia Pacific (S) Pte Ltd (Reg No: 200402705C), Sino Metro Ltd (BVI) (Reg No: 530882), VitaHealth MCO Ltd (Reg No: 19466SO), Vita Healthcare Asia Pacific Beijing Representative Office, Vitahealth Laboratories HK Ltd (Reg No: 676069), Vitahealth (Thailand) Co Ltd (Reg No: 0105549052031) and Vita Lifesciences (Thailand) Co Ltd (Reg No: 0105549052902).

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PIN CHEQUE(S) HERE

Public Offer Application Form
Vita Life Sciences Limited

ABN 35 003 190 421

Fill out this Application form if you wish to apply for Public Offer Shares in Vita Life Sciences Limited.
Existing Shareholders must use the Entitlement and Acceptance Form provided to them.

- Please read the replacement Prospectus dated 11 July 2007.
- Follow the instructions to complete this Public Offer Application Form (see reverse).
- Print clearly in capital letters using black or blue pen.

A **Number of shares you are applying for**

x $0.20 per share =

B **Total amount payable**

Minimum of 10,000 shares ($2,000) to be applied for, and thereafter in multiples of 500 shares ($100).

C **Write the name(s) you wish to register the shares in *(see reverse for instructions)***

Applicant 1

Name of Applicant 2 or < Account Designation >

Name of Applicant 3 or < Account Designation >

D **Write your postal address here**

Number / Street

Suburb/Town

State

Postcode

E **CHESS participant – Holder Identification Number (HIN)**

X

Important please note *if the name & address details above in sections C & D do not match exactly with your registration details held at CHESS, any shares issued as a result of your application will be held on the Issuer Sponsored subregister.*

F **Enter your Tax File Number(s), ABN, or exemption category**

Applicant #1

Applicant #2

Applicant #3

G **Cheque payment details**

Please enter details of the cheque(s) that accompany this application.

Name of drawer of cheque	Cheque No.	BSB No.	Account No.	Cheque Amount A$

H **Contact Name**

Contact telephone number (daytime/work/mobile)

I **Email address**

By submitting this Application Form, I/We declare that this Application is completed and lodged according to the replacement Prospectus and the instructions on the reverse of this Application Form and declare that all details and statements made by me/us are compete and accurate. I/We agree to be bound by the constitution of Vita Life Sciences Limited (the Company). I/We was/were given access to the replacement Prospectus together with the Application Form. I/Werepresent, warrant and undertake to the Company that our subscription for the above Shares will not cause the Company or me/us to violate the laws of Australia or any other jurisdiction which may be applicable to this subscription for Shares in the Company.

Guide to the Public Offer Application Form

YOU SHOULD READ THE REPLACEMENT PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant sections of the Application Form using BLOCK LETTERS.
These instructions are cross-referenced to each section of the Application Form.

Instructions

A. If applying for Public Offer Shares insert the ***number*** of Shares for which you wish to subscribe at Item **A** (not less than 10,000 and then in multiples of 500). Multiply by AUD **$0.20** to calculate the total for Shares and enter the ***$amount*** at **B**.

C. Write your ***full name***. Initials are not acceptable for first names.

D. Enter your ***postal address*** for all correspondence. All communications to you from the Company will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E. If you are sponsored in CHESS by a stockbroker or other CHESS participant, you may enter your CHESS HIN if you would like the allocation to be directed to your HIN.
NB: your registration details provided must match your CHESS account exactly.

F. Enter your Australian ***tax file or Australian business number*** ("TFN or ABN") or exemption category, if you are an Australian resident. Where applicable, please enter the TFN /ABN of each joint Applicant. Collection of TFN's is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form but tax may be deducted if you do not.

G. Complete ***cheque details*** as requested. Make your cheque payable to **VITA LIFE SCIENCES LIMITED – SHARE ACCOUNT** in Australian currency, cross it and mark it **"Not negotiable"**. Cheques must be made in Australian currency, and cheques must be drawn on an Australian branch of a bank in Australia.

H. Enter your ***contact details*** so we may contact you regarding your Public Offer Application Form or application monies.

I. Enter your ***email address*** so we may contact you regarding your Public Offer Application Form or application monies or other correspondence

Correct Forms of Registrable Title

Note that ONLY legal entities can hold Public Offer Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person.

Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Trusts	Mr John David Smith <J D Smith Family A/C>	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith <Est Late John Smith A/C>	John Smith (deceased)
Partnerships	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Clubs/Unincorporated Bodies	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
Superannuation Funds	Mr John Smith & Mrs Mary Smith <Smith Family Super Fund A/C>	John & Mary Smith Superannuation Fund

The directors reserve the right to make amendments to this form where appropriate.

Lodgement

Your Public Offer Application Form must be received by no later than 5.00pm (Melbourne time) on Tuesday 10 August 2007. You should allow sufficient time for this to occur.

Mail your completed Public Offer Application Form with cheque(s) attached to the following address:

Vita Life Sciences Limited Suite 630, Level 6 1 Queens Rd Melbourne VIC 3004	Gould Ralph Pty Ltd Level 42, Suncorp Place 259 George Street Sydney NSW 2000

It is not necessary to sign or otherwise execute the Application Form.

If you have any questions as to how to complete the Public Offer Application Form, please contact the Company on Tel (03) 9867 2811.

This form may not be used to notify your change of address. Please contact the Registry at the address or telephone number shown in the Corporate Directory of this replacement Prospectus.

Privacy Statement:

Gould Ralph Pty Ltd advises that Chapter 2C of the Corporations Act 2001 (Cth) requires information about you as a shareholder (including your name, address and details of the Shares you hold) to be included in the public register of the entity in which you hold Shares. Information is collected to administer your share holding and if some or all of the information is not collected then it might not be possible to administer your share holding. Your personal information may be disclosed to the entity in which you hold Shares related bodies corporate of Gould Ralph Pty Ltd, or external service companies such as print or mail providers, or as otherwise required or permitted by law. You can obtain access to your personal information by contacting us at the address or telephone number shown in the Corporate Directory of this replacement Prospectus.

PIN CHEQUE(S) HERE

Public Offer Application Form
Vita Life Sciences Limited

ABN 35 003 190 421

Fill out this Application form if you wish to apply for Public Offer Shares in Vita Life Sciences Limited.
Existing Shareholders must use the Entitlement and Acceptance Form provided to them.

- Please read the replacement Prospectus dated 11 July 2007.
- Follow the instructions to complete this Public Offer Application Form (see reverse).
- Print clearly in capital letters using black or blue pen.

A **Number of shares you are applying for** x $0.20 per share = **B** **Total amount payable**

Minimum of 10,000 shares ($2,000) to be applied for, and thereafter in multiples of 500 shares ($100).

C **Write the name(s) you wish to register the shares in *(see reverse for instructions)***

Applicant 1

Name of Applicant 2 or < Account Designation >

Name of Applicant 3 or < Account Designation >

D **Write your postal address here**

Number / Street

Suburb/Town | State | Postcode

E **CHESS participant – Holder Identification Number (HIN)**

X

Important please note *if the name & address details above in sections C & D do not match exactly with your registration details held at CHESS, any shares issued as a result of your application will be held on the Issuer Sponsored subregister.*

F **Enter your Tax File Number(s), ABN, or exemption category**

Applicant #1

Applicant #2

Applicant #3

G **Cheque payment details**

Please enter details of the cheque(s) that accompany this application.

Name of drawer of cheque	Cheque No.	BSB No.	Account No.	Cheque Amount A$

H **Contact Name**

Contact telephone number (daytime/work/mobile)

I **Email address**

By submitting this Application Form, I/We declare that this Application is completed and lodged according to the replacement Prospectus and the instructions on the reverse of this Application Form and declare that all details and statements made by me/us are compete and accurate. I/We agree to be bound by the constitution of Vita Life Sciences Limited (the Company). I/We was/were given access to the replacement Prospectus together with the Application Form. I/Werepresent, warrant and undertake to the Company that our subscription for the above Shares will not cause the Company or me/us to violate the laws of Australia or any other jurisdiction which may be applicable to this subscription for Shares in the Company.

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Superannuation Funds	Mr John Smith & Mrs Mary Smith <Smith Family Super Fund A/C>	John & Mary Smith Superannuation Fund

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Suite 630, Level 6
1 Queens Rd
Melbourne VIC 3004

Gould Ralph Pty Ltd
Level 42, Suncorp Place
259 George Street
Sydney NSW 2000

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Corporate Directory

Vita Life Sciences Limited

Board
Mr V R Gould - non executive Chairman
Mr E L S Tie - Managing Director
Mr J S Sharman - non executive Director
Mr H G Townsing - non executive Director

Company Secretary
Mr H G Townsing

Registered Office
Suite 630, Level 6
1 Queens Road
Melbourne VIC 3004
Telephone: (03) 9867 2811
Facsimile: (03) 9820 5957

Email: enquiries@vitalifesciences.com.au
Website: www.vitalifesciences.com.au

Underwriter
CVC Venture Managers Pty Limited
Suite 630, Level 6
1 Queens Road
Melbourne VIC 3004

Sponsoring Broker
SHAW Stockbroking Ltd
Level 20
90 Collins Street
Melbourne VIC 3000
Telephone: (03) 9268 1000
Facsimile: (03) 9650 6649

Website: www.egoli.com.au

Independent Accountants
Russell Bedford NSW
Level 42, Suncorp Place
259 George Street
Sydney NSW 2000

Auditor to the Company
Russell Bedford NSW
Level 42, Suncorp Place
259 George Street
Sydney NSW 2000

Solicitors to the Company
Piper Alderman
Level 24, 385 Bourke Street
Melbourne VIC 3000

Registry
Gould Ralph Pty Ltd
Level 42, Suncorp Place
259 George Street
Sydney NSW 2000
Telephone: (02) 9032 3000
Facsimile: (02) 9032 3088

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Vita Life Sciences Limited

ABN 35 003 190 421

Prospectus