



VITA LIFE SCIENCES



ANNUAL GENERAL MEETING

31 May 2004



AGENDA

1. Welcome

2. Reports:

- Chairman's Report
- MD's Overview

3. Ordinary Business:

- Receiving the financial statements and reports of the directors and auditors – Resolution 1
- Election of Directors
 - Henry Townsing – Resolution 2

4. Special Business:

- Adopting a long term incentive plan – Resolution 3
- Approving a loan (for share purchase) to John Sharman – Resolution 4

5. Close



OVERVIEW OF UNREPRESENTATIVE LOSSES, WRITE OFFS, ET AL

(AUD\$ Million)	<u>Year of Impact</u>		<u>Total</u>
	<u>2002</u>	<u>2003</u>	
Adjustment to reflect changed terms of sale	14.6		14.6
Adjustment to reverse purported price increase in Malaysia	4.3		4.3
Product recall costs		4.8	4.8
Write down of receivables	4.6		4.6
Write down of inventories	3.1	0.6	3.7
Write down goodwill	2.0		2.0
Write down deferred NDA		3.5	3.5
Write down of CME		0.4	0.4
Write down of research and development costs		3.0	3.0
Non Core Legal Expenses	2.8	1.3	4.1
Convertible note financing Charge		1.7	1.7
Foreign Exchange Losses		0.9	0.9
	31.4	16.2	47.6



CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER 2003 AND 2002

(AUD \$)	2003	2002
Current Assets		
Cash	679,696	1,784,947
Receivables	2,283,795	4,030,951
Inventories	5,693,160	6,776,502
Other	844,658	390,508
Total Current Assets	9,501,309	12,982,908
Non Current Assets		
Investments	2,000	2,000
Property, Plant & Equipment	2,391,221	2,964,473
Intangibles	7,678,160	8,162,289
Deferred Tax Asset	0	151,422
Other	24,409	4,623,835
Total Non Current Assets	10,095,790	15,904,019
Total Assets	19,597,099	28,886,927
Current Liabilities		
Accounts Payable	9,046,910	7,542,553
Borrowings	1,221,744	3,776,856
Current Tax Liability	200,149	524,846
Provisions	1,282,058	1,200,532
Total Current Liabilities	11,750,861	13,044,787
Non Current Liabilities		
Borrowings	17,062,047	5,944,145
Deferred Tax Asset	0	667,674
Provisions	111,395	113,814
Total Non Current Liabilities	17,173,442	6,725,633
Total Liabilities	28,924,303	19,770,420
Net Assets	(9,327,204)	9,116,507
Shareholder's Equity		
Issued Capital	37,831,445	37,831,445
Reserves	(177,837)	756,335
Retained Profits	(46,792,538)	(29,364,767)
Outside Equity Interest in Controlled Entities	(188,274)	(106,506)
Total Shareholder's Equity	(9,327,204)	9,116,507



VITA LIFE SCIENCES

<u>2003 Cash Movement</u>		AUD\$ Million
Cashflow from Operation	In	19.0
	Outwards	(28.9)
Cashflow from Financing	In	12.4
	Outwards	(3.7)
Cashflow from Investing	In	1.4
	Outwards	(0.3)
<u>Movement in 2003 Cash Position</u>		(0.1)



VITA LIFE SCIENCES

PROFIT AND LOSS 2003

(AUD\$ Million)	Vita Medical	Vita Health	Corporate	VLS
Gross Sales	7.7	15.5	-	23.2
Audited PBT	(2.9)	(5.9)	(8.4)	(17.2)
Add back adjustment of non core and one off expenses				-
Management Fee	(0.8)			(0.8)
NDA write off	(3.5)			(3.5)
CME write off	(0.4)			(0.4)
Pan recall expenses		(4.8)		(4.8)
Inventory write off		(0.6)		(0.6)
Non core legal		(0.6)	(0.7)	(1.3)
FX loss			(0.9)	(0.9)
Vimed asset write off			(3.0)	(3.0)
Annual operating expenses for Vimed			(1.1)	(1.1)
Financing charges			(1.7)	(1.7)
<u>Adjusted operating PBT</u>	1.8	0.1	(1.0)	0.9

HEALTH DIVISION

UNDERLYING BUSINESS STATEMENT 2003

(AUD\$ Million)

Audited PBT (5.9)

Add Back Extraordinary Expenses

Pan Product Recall Costs (4.8)

Write down of Inventory (0.6)

Legal (0.6)

Operating Profit net of Extraordinary Expenses

0.1

Estimated revenue impact of Lost Sales

10.6

(assuming 90% of Budget achievement)

RE-STRUCTURE VITAHEALTH

VitaHealth group has been re-structured to:

- Better reflect the operating business.
- Facilitate investment into the VitaHealth group.
- Facilitate listing of VitaHealth.
- Facilitate more commercial banking relationships.
- Add value and provide liquidity to stakeholders:
 - Noteholders
 - Shareholders
 - Lenders
 - Trading partners

RE-STRUCTURE OF VITAHEALTH

Specifically:

- New banking relationship established with Maybank.
- New Malaysian holding company.
- New corporate structure and group balance sheet.
- Negotiating with several strategic investors.
- Headcount reductions in progress.

VITA MEDICAL GROUP

UNDERLYING BUSINESS STATEMENT 2003

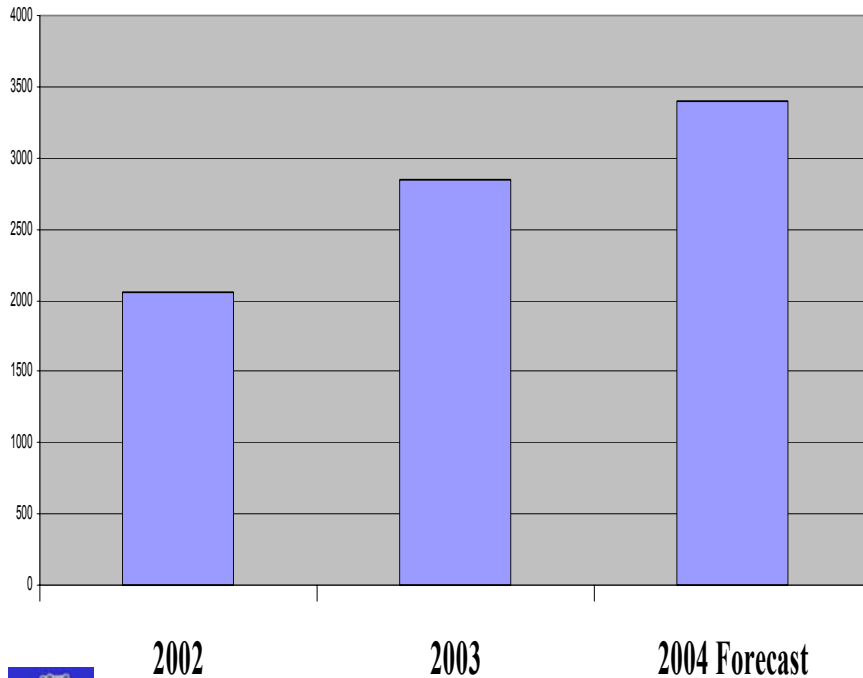
(AUD\$ Million)	<u>Sales</u>	<u>Gross Profit</u>
Europe	5.5	3.9
Asia	0.3	0.2
Australia	1.9	1.4
<u>Total Sales</u>	<u>7.7</u>	<u>5.5</u>
<u>Division Gross Profit</u>		5.5
Less Normal Operating Expenses		<u>(3.7)</u>
Net Contribution pre Management Fees and CME and NDA Write offs		1.8
<u>Less</u>		
CME Write Off		(0.4)
Management Fees		(0.8)
FDA Write Off		(3.5)
<u>Reported Profit Before Tax</u>		(2.9)



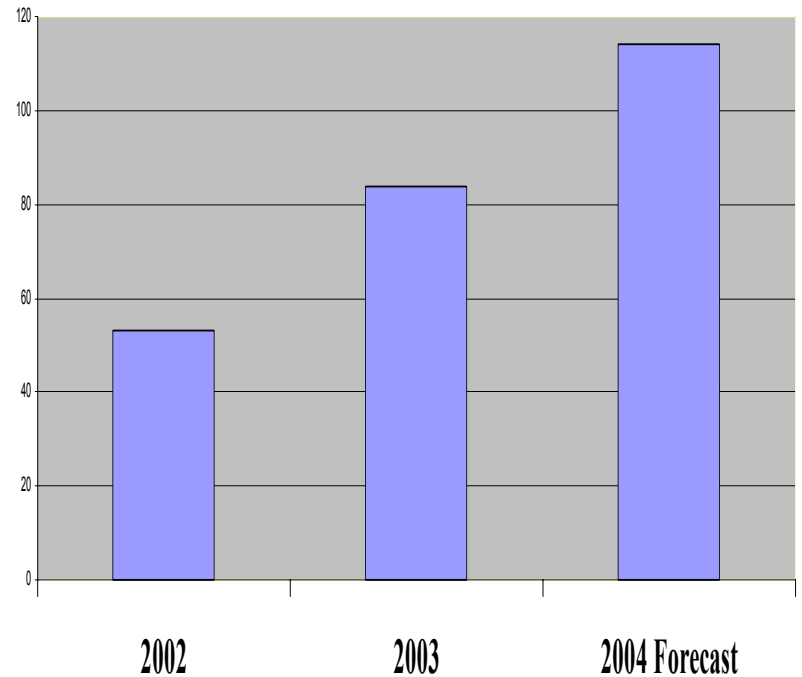
VITA MEDICAL

	<u>2002</u>	<u>2003</u>	<u>2004</u> <u>Forecast</u>
(AUD \$ Million)			
Sales	5.2	7.7	9.7
PBIT	-0.4	1.8	3.3

PAS Unit Sales



Generator Sales & Placements



RE-STRUCTURE OF VITA MEDICAL

- Vita Medical has been financing:
 - VitaHealth
 - Vimed - Suspended
 - Corporate
 - New Drug Application - Suspended
- Headcount reduced by 6 people.
- New CEO appointed - David Rundell.
- New European structure being put in place.



TECHNEGAS - NEW DRUG APPLICATION

- Possibility to enter US market still there – programme is being revisited.
- FDA regulators difficult to deal with:
 - Issues of protocol have been raised
 - Issues of appropriate comparator have been raised
- Cost of application is substantial.
- Time lines uncertain.

RESULT:

In an effort to preserve cash NDA programme suspended until further notice.

VIMED BIOSCIENCES - SUSPENDED

- Research and Development initiatives suspended to preserve cash.
- Dr David Shaw has returned to USA.
- Negotiating with the ANU regarding the future of Vimed:
 - Intellectual property rights
- If no commercial agreement can be reached, Vimed may be placed into administration.



UNDERLYING BUSINESS STATEMENT 2003

<u>CORPORATE AND OTHER</u>	
Audit PBT	(8.4)
<u>Made up of:</u>	
Write back of investments in Subsidiaries	(3.0)
Non Core Legal	(0.7)
Foreign Exchange Loss	(0.9)
Vimed Annual Costs	(1.1)
Finance and Borrowing Charges	(1.7)
Wages & Salaries	(0.8)
Professional Fees	(0.1)
Occupancy	(0.2)
Travel and Accommodation	(0.2)
Income from Non Business Activities	0.3
Total	-

RE-STRUCTURE OF VITA LIFE SCIENCES

- Resignation of Managing Director.
- Corporate has been reduced from 5 people to 1.2 people.
- Corporate office has been closed.



SUMMARY 1

- In '02 and '03, AUD \$47.6 million of “specials” hit our P & L:
 - Borrowings up, cash from working capital
 - Investments (Vimed, NDA) on hold
 - Expenses cut
- Balance sheet damaged as well.



SUMMARY 2

- But the underlying businesses have value:
 - Vita Medical
 - AUD\$1.77 million PBIT at 23% PBIT/Sales
 - Sales growth ('03 versus '02) +~45%
 - VitaHealth
 - Arguably B/E in '03 at operating line
 - “Lost” sales of AUD \$10 million would have generated a profit



BUSINESS ROAD MAP

- Objectives:
 - Quickly nurse business back to financial health.
 - Expedite brand recovery from severe PAN impact and voluntary recall with minimum investment.
 - Enhance shareholders' value.

STRATEGIES

- Focus on ‘rebuilding’ primary markets based on:
 - Experienced, professional and committed team
 - Strong brand portfolio and market strength

PEOPLE

- Right-sized organisation.
- Staff cost reduction in 2004 over 2002 is S\$2.5m.
- Strive for highest level of customer service and product knowledge - two Herbs of Gold representatives won the inaugural CHC Industry 'Best Sales Rep of 2004' Award.

FOCUS ON RE-BUILDING KEY MARKETS

3 Key Markets	Market Recovery	Our Current Position
Australia	90%	No. 2 brand in health food channel
Malaysia	80%	Top 3 leading brand
Singapore	70%	Strengthened from No.3 to No.1

FOCUS ON RE-BUILDING KEY MARKETS

- Will remain focused in 3 primary markets with 90% turnover contribution.
- Secondary markets include:
 - **Indonesia:** Top 3 brand
 - **Philippines:** Appointed distributor to roll out 10 exclusive VitaHealth outlets in first year
 - **Indochina:** Focus on Vietnam and Myanmar

FOCUS ON RE-BUILDING KEY MARKETS

- Future Strategic Markets:
 - **China:** Exploring JV opportunity
 - **India:** Exploring licensing agreement
 - **Europe:** First foray into Europe - Robovites in July '04
- Our aim is to be a leading health supplements player in the Asia Pacific region.

FOCUS ON RE-BUILDING KEY MARKETS

- Build incremental sales:
 - Strategic alliance (Efamol in Australia)
 - Consider strategic acquisitions
 - Grow organically



Launch HOG as
flanking brand in
Singapore

Launch VitaScience
(pharmacy brand in
Australia)

BRANDS

- Continue to invest prudently in building three world-class brands:
 - VitaHealth (Superbrand in Singapore and Malaysia)
 - Herbs of Gold
 - Robovites
- Strong brands attract premium price positioning and higher brand loyalty retention.
- Help us stand out from the competitive clutter.

NEW PRODUCT INNOVATION



Example 1:

Primolin GLA

- Double Strength 21% GLA
- Unique liquid dosage form

NEW PRODUCT INNOVATION



Example 2:

Vita Young

- 100% natural anti-aging product derived from plants

NEW PACKAGING UPGRADE

- For both flagship brands - Herbs of Gold and VitaHealth.
- Need to rejuvenate/ refresh brand presentation → customers/ trade to re-assess the brand in a more positive/renewed light post PAN.
- Enhance branding and premium quality image.

NEW PACKAGING UPGRADE



HOG



VitaHealth

- New packaging without boxes can reap us potential annualised S\$300K savings in Malaysia.

RE-SOURCING

- 100% re-sourcing post PAN should be completed by July '04 - with 10% deleted.
- Suppliers evenly spread out in USA, Australia, Europe and Malaysia.
- In some cases, at reduced prices, e.g. annualised \$200K savings from Sphere alone.
- New Maybank RM4m LC facility will help us purchase adequate/ resourced products.

TECHNEGAS



DAVID RUNDELL
VITA MEDICAL LIMITED



VITA Medical

MY BACKGROUND

- Graduated from RMIT - 1977
- Staff NMT - Queen Victoria Medical Centre
Melbourne, 1977-1981
- Chief NMT- Radclin Medical Imaging Melbourne,
1981-2000
- National Product Manager - ADAC Nuclear Medicine
Products, IBA Cyclotrons, Hologic BMD - Insight,
Sydney 2000 - 2002
- Sales & Marketing Manager - Vita Medical, November
2002-2004



VITA MEDICAL LTD 2003/2004

2003

- Sales \$ 7.7 million
- PBIT \$ 1.77 million (23% of sales)

March '04 - Net Sales 3.0% ahead of budget

- Inventory \$326K less versus year end 2003

*“This business is PROFITABLE
but needs to grow”*



2003 SALES BY REGION - GLOBALLY

	Generators	PAS
Australia/NZ	27 (12 in '02)	+ 6.5%
Europe	46 (35 in '02)	Flat
Asia	11 (8 in '02) (China >15 installed, Korea 8 in 2 years)	Flat
Canada	11 (20 for '04)	New Market (239 Boxes for '04)



GROWTH PLANS/ ACTIONS 2004

Australia/NZ	90% -95% Market Share – Small growth
Europe	Stimulate market – Incentive Plan
Asia	More focussed regional management China/Japan/Korea – ↑ sales
Canada	Growth - 20 sales '04
Latin America	1 st Generators installed Argentina May '04 Chile & Mexico within 2004
USA	NDA not dead. USA partner search
Technegas Research	Thrombotrace – ?



FUTURE PLANS

1. We need to find more products:
 - Radiopharmaceuticals
 - Other Medical Devices
 - PET – Cyclotrons

2. Company Consolidation:
 - Nuclear Medicine Super Company



KEY POINTS

- Vita Medical is a profitable business.
- There is still a big opportunity for Technegas within the global market.
- We need new products to enhance the business.





2004 1ST QUARTER UPDATE

VLS – SUMMARY OF OPERATING PERFORMANCE

	<u>2004 Q1</u>	
EBIT (AUD\$ Million)	Actual	Budget
Vita Medical	1.03	0.67
VitaHealth	(0.47)	(0.33)
Corporate**	(0.92)	(1.05)
Vimed*	<u>(0.16)</u>	<u>(0.16)</u>
Total before abnormals	<u>(0.52)</u>	<u>(0.87)</u>

* Actual results for Vimed include estimates of redundancy and associated costs of suspending/closing the Research & Development effort.

**Corporate includes estimates of legal expenses for Pang and Nordion cases and accrual for interest expense.

VITAHEALTH - FINANCIAL PERFORMANCE

2004 Q1

Sales (SGD\$ Million)	Actual		Budget	
	SGD	Margin	SGD	Margin
Malaysia	1.67	59%	1.57	62%
Singapore	1.15	52%	1.03	64%
Australia	1.53	42%	1.94	46%
Other	<u>0.24</u>		<u>0.17</u>	
Total	<u>4.59</u>		<u>4.71</u>	
EBIT	(0.62)		(0.43)	

- 13 re-registered product lines in March (5 in February).
- New distribution channel in Singapore via supermarkets.
- Margins continue to be affected by:
 - Out of stocks
 - Freight
 - Disposing aged stock
 - Product mix
- Operating expenses are below budget.
- Overall VitaHealth is budgeting a profit of in excess of SGD \$1.0 million by year end.

VITA MEDICAL - FINANCIAL PERFORMANCE

2004 Q1

	Actual	Gross	Budget	Gross
Sales (AUD million)	AUD	Margin	AUD	Margin
Europe	1.69	80%	1.52	83%
Australia	0.38	82%	0.35	69%
Asia	0.11	N/A	0.17	N/A
Other	<u>0.14</u>		<u>0.21</u>	
Total	<u>2.32</u>		<u>2.25</u>	
EBIT	1.03		0.67	

- Generators placed and sold slightly below budget YTD (Actual 13 : Budget 16).
- PAS ahead of budget YTD (Actual 794 : Budget 775).
- New Drug Application suspended.
- Vimed suspended.



VLS – SUMMARY OF CASH FLOW

	<u>2004 Q1</u>	
	Actual	Pre-Initiative Forecast
CASH FLOW FROM OPERATIONS		
(AUD\$ Million)		
- Vita Medical	0.70	0.06
- VitaHealth*	(0.39)	(1.47)
- Corporate	(0.59)	(0.59)
- Vimed	(0.12)	(0.30)
-NDA	(0.09)	(0.15)
-Other non operating cash outflow		
-Legal Health	(0.31)	(0.52)
-Legal Corp	(0.05)	(0.12)
-Instalments**	(0.08)	(0.54)
-Other	<u>(0.14)</u>	<u>(0.15)</u>
-Total	<u>(1.07)</u>	<u>(3.78)</u>

Cash savings* 0.35 saving on payment to overhead and other,
0.46 increased collections, \$0.15 tax refund, \$0.12 other

Cash savings** 0.46 instalment payments

UPDATE ON PAN

DIVIDEND FROM ADMINISTRATOR

- Uncertain amount and timing:
 - Current estimate is 10 cents on the dollar within two months (approximately AUD\$750.0)
 - Remainder subject to further negotiation and longer timeframe to pay out

UPDATE ON LITIGATION

PANG

- Case running now.
- Closing submission by end of June.
- Verdict to follow within several months.
- Verdict/damages/recovery.

NORDION

- Hearing for directions in France in June. Expecting a date to be set for trial to begin.
- Australian case presently on hold.



VITA LIFE SCIENCES INITIATIVES

- Partial sale of VitaHealth:
 - Vital
 - Other
- IPO for VitaHealth
- Partner for VML NDA
- Resolve future of Vimed



VITA LIFE SCIENCES

Thank You

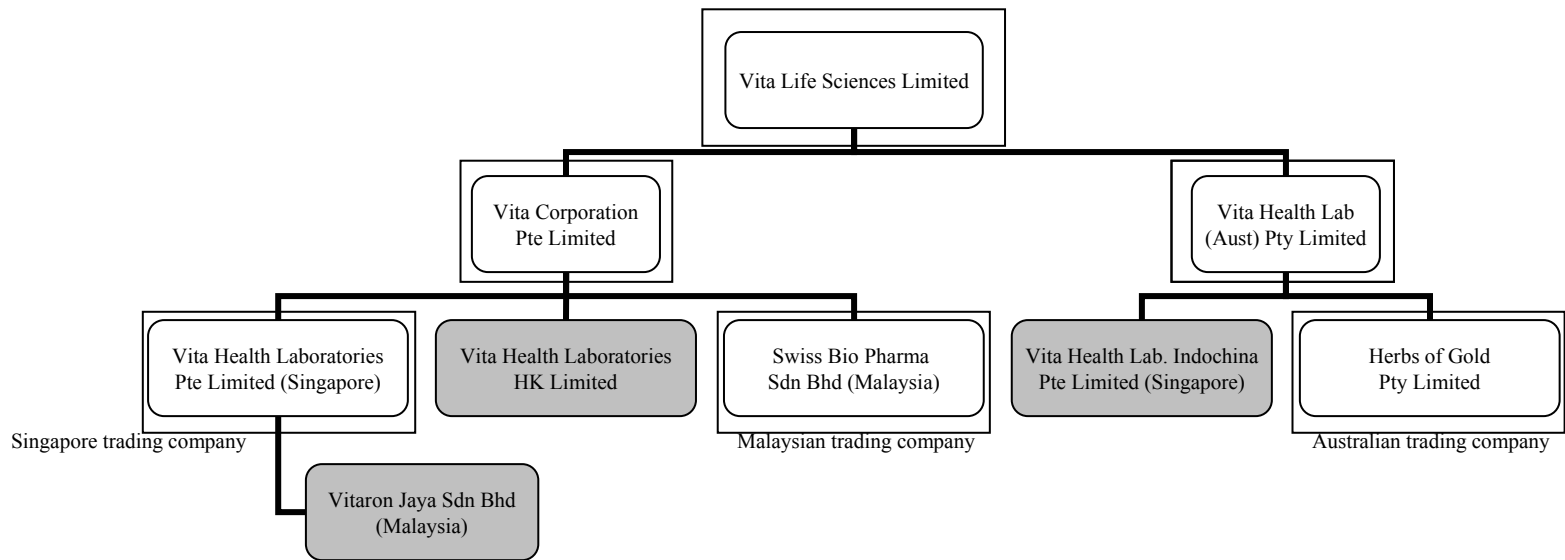


RECONCILIATION FROM YEAR END MANAGEMENT ACCOUNTS

Management Accounts December 2003	(10.0)
Add:	
- Herbs of Gold revenue recognition	(0.6)
- Write down of other asset	(0.3)
- Additional legal provision	(0.3)
- Hong Kong PAN	(0.7)
- Carrying value of NDA	(2.2)
- Carrying value of Vimed	<u>(3.1)</u>
- Year end audited result 2003	<u>(17.2)</u>

VITAHEALTH – CURRENT STRUCTURE

(100% owned subsidiaries)



Trademarks and product registrations are spread throughout the group.



Existing security to Noteholders.



No security provided prior to or after restructure.

VITA HEALTHCARE ASIA PACIFIC - PROPOSED RESTRUCTURE

