



12 January 2011

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Dear Shareholder,

Shareholder Update

The past 6 months have been a busy period for Vita Life Sciences Limited (“Vita Life”) and its subsidiaries (“Group”) with several milestones achieved.

Health division

I am pleased to report during 2010, good progress was made towards building an exciting new phase for the Group. This is reflected by:

- i. Record level of the Group’s sales.
Sales for the year (un-audited) were \$20.47 million approximately (2009: \$17.01 million), an increase of approximately 20%;
- ii. The Health division’s Established business remained the key driver of sales growth during the year; Malaysia increased by more than 20%, Australia and Singapore increased by 15% (measured in local currency) from the preceding year. The stronger Australian Dollar is expected to partially offset the Group’s Asian sales growth;
- iii. Revenue contribution to the Group of New business units continued to improve and exceeded 5% of Group’s sales (2009: 2% of Group’s sales) with positive sales growth in China and the Multi-Level Marketing business (“MLM”) in Malaysia. MLM accounted for more than 80% of New business units sales; and
- iv. The Group obtained approval from the Vietnam authority to commence the sale of over-the-counter pharmaceutical products and marketing commenced in fourth quarter of 2010.

Pan-TGA Claim

As advised in December 2010, the Company and the Commonwealth of Australia and others (“Commonwealth”) settled their legal proceedings and as a result Vita Life received \$5.00 million from the Commonwealth. Under the terms of the settlement, each party is responsible for its own costs. For Vita Life, the costs were \$1.89 million approximately in 2010, of which \$0.41 million was expensed in the first half of 2010.

In addition to the \$5.00 million received from the Commonwealth, Vita Life received \$0.95 million from Pan Pharmaceuticals Liquidator during 2010 (First half 2010: \$0.68 million; Second half 2010: \$0.27 million).

The settlement of this claim brings an end all of the Group’s legal action.

Group Profitability

In 2009, the Group's profit before tax (excluding Pan TGA Claim legal and professional costs) was \$0.30 million. Directors expect the 2010 operating profit to exceed the 2009 result.

On a Group basis, including proceeds from Commonwealth and the Pan Pharmaceuticals Liquidator, profit before tax (based on management accounts) is expected to be in excess of \$4.50 million for 2010.

Dividend

The directors have resolved to resume payment of dividends to shareholders. A final dividend of 0.5 cent per share for 2010 will be paid to shareholders in May 2011.

Group Net Assets

At 30 June 2010, the Group's net assets were \$4.27 million and the impact of the receipt of \$5.00 million and \$0.27 million from the Commonwealth of Australia and Pan Pharmaceuticals Liquidator respectively, net of costs of \$1.89 million would, if received on 30 June 2010, result in the Group's net assets being \$7.65 million.

Directors anticipate the settlement proceeds being applied as follows:

Description	\$ million
Repayment of Group's borrowings	\$1.6
Further investment in Health division	\$1.7
Estimated Pan-TGA Claim legal and professional cost *	\$0.8
Provision for dividend and share buy-back	\$0.6
Additional working capital	\$0.3
Total	\$5.0

* To be paid from settlement proceeds

Yours faithfully

Vita Life Sciences Ltd



Vanda Gould
Chairman