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Vision Group Holdings Limited
ABN 21 098 890 816

VISION GROUP HOLDINGS LIMITED

MARKET UPDATE

Vision Group Holdings Limited (the Company) is pleased to provide the following market update.

Doctor re-contracting

A further four doctors have re-contracted with Vision Group under the Company's new EBIT based Doctor Partner remuneration equivalent model:

- Dr Doug Roydhouse specialises in cataract surgery and medical retina at Vision Eye Institute, Footscray. He has been with the Company since 2003.
- Dr Mark Jacobs specialises in cataract surgery at Vision Eye Institute, Drummoyne. He has been with the Company since 2005.
- Dr Frank Howes specialises in refractive surgery, glaucoma and cataract surgery at Vision Eye Institute and Vision Laser in Brisbane and on the Gold Coast. He has been with the Company since 2005.
- Dr Paul Ng specialises in cataract surgery and medical retina at Vision Eye Institute and Vision Retinal Institute on the Gold Coast. He has been with the Company since 2003.

Dr's Roydhouse, Jacobs and Howes have signed contracts to remain with the Company in the long term and Dr Ng has re-contracted for a further 12 months. Dr Ng has indicated that he is likely to leave the Company at the end of that period; however discussions are continuing.

Re-contracting of other Doctor Partners will continue as their existing contracts fall due. There are currently 40 Doctor Partners in the Company.

Positive impact of the new EBIT based Doctor Partner remuneration equivalent model

As an increasing number of doctors move to the new EBIT based remuneration equivalent model, the Company is very pleased to report that the expected benefits associated with the new model are emerging, with encouraging revenue uplifts and increased focus on cost management and reduction becoming clearly evident.

Recapitalisation update

At its AGM on 25 October 2010 the Company advised that it had engaged, and was continuing to engage in discussions with a number of parties in relation to a potential transaction with the Company.

The focus of these parties was primarily in relation to the Company's day surgeries business, and in this regard, the Company received a number of indicative offers to acquire this business. The Board, supported by advice from its corporate advisor, Credit Suisse (Australia) Ltd, concluded the indicative offers did not provide sufficiently attractive value for shareholders.

The Company continues to assess other capital structuring initiatives; however the primary effort is being directed towards realising the full potential of the Company through a focused program of operational improvement initiatives, which are currently underway.

Operational focus

The Company is making excellent progress on previously announced business initiatives including:

- re-contracting of existing Doctor Partners under the new EBIT based remuneration equivalent model,
- cost reduction,
- organic growth, and
- optimisation of the day surgery business

In addition discussions are being held with a number of new doctors and several recruits are expected within the next 12 months.

Shane Tanner
Chairman

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