

ASX Announcement

24 July 2009

Vita Group Limited (ASX: VTG) Trading Update for year ending 30 June 2009

Vita Group Limited (Vita Group) wishes to provide the market with an update on its business and trading performance for the full year ending 30 June 2009 (FY09), now that several outstanding payments have been finalised.

As reported in the first half, the sector of the retail market we occupy has been tough. Our FY09 result shows a fall in revenue of 5% down to approximately \$295 million, from the \$311 million achieved in FY08.

The fall in retail sales has been across both Fone Zone and Next Byte. Given the decline in revenue, the profit expectation for FY09 is for an EBITDA of between \$11 -12 million, around 35% lower than the result achieved in FY08.

The Store Optimisation and overall cost reduction program has had a positive impact in ensuring both Fone Zone and Next Byte have continued to remain profitable during these difficult trading conditions, but has adversely impacted the overall profit.

Over the past 12 months we have:

- Closed 35 underperforming stores – 31 Fone Zone / 4 Next Byte
- Opened 4 new stores – 1 Fone Zone / 3 Next Byte

Looking forward, early trading results over the last four weeks have been encouraging, with week-on-week sales growth pointing to an improved performance trend.

Vita Group, through Fone Zone, has had a dealer arrangement in place with Telstra for over 15 years. As previously announced, Vita Group is in discussion with Telstra regarding the early renewal of the company's long term dealer arrangement. It was anticipated by both parties that the new arrangement would be in place by 30 June 2009. Finalisation of the discussion has been slightly delayed and it is now expected that the new dealer arrangement will be in place within the next few weeks. Once finalised, the company will provide an update to the market.

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