

## **Vita Group Limited (ASX:VTG) Trading Update for Half Year Ending 31 December 2008**

As has been widely reported in the media, consumer confidence has declined, causing a slow down in retail spending. Like other retailers, Vita Group Limited (Vita Group) has seen continued softening in consumer spending in the lead up to and over the recent Christmas period.

As a result we now amend the guidance we gave to the market at our 2008 AGM:

- EBITDA for the first half of this financial year is expected to be 30-35% lower than the prior corresponding period; and
- net profit after tax for the first half of this financial year is expected to be 45-50% lower than the prior corresponding period.

This anticipated result has been predominately driven by two factors affecting the Next Byte business – weaker consumer demand generally and increased competition.

Fone Zone has performed in line with expectations and the company's previous guidance. Our proactive store optimisation program throughout 2008 – closing 22 underperforming stores, relocating 1 and opening 1 new store location – has helped underpin the performance of Fone Zone.

We are now undertaking a similar approach with our Next Byte business. We have recently closed 2 underperforming stores, opened 3 new stores and expect the retail operational related improvements we introduced in the first half of the financial year to gain some traction and improve the performance of Next Byte in 2009 from current levels.

Without visibility of sales trends in the key January 2009 retail period, the impact of recently introduced [additional] internal cost reduction initiatives as well as continued uncertainty surrounding the broader economic environment, and in particular retail spending, we feel it is not possible to provide a full year outlook at this time. In this difficult trading environment we continue to work to improve our performance from the current trends.

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30 December 2008



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