



ANNUAL GENERAL MEETING

31 May 2005



AGENDA

- 1. Welcome**
- 2. Reports:**
 - Chairman's Report
 - Executive Report
- 3. Ordinary Business:**
 - Receiving the financial statements and reports of the directors and auditors – Resolution 1
 - Election of Directors
 - John Sharman – Resolution 2
- 4. Question Time**
- 5. Close**

VITA LIFE SCIENCES

Consolidated Balance Sheet as at 31st December 2004

(AUD \$)	2004	2003
Current Assets		
Cash assets	966,863	679,696
Receivables	3,154,435	2,283,795
Inventories	4,136,405	5,693,160
Other	1,431,285	844,658
Total Current Assets	9,688,988	9,501,309
Non Current Assets		
Property, plant & equipment	2,012,113	2,391,221
Intangibles	7,309,780	7,678,160
Other	0	26,409
Total Non Current Assets	9,321,893	10,095,790
Total Assets	19,010,881	19,597,099
Current Liabilities		
Payables	8,392,265	9,046,910
Interest bearing liabilities	2,078,024	1,221,744
Current tax liabilities	237,505	316,826
Provisions	1,165,884	1,165,381
Total Current Liabilities	11,873,678	11,750,861
Non Current Liabilities		
Interest bearing liabilities	17,241,343	17,062,047
Provisions	91,008	111,395
Total Non Current Liabilities	17,332,351	17,173,442
Total Liabilities	29,206,029	28,924,303
Net Assets	(10,195,148)	(9,327,204)
Total Equity	(10,195,148)	(9,327,204)



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Underlying Operating Performance 2004

(AUD \$ Million)	2004	2003	2002
Sales	25.1	23.2	14.1
Operating expenses	(20.9)	(22.7)	(29.6)
Legal costs	(1.3)	(1.3)	(2.8)
Provisions & write offs	(1.0)	(8.5)	(9.7)
Non operating expenses*	<u>(3.7)</u>	<u>(8.1)</u>	<u>(1.8)</u>
Profit before tax	(1.8)	(17.4)	(29.8)
*Non operating expenses consist of foreign exchange gains or loss, Pan recall costs, Other			



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Summary of Cash Flow

2004 Cash Movement AUD\$ Million		
Cash Flow from Operations	Inwards	22.7
	Outwards	(23.3)
Cash Flow from Financing	Inwards	1.5
	Outwards	(1.1)
Cash Flow from Investing	Inwards	1.8
	Outwards	(0.9)
Movement in 2004 Cash Position		0.7



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Details of Cash Flow

2004 Cash Movement - details	AUD\$ Million	
<i>Cash Flow from Financing</i>		
Additional Borrowing	0.6	
Payments to Finance leases	<u>(0.2)</u>	0.4
<i>Cash Flow from Investing</i>		
Vital Biotech investment into VitaHealth	1.8	
Investment in Chinese JV	(0.4)	
Residual payments for Vimed	(0.3)	
NDA Approval	(0.1)	
Other	<u>(0.1)</u>	0.9



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Profit and Loss 2004

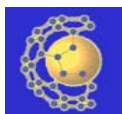
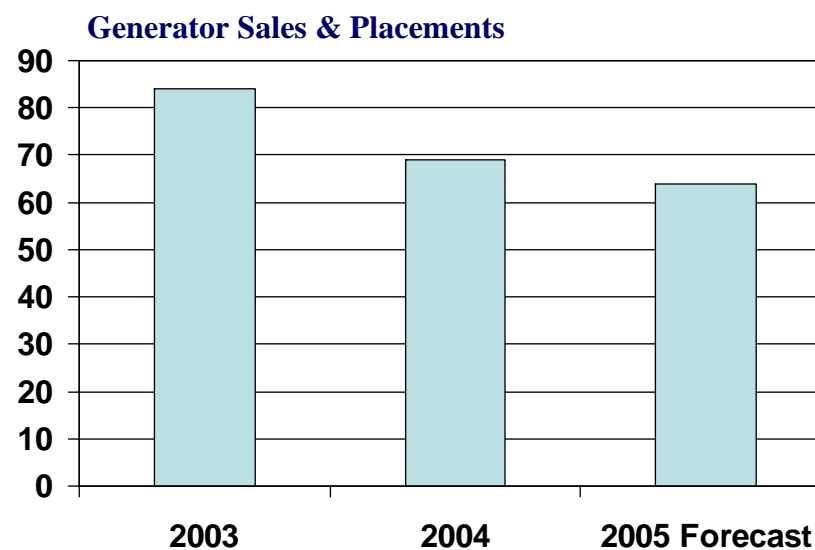
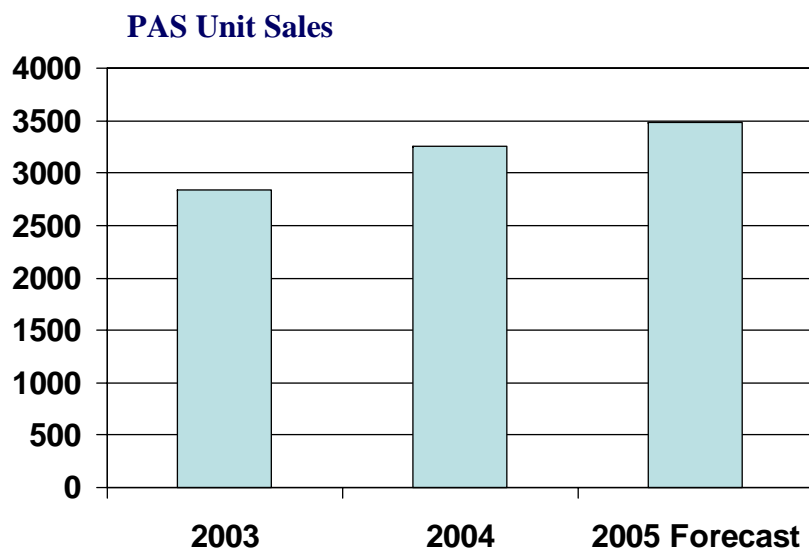
(AUD\$ Million)	Vita Medical	VitaHealth	Corporate	VLS
Gross Sales	8.7	15.0	1.4	25.1
Audited PBT	2.8	(2.1)	(2.7)	(2.0)



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Underlying Performance 2004

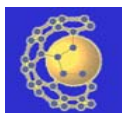
(AUD\$ Million)	2003	2004	2005 Forecast
Sales	7.7	8.7	9.4
PBIT	1.8	2.8	3.2



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Underlying Performance 2004

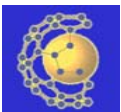
(AUD \$ Million)	Sales	Gross Profit 2004	<i>Gross Profit 2003</i>
Europe	6.0	4.1	3.9
Asia	0.4	0.3	0.2
Australia	1.6	1.3	1.4
Canada	<u>0.7</u>	<u>0.5</u>	<u>0</u>
	8.7	6.2	5.5
Less: Normal Operating Expenses		(3.4)	(3.7)
Contribution before write off's		2.8	1.8
Less: Abnormal write offs		0	(4.7)
REPORTED PROFIT BEFORE TAX		2.8	(2.9)



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Underlying Performance 2004

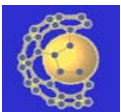
- Revenue is up
- Costs are down
- Inventory is lower
- Growth in new markets
- Outlook is positive



TECHNEGAS

New Drug Application

- We have commenced negotiations with our US advisors to recommence the programme during the second half of this year.



VitaHealth

Underlying Performance 2004

- Overall result an improvement on 2003.
- Sales slightly down on last year.
- Operating costs lower than 2004.
- Margins remain under pressure.
- VitaHealth continues to face challenges:
 - New Managing Director
 - Head Office relocated to Malaysia

VitaHealth

Underlying Performance 2004

- Cost savings expected to be delivered in full in 2005.
- Focus on:
 - rebuilding our brand
 - Introducing new products
 - Opening new markets



VITA LIFE SCIENCES

Legal Update

- The company won its case against Pang Seng Meng.
- The company successfully settled its claim against Ace Insurance.
- The company continues to defend its position re Nordion
 - malicious and false emails have caused lengthy delays.
- The company continues to defend and cross claim against Ms Kate Fraser over the purchase of Herbs of Gold.
- The company continues to defend its position against Mr Koziol over his wrongful dismissal claim.



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Summary

- Vita Medical continues to show improvement.
- VitaHealth continues to recover.
- We are negotiating to recommence NDA.
- We are negotiating a possible deal with Vita Medical.
- We intend to approach Noteholders with a revised proposal during the third quarter of 2005.
- Full effect of restructure in terms of cost savings expected in 2005.





VitaHealth

Commentary on FY2004 Results

1. Competition intensified during this year – new distribution channels making inroads to traditional brands, suppliers increased prices.
2. Margins under pressure in Asian markets.
3. There was a lack of new products innovation in our business during 2004.
4. The Singapore regional office relocated to Malaysia during the 4th quarter of 2004 as part of our rationalisation and cost restructuring exercise. We should see some positive impact from this in 2005 onwards.

VitaHealth

Market Conditions, Challenges and Actions in FY2004

1. Post PAN, market generally more price sensitive particularly for Singapore and Malaysia.
2. Major chains like Guardian and Watsons are demanding increasing support from suppliers. We are looking for ways to diversify our distribution channels.
3. Most established brands (including ourselves) were focused on re-introducing products affected by the 2003 Pan recall. We have taken steps to rectify our lack of innovation in terms of new product launches during 2004 and the slow approval of pre Pan products.
4. A major packaging design update / upgrade was rolled out for Herbs of Gold and VitaHealth.
5. VitaScience was launched in Australia to seize opportunities in the growing pharmacy channel.



VitaHealth

Market Conditions, Challenges and Actions in FY2004

6. We continue to experience reluctance of consumers to purchase Pan affected product.
7. “Sluggish” market condition caused many players in Singapore and Malaysia to resort to aggressive free banded packs and price under-cutting.
8. We have encountered a number of malicious, false and damaging emails as a result of theft and “hacking” into our electronic systems. We are investigating the matter and have reported various incidents to the police.

VitaHealth

Market Conditions, Challenges and Actions in FY2004

9. There was consolidation in the Singapore and Malaysian markets - several brands ceased to exist or were acquired, i.e. Healthy America, Healthlabs, Herb Valley and Rebound, to name just a few.

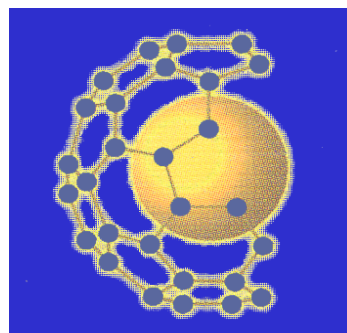
10. Cambert acquired and took control of multiple brands, making them the largest Health Supplement player across Singapore and Malaysia. They now have 2 separate divisions, one taking care of Kordels, Nutralife and Health farm, and the other, Natural Factors and Nuvanta.

VitaHealth

Market Conditions in 2005

1. Australia - market confidence and sentiments have returned close to pre-Pan levels.
2. Singapore and Malaysia continue to be driven by price competition.
3. New distribution channels continue to eat into traditional distribution channel market share.
4. There is an urgent need to introduce new products to offset declining sales of existing products.

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Year end 2004

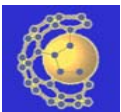
Year ended December 2004:

- Sales \$ 8.70 million (+ 13.6% over 2003)
- PBIT \$ 2.77 million (31.7 % of sales)

First quarter 2005:

- March 2005 - Total Sales 7.7 % ahead of budget
- Inventory at same level versus year end 2004

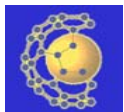
“This business is PROFITABLE and is growing”



VITA MEDICAL

2004 Sales by Region - Globally

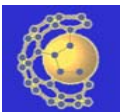
	Generators	PAS
Australia/NZ	9 (27 in 2003)	- 6.0% (796 Boxes)
Europe	32 (46 in 2003)	+ 2.5% (2,166 Boxes)
Asia	9 (11 in 2003)	+ 76% (95 Boxes)
Canada	13 (11 in 2003) (24 now installed)	+ 250% (161 Boxes)



VITA MEDICAL

Growth Plans/Actions 2005

Australia/NZ	Increase Market Share – stabilise drift to CTPA through promotion of SPECT imaging of lungs
Europe/Arab States	Stimulate market – Reorganise poor performers Promote further growth in Arab regions
Asia	Look to new markets – India/ Sri Lanka China/ Korea/Thailand/Malaysia – ↑ sales
Canada	Growth, Growth, Growth.....
Latin America	1 st Generators installed Argentina, Chile 2004 Uruguay/Costa Rica –2005
USA	NDA not dead. Restart in 2005
Technegas Research	Thrombotrace – ANU to continue under NEW CO



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Future Plans

1. New Technegas - Resale and new markets

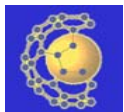
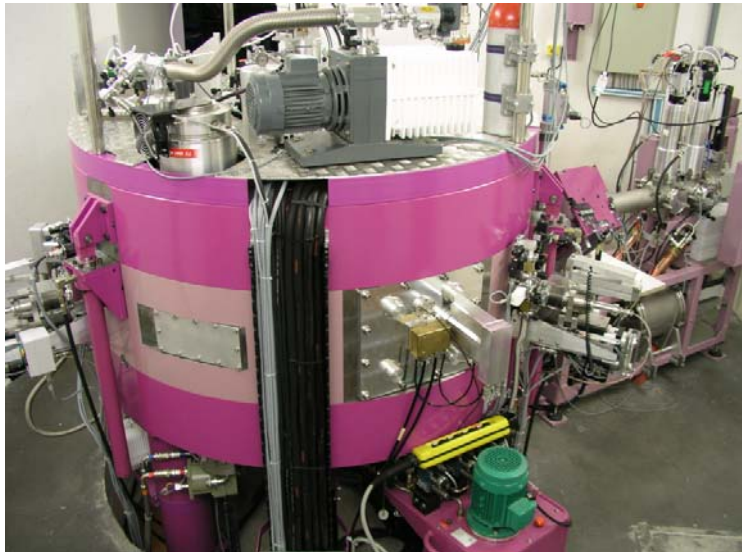


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Future Plans

2. Cyclotrons/PET/FDG supply: Asia/Pacific

- Exclusive Distributorship for THALES Medium Energy Cyclotron
- Sales Agency for Pulsar ACCSYS PET Isotope Production System



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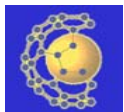
Future Plans

3. Radionuclide Therapy

- New compounds/Compounding Service

4. Technegas USA

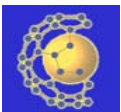
- Distribution of Product
- USA Reimbursement for product



VITA MEDICAL

Key Points

- Vita Medical continues to be a very profitable business.
- NEW Technegas to be released in 2005.
- Canada and the Arab States are the big growth centres.
- Technegas USA is getting closer.
- Cyclotrons and FDG supply to become part of product portfolio.





Question Time



Thank You