

VITA GROUP LIMITED

ABN 62 113 178 519

APPENDIX 4D

Half-Year Report For the six months ended 31 December 2008

Results for announcement to the market

(this information should be read in conjunction with the most recent annual financial report)

Extracts of the Vita Group Limited results for the half year ended 31 December 2008.

REVIEW AND RESULTS OF OPERATIONS

	Half-year ended 31 December 2008 \$000s	Half-year ended 31 December 2007 \$000s	Growth %
Total operating revenue	150,610	148,502	1.4%
Gross operating margin	53,691	54,829	(2.1%)
Earnings before interest, taxation, depreciation and amortisation	7,939	12,155	(34.7%)
Earnings before interest and taxation	5,407	9,407	(42.5%)
Net profit for the period attributable to members	3,654	6,250	(41.5%)
Earnings per share (cents)	2.59 cents	4.60 cents	(43.7%)

The decline in consumer confidence and slowdown in consumer spending associated with the global economic decline has made itself evident in the trading results of both the Mobiles and Computer businesses. The impact has particularly been felt in the Next Byte business where the computer retail sector has been affected by weaker demand and this has been exacerbated by increased competition in this sector.

Fone Zone has performed largely in line with expectations, supported by the store optimisation program. During the period, 22 underperforming stores were closed, 1 relocated and 1 new store opened. Nevertheless, the next six months is expected to be a similarly challenging period for the Mobiles business.

Although the increased retail competition and the current economic conditions have slowed our growth strategy for Next Byte and contributed to the decision to close 2 smaller underperforming stores, 3 new stores were opened during the period. Sales levels in the Education, Corporate and Government segments are holding firm but demand in the retail market is expected to remain weak for several months. The centralisation of support functions to Brisbane is almost complete and the retail operational related improvements introduced in recent months are having a favourable impact on the cost structure of the Next Byte business.

Given the reduction in revenue, we have implemented a number of cost reduction initiatives across the business aimed at reducing expenditure and personnel costs, particularly in support areas. These initiatives will help to offset the impact of the weaker top line result.

An impairment review of the carrying value of the Group's goodwill and intangible assets undertaken in accordance with AASB 136 *Impairment of Assets* indicates that no additional impairment charge is required in relation to any of the group's assets.

Cash Flow

Net cash flow from operating activities for the half year ended 31 December 2007 was abnormally high due to \$15.1m in December 07 trade creditors being paid in early January 08.

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Dividends

No interim dividend for 2009 has been declared. (2008: 2.5cents)

Other information

Net tangible asset backing

(8.9) cents per share (Dec 2007: (9.7) cents per share)