



# **MEETING OF NOTEHOLDERS AND SHAREHOLDERS**

**12 April 2006**



## **AGENDA**

- 1. Welcome**
- 2. Reports:**
  - Chairman's introduction
  - Executive Report
- 3. Business:**
  - Receiving the Resolutions in relation to the meeting
- 4. Question Time**
- 5. Close**

**VITA LIFE**  
**Underlying Operating Performance 2005**

(AUD \$ Million)	2005**	2004	2003	2002
Sales from operating activities	21.6	22.8	23.2	14.1
Operating expenses	(18.5)	(19.8)	(21.0)	(29.0)
<b>Profit from operations</b>	<b><u>3.1</u></b>	<b><u>3.0</u></b>	<b><u>2.2</u></b>	<b><u>(14.9)</u></b>
Legal	(1.0)	(1.3)	(1.3)	(2.8)
Provisions & write offs	(1.3)	(1.0)	(8.5)	(9.7)
Finance costs	(3.0)	(2.2)	(1.7)	(0.6)
Non operating expenses*	<u>(0.6)</u>	<u>(0.3)</u>	<u>(8.1)</u>	<u>(1.8)</u>
<b>Profit before tax</b>	<b>(2.8)</b>	<b>(1.8)</b>	<b>(17.4)</b>	<b>(29.8)</b>
*Non operating expenses consist of foreign exchange gains or loss, VHAP restructure costs, Pan recall costs, Other				
**Unaudited management accounts				



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**VITA LIFE SCIENCES**  
**Summary of cash flow**

<b>2005 Cash Movement</b>	
AUD\$ Million	
Cash flow from operations	<b>0.3</b>
Cash flow from financing	<b>(0.4)</b>
Cash flow from investing	<b>1.6</b>
Non operating cash flow	<b>(1.5)</b>
<b>Movement in 2005 Cash Position</b>	<b>0.0</b>



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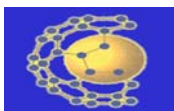
**VITA LIFE SCIENCES**  
**Profit & Loss 2005**

(AUD\$ Million)	Vita Medical	VitaHealth	Corporate	VLS
Gross Sales	8.8	12.8	0.0	21.6
Unaudited PBT	2.7	(1.1)	(4.4)*	(2.8)

\*includes write off relating to Supplements World

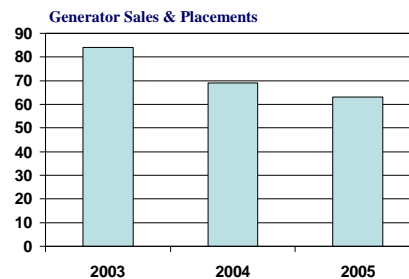
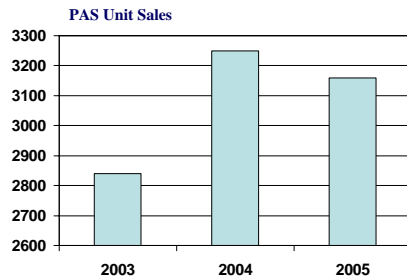


**VITA MEDICAL and**  
**CYCLOPHARM**



## CYCLOPHARM Underlying Performance 2005

(AUD\$ Million)	2003	2004	2005
Sales	7.7	8.7	8.8
PBIT	1.8	2.8	2.7



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## CYCLOPHARM Underlying Performance 2005

- Revenue is up
- Growth in new markets – China and Canada
  - Canadian PAS growth is 65%, and China PAS growth is 33% (yoy)
- Operating costs down yoy
- Total costs are up due to one off expenses e.g. investment in NDA (written off), new tooling and renewal of patents
- Sales of generators effected by three month delay in Technegas Plus
- Sales of PAS effecting by timing of December order -France



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## **CYCLOPHARM**

### **Outlook**

- New Technegas Plus launched in fourth quarter 2005
- Strong pre orders for Technegas Plus (55 pre orders already)
- New software being developed by leading software house to increase market acceptance of Technegas
- Growth to continue in China, Canada and Latin America
- New distribution agreement in France should add circa \$1.0 million to the PBT line for 2006.
- Full benefits of restructured group expected in 2006.
- NDA on track for 2006.



## **CYCLOPHARM**

### **Outlook**

- Strong growth budgeted for 2006
  - refurbished generators
- Aggressive strategy to place refurbished generators in UK and Germany
- Entered Heads of Agreement to purchase license to access technology to install cyclotrons and produce FDG
- Intention is to get listed on the ASX in 2006.
- Strong cash flow expected
- Vita Medical continues to perform strongly
- Outlook is very positive.



## **CYCLOPHARM New Drug Application**

- Commenced the trials in December 2005.
- 3 Canadian hospitals signed up
  - Toronto General, Memorial University, CDHA Halifax
- 3 Australian hospitals signed up
  - Royal Perth, Royal North and St George
- Program expected for completion in 2006.
  - Depends on patient collection / participation rates



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## **CYCLOPHARM Technegas Plus**

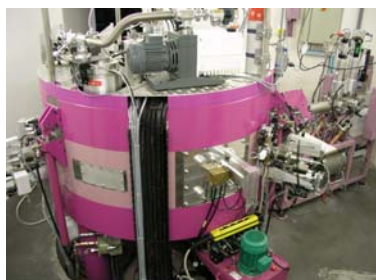


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## CYCLOPHARM Future Plans

### Cyclotrons, PET and FDG supply: Asia/Pacific

Entered heads of agreement to be exclusive licensee for Cyclopharma Laboratories SA technology. Business initiatives expected to be developed during second half of 2006 onwards



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## CYCLOPHARM Pro forma balance sheet

### ASSETS

#### Current Assets

Cash and cash equivalents	3	152,562
Receivables	4	2,606,211
Inventories	5	1,217,354
Current tax asset		120,471
Deferred tax asset		5,572
Prepayments		157,826
<b>Total Current Assets</b>		<b>4,259,996</b>

#### Non-Current Assets

Financial assets	6	-
Property, plant and equipment	7	1,088,526
Intangible assets	8	6,204,564
<b>Total Non-Current Assets</b>		<b>7,293,090</b>
<b>Total Assets</b>		<b>11,553,086</b>

### LIABILITIES

#### Current Liabilities

Trade and other payables	9	1,588,136
Borrowings	10	9,116
Income tax payable		249,327
Provisions	11	146,443
<b>Total Current Liabilities</b>		<b>1,993,022</b>

#### Non Current Liabilities

Borrowings	10	6,518,705
Provisions	11	88,606
<b>Total Non Current Liabilities</b>		<b>6,607,311</b>
<b>Total Liabilities</b>		<b>8,600,333</b>

#### Net Assets

**2,952,753**

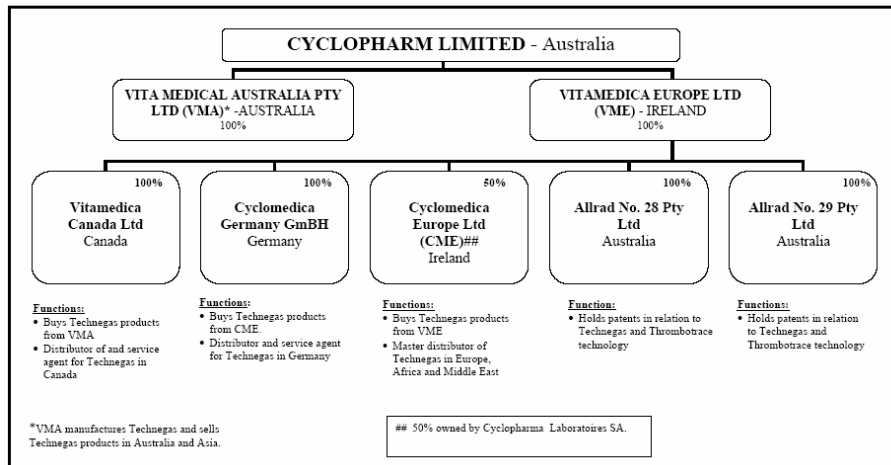
### EQUITY

Contributed equity	13	2,952,753
Retained profits/ (accumulated losses)		-
Parent entity interest		2,952,753
Minority interest	14	-



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## CYCLOPHARM Pro forma group structure





## Vita Health Underlying Operating Performance 2005

(AUD \$ 000)	2005	2004	2003
<b>Sales</b>			
Malaysia	3.9	5.7	6.0
Singapore	3.2	4.4	5.1
Australia	<u>5.7</u>	<u>4.9</u>	<u>4.4</u>
	12.8	15.0	15.5
<b>Direct selling costs</b>	(9.2)	(10.6)	(9.5)
<b>Operating expenses</b>	<u>(4.7)</u>	<u>(6.6)</u>	<u>(11.9)</u>
<b>Profit before tax</b>	(1.1)	(2.0)	(5.9)



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## Vita Health Underlying performance 2005

- Overall result an improvement on 2004
- Sales slightly down on last year
- Operating costs lower than 2004
- Business substantially restructured
- Vita Health continues to face challenges
  - New Managing Director appointed
  - Head Office relocated to Malaysia
  - New business model



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## **Vita Health**

### **Initiative to improve business in 2006**

- Improve supply chain and inventory lifecycle
- Intensify product training with the aim of promoting selected items aggressively
- Aggressively recruit product development team
- New sets of Standard Group Operating Policies and Procedures – implemented. Diversify from traditional distribution channels
- Set up direct sales channels - corporate, organizations and individuals, credit cards, etc.
- Focus on export markets
- Promote internet sales via Vita Health Family Loyalty Program.



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## **Vita Health**

### **The future**

#### Focus on

- Rebuilding our brand
- Introducing new products
- Opening new markets
- Changes to our business model
- Aggressive negotiations with trading partners
- New distribution channels
- Recruiting senior management for growth



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## VITA LIFE SCIENCES

### Legal update

- The company continues to defend its position re Nordion,
  - malicious and false emails have caused lengthy delays
- The company continue to defend and cross claim against Ms Kate Fraser over the purchase of Herbs of Gold
- The company settled with Mr Koziol



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## VITA LIFE

### Reconciliation of unsecured convertible notes

<i>Issue Date</i>	<i>Holders</i>	<i>C.Notes</i>	<i>Explanation</i>
19-May-2003	198	4,717,355	Issued under prospectus
19-May-2003	5	4,862,874	Conversion of debt
19-June-2003	5	1,785,081	Conversion of debt
01-July-2003	5	38,326	Issued to Investor
31-July-2003	1	1,000,000	Issued to Investor
19-August-2003	1	500,000	Issued to Investor
29-October-2003	1	1,000,000	Issued to Investor
03-November-2003	1	500,000	Issued to Investor
18-November-2003	1	250,000	Issued to Investor
17-September-2003	1	1,000,000	Issued to Investor
08-December-2003	1	130,000	Issued to Investor
01-January-2004	11	583,341	Capitalisation of interest
01-July-2004	11	652,674	Capitalisation of interest
01-January-2005	11	691,638	Capitalisation of interest
		<u>1,478,153</u>	Capitalisation of interest (to be confirmed)
		<u>19,189,442</u>	Total notes on / to be on issue



Thank You