

Chairman's Address

**to the AGM of Vita Group Limited
27 October 2010**

It is my pleasure to welcome you to this year's Vita Group Annual General Meeting. Thank you for joining us.

When we met last year, we said that the 2010 financial year would be a year of transition for Vita Group. This involved a significant amount of reinvestment by the Company. This has certainly been the case.

We have faced a number of challenges in the marketplace. We have been able to capitalise on the initiatives that we have undertaken. We are pleased to report:

- As of today, we now have 32 Telstra stores with 21 being new fitouts and 4 Telstra Business Centres.
- We have successfully repositioned Next Byte and improved its profitability year on year.
- We have paid down bank debt by \$12.9M as well as rolling out new Telstra stores, doing Fone Zone shop fit outs, and purchased 11 new Telstra operations.
- Expenses have been reduced by closing non-performing stores and tightening operational expenses.

Revenue for the year was down 2% to \$292 million from the previous year. Vita Group's profit after tax increased from \$5.4 million to \$7.7 million. The payment by Telstra of historic trailing commissions also allowed us to reduce our debt to its lowest level in recent years; our gearing ratio is now at 4.8%, down from 27.8% for the previous period.

We continued to develop our relationship with our two business partners, Telstra and Apple, and have worked extremely hard at enhancing our ongoing “operating rhythm” with them.

During the year, as part of our review of the skill mix, the Board appointed Diana Ryall AM as a Director. In the context of recent corporate governance recommendations as to Board diversity, it is pleasing to note that there is an even gender mix within Vita Group’s Board of Directors.

Despite the outlook for retail trading being “challenging”, the Board is positive about the future for Vita Group. We believe that the company is well positioned to continue to take advantage of opportunities to grow, given that we operate in the two attractive sectors of telecommunications and information technology.

The Board decided not to pay a dividend this year, but continue to pay down debt and position ourselves for growth as a priority. It is the Board’s intention to reinstate the company’s dividend policy at the earliest opportunity. The Board is conscious of our Shareholders’ patience in this respect, and we would like to thank you for your continued support.

I would like to offer the Board’s thanks to the entire management team who have worked so hard during the last year. I would also like to thank the Board members who all put in significant additional efforts during this period.

Lastly, let me thank you our Shareholders for your patience and loyalty. We remain committed to seeing the Company grow and prosper.

I would now like to introduce David Mc Mahon, one of Vita Group’s founders and Joint Chief Executive Officers, to report more fully on the Company’s activities for the 2010 financial year.

A handwritten signature in black ink that reads "Dick Simpson". The signature is written in a cursive, slightly slanted style.

Dick Simpson
Chairman