

**HERITAGE BRANDS LIMITED**  
**ACN 081 149 635**  
**RIGHTS ISSUE**  
**OFFER DOCUMENT**

2.9358 for 1 non-renounceable rights issue of  
approximately 1,343,499,467 New Shares  
at 0.75 cents (\$0.0075) per New Share to raise up to approximately  
\$10,076,246 before costs

Partially underwritten by Pitt Capital Partners Limited

This document is important and requires your immediate attention. It should be read in its entirety. If you are in doubt as to the action you should take, consult your stockbroker, accountant, financial or other professional adviser immediately.

An investment in the New Shares offered by this Offer Document should be considered **SPECULATIVE**.

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## IMPORTANT NOTICES

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This Offer Document is dated 16 June 2015 and is issued pursuant to section 708AA of the *Corporations Act 2001* (Cth) for the offer of New Shares without disclosure to investors under Part 6D.2 of the *Corporations Act*. This Offer Document was lodged with NSX on 16 June 2015. NSX takes no responsibility for the contents of this Offer Document.

This Offer Document is not a prospectus and does not contain all of the information that an investor would find in a prospectus or which may be required by an investor in order to make an informed investment decision regarding, or about the rights attaching to, New Shares. Nevertheless, this Offer Document contains important information and requires your immediate attention. It should be read in its entirety. If you are in any doubt as to how to deal with this Offer Document, you should consult your professional adviser as soon as possible.

The New Shares being offered under this Offer Document pursuant to the Rights Issue are being offered to Eligible Shareholders, being Shareholders with a registered address in Australia or New Zealand at 7.00 pm (Sydney time) on the Record Date. This Offer Document does not, and is not intended to, constitute an offer or invitation in the United States, or to any person acting for the account or benefit of a person in the United States, or in any other place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No offer is being made to Shareholders with a registered address outside Australia or New Zealand. The distribution of this Offer Document and the Entitlement and Acceptance Form (including electronic copies) outside Australia and New Zealand may be restricted by law. If you come into possession of these documents, you should observe such restrictions and should seek your own advice about such restrictions. Please refer to Section 1.12.

Information about the Company is publicly available and can be obtained from ASIC and NSX (including its website [www.nsx.com.au](http://www.nsx.com.au)). The contents of any website or ASIC or NSX filing by the Company are not incorporated into this Offer Document and do not constitute part of the Offer. This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to NSX. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Offer Document. Any such extraneous information or representation may not be relied upon.

The Underwriter:

- has not authorised, permitted or caused the issue, lodgement, submission, despatch or provision of this Offer Document;
- does not make, or purport to make, any statement in this Offer Document, and there is no statement in this Offer Document which is based on any statement by the Underwriter; and
- to the maximum extent by law, expressly disclaims all liability in respect of, makes no representations regarding, and takes no responsibility for, any part of this Offer Document.

This Offer Document may include forward looking statements based on current expectations about future acts, events and circumstances. These forward looking statements are, however, subject to

risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward looking statements.

Eligible Shareholders will be mailed a copy of this Offer Document, accompanied by a personalised Entitlement and Acceptance Form. Applications for New Shares by Eligible Shareholders may only be made on an **original** Entitlement and Application Form that accompanies a paper version of this Offer Document. The Entitlement and Acceptance Form sets out the Entitlement of an Eligible Shareholder to participate in the Offer. Please read the instructions in this Offer Document and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement.

This Offer Document has been placed on the Company's website at [www.heritagebrands.com.au](http://www.heritagebrands.com.au) for information purposes only. Eligible Shareholders cannot apply for New Shares pursuant to the electronic version of this Offer Document.

By returning an Entitlement and Acceptance Form or lodging an Entitlement and Acceptance Form with your stockbroker or otherwise arranging for payment for your New Shares through BPay® in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have received and read this Offer Document, you have acted in accordance with the terms of the Offer detailed in this Offer Document and you agree to all of the terms and conditions as detailed in this Offer Document.

Some capitalised words or terms in this Offer Document have defined meanings which appear in the glossary in Section 5.

## CHAIRMAN'S LETTER

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# Heritage Brands

16 June 2015

Dear Shareholder,

Heritage Brands announced on 15 June 2015 that, subject to the Company satisfying a number of conditions, it had agreed to acquire the entire issue share capital of Oswin Laboratories Pty Limited, which owns the Le Tan brand name ("**Acquisition**"). The Acquisition will assist Heritage Brands in achieving the objective of gaining further scale, by expanding the brands it owns within the health and beauty sectors.

Le Tan is a 28 year old brand in the sun care and sun protection segments of the health and beauty sectors. Le Tan is sold through major supermarket stores as well as through the pharmacy channel.

On behalf of the Board, I am pleased to invite you as Eligible Shareholders to participate in a 2.9358 for 1 non-renounceable Rights Issue at a price of 0.75 cents (\$0.0075) per New Share to raise up to approximately \$10,076,246.

In addition, Eligible Shareholders may apply for Additional Shares over and above their Entitlement at the same price of 0.75 cents (\$0.0075) per Additional Share, if and to the extent there is any Shortfall.

The Offer Document will be lodged with NSX on 16 June 2015 and a copy will be sent to all Eligible Shareholders who are on the register as at 7:00pm (Sydney time) on 2 July 2015.

The Offer is open for acceptance until 5 pm (Sydney time) on 23 July 2015.

Pitt Capital Partners Limited has agreed to partially underwrite the Rights Issue to the extent of \$6,103,122, subject to the terms of the Underwriting Agreement. Those terms include that the Underwriting Agreement is subject to satisfaction of the following conditions:

- The Underwriter entering into satisfactory sub-underwriting agreements for the sub-underwriting of the amount underwritten of \$6,103,122.
- The Company agreeing with the Shareholders who are owed the Shareholder Loans that they will agree to take up their Entitlement in an amount at least equal to the amount of the Shareholder Loan owed to them.

Funds to be raised from the Rights Issue will be used as follows:

- to help fund the purchase price payable for Oswin Laboratories Pty Limited;
- to enable the Company to repay the Shareholder Loans in a total amount of \$3,973,124. Once those Shareholder Loans have been fully repaid, each of the Shareholders to whom the Shareholder Loans are owed will release and discharge certain encumbrances that they hold over the assets of the Company; and
- to meet the costs of the Rights Issue.

To find out what you need to do to participate in the Rights Issue, please refer to Section 2 of the Offer Document. I urge you to read the Offer Document thoroughly before making your investment decision, including the risk factors set out in Section 3.

# Heritage Brands

On behalf of the Board, I take this opportunity to thank each of our Shareholders and look forward to your support of the Rights Issue.

Yours sincerely,

D.J. Fairfull  
Chairman

# INVESTMENT OVERVIEW

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## Introduction

The purpose of this Section is to give Shareholders an investment overview that helps them make an informed investment decision by highlighting key information. It is an introduction to the Offer and is not intended to replace the other Sections of this Offer Document, which Eligible Shareholders should read in full.

## Details of the Offer

### *Rights issue*

The Company is making a partially underwritten non-renounceable rights issue offer to each Eligible Shareholder of 2.9358 New Shares for every one Existing Share held on the Record Date at an issue price of 0.75 cents (\$0.0075) per New Share.

Please refer to Section 1.1 for further details.

### *Entitlement*

The number of New Shares to which an Eligible Shareholder is entitled is shown on your personalised Entitlement and Acceptance Form accompanying this Offer Document.

### *Eligibility*

Every Shareholder registered as a holder of Shares at 7.00pm (Sydney time) on the Record Date, and who has a registered address in Australia or New Zealand is entitled to participate in the Offer.

Please refer to Section 1.12 for further details.

### *Important Dates*

The Closing Date and time for acceptances and payment, and other important dates, are set out in the Key Dates in Section 1.3.

### *Additional Shares*

Eligible Shareholders who take up their full Entitlement may apply for additional New Shares. However, the Company does not guarantee the issue of additional New Shares.

Please refer to Section 1.2 for further details.

## Key Company highlights

Heritage Brands is an Australian registered public company which is listed on the NSX.

The principal activities of the Company (and its controlled entities) is the selling and distribution of branded products in the cosmetics, toiletries, skincare, nail care, sun protection, artificial tanning, aromatherapy oils and fragrances sector of the market.

Currently the skincare market in Australia is worth approximately A\$6 billion at retail sales level and approximately A\$250 billion globally. One of the fastest growing segments within the skincare sector is the Sunsmart/Suncare segment with current growth circa.15% per annum. In Australia the Sunsmart/Suncare is worth approximately A\$575 million and A\$4.3 billion globally.

To attempt to boost the Company's development in the Sunsmart/Suncare segment and to try to fast track its successful entry into this category, both within Australia and internationally, it has negotiated the purchase of the Le Tan brand and products through the acquisition of Oswin Laboratories Pty Ltd.

Please refer to the Company's website [www.heritagebrands.com.au](http://www.heritagebrands.com.au) for further details.

This is a selective overview of the highlights and should be read in conjunction with the key risks below, the information in this Offer Document and other public announcements and reports of the Company.

### **Key Risks**

The activities of the Company and its controlled entities, as in any business, are subject to risks which may impact on the Company's future performance.

Prior to deciding whether to take up any or all of their Entitlements, Shareholders should read this Offer Document in its entirety and review announcements made by the Company to NSX (at [www.nsx.com.au](http://www.nsx.com.au) under the code "HBA") in order to gain a better appreciation of the activities, operations, financial position and prospects of Heritage Brands.

An investment in New Shares should be considered speculative. New Shares carry no guarantee with respect to the payment of any dividends, returns of capital or the market value of those New Shares.

Shareholders should also consider the risk factors set out below in Section 3 which the Company believes represent some of the material specific and general investment risks that Shareholders should be aware of when evaluating Heritage Brands and deciding whether to increase their shareholding in the Company.

### **Purpose of the Offer**

Heritage Brands expects to use the funds raised under this Offer to repay outstanding Shareholder Loans, to partly pay the purchase price for the acquisition of Oswin Laboratories Pty Limited and to pay the costs of the Rights Issue.

Please refer to Section 1.4 for further details.

### **Underwriting Agreement**

Under the Underwriting Agreement, the Underwriter has agreed to partially underwrite the Offer to the extent of \$6,103,122, on the terms and conditions set out in the Underwriting Agreement.

Please refer to Section 4.1 for further details.

# 1. DETAILS OF THE OFFER

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## 1.1. The Offer

Heritage Brands Limited ACN 081 149 635 is making a partially underwritten non-renounceable pro rata offer of fully paid ordinary shares in the capital of the Company to Shareholders with a registered address in Australia or New Zealand. Eligible Shareholders who are on the Company's share register at 7:00pm (Sydney time) on 2 July 2015 will be entitled to apply for 2.9358 New Shares for every 1 Existing Share held at an Issue Price of \$0.0075 or 0.75 cents each per New Share. The Issue Price is payable in full on application.

Fractional entitlements will be rounded down to the nearest whole number.

Under the Offer, up to approximately 1,343,499,467 New Shares will be issued and the Company will raise up to approximately \$10,076,246 before costs. The number of New Shares to which you are entitled is shown on the accompanying Entitlement and Acceptance Form.

You may apply for all or part of your Entitlement.

The New Shares will be fully paid and will rank equally with the Company's Existing Shares.

## 1.2. Additional Shares

Eligible Shareholders who take up their full Entitlement may also apply for Additional Shares. Applications for Additional Shares may be considered if not all of the approximately 1,343,499,467 New Shares are taken up by the Eligible Shareholders under the Offer. Applications for Additional Shares will be satisfied prior to the Shortfall Offer referred to in Section 1.11. Additional Shares will be issued at the discretion of the Directors after consultation with the Underwriter and, as a result, there is no guarantee that you will receive Additional Shares. See Section 2.4 for further details.

In the event that Entitlements are not taken up in full, Eligible Shareholders who have taken up all of their Entitlement and have made an application for Additional Shares may be allocated Additional Shares as follows:

- (a) the number of Additional Shares allocated to an Eligible Shareholder who has applied for Additional Shares will be at the discretion of the Directors after consultation with the Underwriter;
- (b) the Directors reserve the right to allocate Additional Shares to Eligible Shareholders in part or not at all;
- (c) an Eligible Shareholder will not receive more Additional Shares than they have applied for; and
- (d) allocations will be made in a way such that all laws, in particular the takeovers prohibitions in Chapter 6 of the Corporations Act, are complied with.

There is no guarantee that Eligible Shareholders will be successful in being allocated any of the Additional Shares that they may apply for. If an application for Additional Shares is scaled back or the Directors decide not to issue Additional Shares to an Eligible Shareholder, the Application

Money for those Additional Shares which are not issued to the applicant will be returned to the applicant without any payment of interest.

### 1.3. Key dates

The Offer is open for acceptance until 5:00pm (Sydney time) on the Closing Date or such other date as the Directors, in conjunction with the Underwriter, shall determine, subject to the Listing Rules. Other key dates for the Offer are as follows:

Event	Date
Rights Issue / Offer announced via NSX and Offer Document lodged with NSX	16 June 2015
Notice sent to Shareholders containing information about Rights Issue	17 June 2015
Shares quoted on an "ex" basis	30 June 2015
Record Date to identify Shareholders entitled to participate in Rights Issue	2 July 2015
Offer Document and Entitlement and Acceptance Forms despatched to Eligible Shareholders	9 July 2015
Closing Date for acceptance and payment	23 July 2015
Issue of New Shares and despatch of holding statements	30 July 2015

The timetable outlined above is indicative only and subject to change. The Directors in conjunction with the Underwriter, reserve the right to vary these dates, including the Closing Date, without prior notice but subject to the Corporations Act and the Listing Rules. The Directors also reserve the right not to proceed with the whole or part of the Offer at any time prior to allotment. In that event Application Money will be returned without interest.

### 1.4. Use of proceeds

The immediate financial effect of the Offer on the Company will be to increase cash reserves by approximately \$9,826,246 (being \$10,076,246 gross proceeds to be raised **less** \$250,000 in estimated costs of the Rights Issue). The Company intends to apply the funds raised in the following manner:

Use of proceeds	Indicative amount
Repayment of Shareholder Loans	\$ 3,973,124
Payment of part of purchase price for the Acquisition	\$ 5,853,122
Expenses related to the Rights Issue	<u>\$ 250,000</u>
Total gross proceeds to be raised	<u>\$10,076,246</u>

One of the primary uses of the funds raised will be to repay the Shareholder Loans in the sum of \$3,973,124.

The Shareholder Loans are the following amounts owed by the Company to the following Shareholders:

<b>Name of Shareholder to whom Shareholder Loan is owed</b>	<b>Amount of Shareholder Loan owed by the Company</b>
Souls Private Equity Limited	\$ 968,157
Maximize Equity Pty Ltd	\$ 901,306
Rawlo International Pty Ltd	\$1,441,750
Stephen Mason	\$ 350,000
Chris McGibbon	\$ 7,000
PJT Holdings Pty Ltd	\$ 100,497
S. Goodey Pty Ltd	\$ 103,917
JKL Developments Pty Ltd	\$ 100,497
Steven O'Neill	\$ 103,122

In addition, \$5,853,122 is to be used to partly pay the purchase price for the Acquisition of Oswin Laboratories Pty Limited.

The above use of proceeds table (the first table in this Section) assumes that the maximum amount of \$10,076,246 is raised under the Rights Issue. This is because the Underwriting Agreement is conditional on the amount underwritten by the Underwriter of \$6,103,122 being fully sub-underwritten and also conditional on those Shareholders who are owed the Shareholder Loans agreeing to take up their Entitlements in an amount at least equal to the amount of the outstanding Shareholder Loans of \$3,973,124. The total of those two amounts equals \$10,076,246.

If either of the conditions is not satisfied then it is likely that the Offer will be withdrawn, so that no moneys are raised.

### **1.5. Capital structure**

As at the date of this Offer Document the Company has 457,622,635 Shares on issue.

The principal effect of the Offer on the Company's capital structure will be to increase the total number of issued Shares by approximately 1,343,499,467.

The following table shows the proposed capital structure of the Company on completion of the Rights Issue assuming the maximum number of New Shares is issued under the Rights Issue:

Security	Number at date of this Offer Document	Number following completion of Rights Issue
Shares	457,622,635	1,801,122,102

Details of the effect of the Offer on control of the Company are set out in Section 4.3.

## 1.6. Entitlements

Each Eligible Shareholder who is registered as the holder at 7:00pm (Sydney time) on the Record Date is entitled to participate in the Offer. The number of New Shares to which you are entitled is shown on your Entitlement and Acceptance Form accompanying this Offer Document.

You may accept all, or part, of your Entitlement by completing the Entitlement and Acceptance Form and returning it in accordance with the instructions set out on the reverse of that form prior to the Closing Date.

If you decided not to accept all or part of your Entitlement or fail to do so by the Closing Date, your Entitlement to the extent unaccepted will lapse and the New Shares not taken up by you will form part of the Shortfall.

As a result of this Offer, Eligible Shareholders who do not take up all of their Entitlement will have their percentage shareholding in the Company diluted. It is the responsibility of Applicants to determine their allocation prior to trading in the New Shares. The sale by Applicants of New Shares prior to the receipt of a holding statement is at the Applicant's own risk.

## 1.7. No Trading of Entitlements

The Entitlements to New Shares are non-renounceable, which means they cannot be sold. Refer to Section 2 for instructions on how to deal with your Entitlement.

## 1.8. Underwriting

The Offer is partially underwritten by Pitt Capital Partners Limited pursuant to an underwriting agreement between the Underwriter and the Company dated 15 June 2015. See Section 4.1 for further details.

## 1.9. NSX listing

The Company has made an application to NSX for Official Quotation of the New Shares. If NSX does not grant quotation for the New Shares within 3 months after the date of this Offer Document, the Company will not allot any New Shares and all Application Money will be refunded without interest.

The fact that NSX may grant Official Quotation of the New Shares is not to be taken in any way as an indication of the merits of the Offer or the New Shares offered under this Offer Document.

## 1.10. Refund of Application Money

Application Moneys will be held in a subscription account established and held by the Company on behalf of each Eligible Shareholder until the New Shares are issued. If necessary,

Application Money will be refunded as soon as reasonably practicable, without interest. Interest earned on any Application Money will be for the benefit of the Company and will be retained by the Company regardless of whether New Shares are issued under the Offer.

### **1.11. Shortfall Offer**

New Shares not taken up by Eligible Shareholders (including pursuant to applications for Additional Shares) will form part of the Shortfall Offer. The issue price of any Shares offered pursuant to the Shortfall Offer will be 0.75 cents (\$0.0075) each, being the same price as the New Shares offered to Eligible Shareholders pursuant to the Offer. As the Offer is partially underwritten and conditional on Shareholders agreeing to subscribe for a minimum amount equal to that part of the Offer which is not underwritten, it is anticipated that any Shortfall will be taken up by the Underwriter (and sub-underwriters). Accordingly, Shortfall Shares will only be issued if the Offer is undersubscribed and sub-underwriters terminate their underwriting arrangements prior to the Closing Date. In such circumstances, the Directors, in consultation with the Underwriter, reserve the right to place the Shortfall at their discretion within 3 months after the close of the Offer, subject to the NSX Listing Rules and any other applicable law.

Allotment of Shortfall Shares under the Shortfall Offer may occur on a progressive basis at any time on or after the date of allotment of New Shares under the Offer.

### **1.12. Distribution restrictions and treatment of foreign Shareholders**

#### ***General***

This Offer Document, the Entitlements and the New Shares have not been registered, and will not be registered, in any jurisdiction, including the United States under the Securities Act 1933. Neither this Offer Document nor the Entitlement and Acceptance Form constitutes an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

The distribution of this Offer Document or the Entitlement and Acceptance Form (including electronic copies) in jurisdictions outside Australia may be restricted by law and therefore persons who come into possession of this Offer Document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. In particular, this Offer Document and the accompanying Entitlement and Acceptance Form may not be sent to investors in the United States or to any person acting for the account or benefit of a person in the United States. The Directors reserve the right to treat as invalid any Entitlement and Acceptance Form that appears to the Directors or the Company's agents to have been submitted in violation of any applicable securities laws.

Eligible Shareholders who are resident outside Australia or New Zealand should consult their professional advisers as to whether, in order to enable them to take up their Entitlements, any governmental or other consents are required or other formalities need to be observed.

The Offer contained in this Offer Document to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). Members of the public in New Zealand who are not Eligible Shareholders on the Record Date are not entitled to apply for any New Shares.

Eligible Shareholders holding Shares on behalf of persons who are resident outside Australia or New Zealand (including nominees, custodians and trustees) are responsible for ensuring that

any dealing with their Entitlements and any New Shares issued do not breach the laws and regulations in the relevant overseas jurisdiction, and should seek independent professional advice and observe any applicable restrictions relating to the taking up of Entitlements or the distribution of this Offer Document or the Entitlement and Acceptance Form.

The making of an application (whether by the return of a duly completed Entitlement and Acceptance Form or by the making of a BPay® payment or otherwise) will constitute a representation that there has been no breach of such laws or regulations. Shareholders who are nominees, custodians or trustees are therefore advised to seek independent advice as to how they should proceed.

### ***Excluded Shareholders***

The Company will not make an Offer to Shareholders with a registered address outside Australia and New Zealand. The Company has decided that it is unreasonable to extend the Offer to Excluded Shareholders having regard to:

- (a) the number of Shareholders with a registered address outside Australia and New Zealand (as at the date of this Offer Document there are no Shareholders with a registered address outside Australia and New Zealand);
- (b) the number and value of New Shares that would be offered to Shareholders with a registered address outside Australia and New Zealand; and
- (c) the cost of complying with the legal requirements, and requirements of regulatory authorities, in the overseas jurisdictions.

Where this Offer Document has been despatched to Excluded Shareholders, this Offer Document is provided for information purposes only.

In limited circumstances the Company may elect to treat as Eligible Shareholders certain Shareholders who would otherwise be Excluded Shareholders, provided the Company is satisfied that it is not precluded from lawfully issuing New Shares to such Shareholders either unconditionally or after compliance with conditions which the Board in its sole discretion regards as acceptable and not unduly onerous.

## **2. ACTIONS REQUIRED BY SHAREHOLDERS**

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Acceptance of the Offer must be made by Eligible Shareholders on the **original** Entitlement and Acceptance Form accompanying this Offer Document and must not exceed the Entitlement as shown on that form. The Directors reserve the right to reject any applications for New Shares that are not made in accordance with the terms of this Offer Document or the instructions on the Entitlement and Acceptance Form.

### **2.1 Taking up all of your Entitlement**

If you wish to take up all of your Entitlement, complete the Entitlement and Acceptance Form in accordance with the instructions set out on the front of that form and arrange for payment of the Application Money in accordance with Section 2.5.

## **2.2 Allow all or part of your Entitlement to lapse**

If you decide not to accept all or part of your Entitlement, or fail to accept your Entitlement by the Closing Date, your Entitlement to the extent not accepted will lapse. The New Shares not subscribed for will form part of the Shortfall.

If you do nothing, although you will continue to own the same number of Shares, your proportionate shareholding in the Company will be diluted.

## **2.3 Taking up part of your Entitlement and allowing the balance to lapse**

If you wish to take up part of your Entitlement under the Offer and allow the balance to lapse, please complete the Entitlement and Acceptance Form for the number of New Shares you wish to take up in accordance with the instructions set out on the front of that form and arrange for payment of the applicable amount of Application Money in accordance with Section 2.5.

## **2.4 Apply for Additional Shares**

If you are an Eligible Shareholder and wish to take up your Entitlement in full, you may also apply for Additional Shares in excess of your Entitlement.

Any such Application for Additional Shares will be dealt with as follows:

- (a) An Eligible Shareholder, to apply for any Additional Shares, must first have taken up all of their Entitlement.
- (b) An Eligible Shareholder will not be entitled to any Additional Shares to the extent the issue and allotment of those Additional Shares will result in a breach of any law or an Eligible Shareholder obtaining voting power in Shares of greater than 20%.
- (c) As to whether all or any Additional Shares are allocated to Eligible Shareholders who have applied for Additional Shares is at the discretion of the Directors in consultation with the Underwriter and in accordance with the provisions of the Underwriting Agreement.

Neither the Company nor the Underwriter guarantees that you will receive any of the Additional Shares that you may apply for.

The application price for Additional Shares is 0.75 cents (\$0.0075) per Additional Share, the same price as New Shares are offered under the Rights Issue.

If you wish to apply for Additional Shares, insert the number of Additional Shares you wish to apply for in the Acceptance Payment Details section on the accompanying Entitlement and Acceptance Form. You must also provide payment with your Entitlement and Acceptance Form to cover all of the Additional Shares for which you are applying.

Payment should be made, and the completed Entitlement and Acceptance Form should be forwarded to the Share Registry, in accordance with the instructions for the payment for New Shares in Section 2.5.

If you are not allocated all or any of the Additional Shares that you have applied for, you will be provided with a refund of the balance of the Acceptance Moneys as well as your allocated Additional Shares.

The number of Additional Shares available to Eligible Shareholders applying for Additional Shares will be determined within 3 Business Days of the Closing Date. Additional Shares will be issued at the same time as the other New Shares under the Rights Issue. If you have applied for Additional Shares, you will be notified of the number of Additional Shares to be issued to you at the time of despatch of holding statements for the New Shares under the Rights Issue.

Additional Shares are expected to be issued and allotted and holding statements despatched by 30 July 2015. It is the responsibility of Shareholders to confirm the number of New Shares allotted to them prior to trading on NSX. Shareholders who sell their New Shares before they receive their holding statements do so at their own risk.

## **2.5 Payment and return of Entitlement and Acceptance Form**

You may pay the Application Money by BPay®, cheque, or money order.

### ***Payment by BPay®***

Those Applicants who elect to pay by BPay® must follow the instructions for BPay® described in the Entitlement and Acceptance Form (which includes the biller code and your unique customer reference number). Please note that should you choose to pay by BPay® payment:

- (a) you do **not** need to submit the personalised Entitlement and Acceptance Form but are taken to make the statements on that Entitlement and Acceptance Form; and
- (b) if you do **not** pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Money.

Applicants should be aware that their own financial institution may implement earlier cut off times with respect to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the Applicant to ensure that funds submitted through BPay® are received by no later than 5:00pm (Sydney time) on 23 July 2015.

### ***Payment by cheque, money order or bank draft***

Those Applicants who elect to pay by cheque or money order must follow the instructions described in the Entitlement and Acceptance Form. You must ensure that:

- (a) your Entitlement and Acceptance Form is complete;
- (b) your cheque or money order for the applicable amount of Application Money is made in Australian currency, drawn on an Australian branch of a financial institution, made payable to “Heritage Brands Limited” and crossed “Not Negotiable”; and
- (c) your completed Entitlement and Acceptance Form and cheque or money order are received by the Share Registry by no later than 5:00pm (Sydney time) on 23 July 2015 at:

By Mail: Boardroom Pty Limited  
GPO Box 3993  
SYDNEY NSW 2001

By Hand: Boardroom Pty Limited  
Level 12  
225 George Street  
SYDNEY NSW 2000

For further information on your Entitlement or how to accept your Entitlement, please contact the Share Registry as follows:

Boardroom Pty Limited

Telephone: (within Australia) 1300 737 760

Facsimile: (outside Australia) +61 2 9290 9600

### **3. RISK FACTORS**

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#### **3.1 Introduction**

The Company's business is subject to risk factors, both specific to its business activities and of a general nature, which either individually or in combination, could materially and adversely affect the future operating and financial performance of the Company and accordingly the value of an investment in the Company. While some of these risks can be mitigated by the use of appropriate safeguards and systems, many are outside the control of the Company and cannot be mitigated. In particular, there can be no guarantee that the Company will achieve its stated objectives or that any forward looking statements or forecasts will eventuate. An investment in the Company should be considered speculative and must be considered in light of all relevant risks, both general and specific.

In addition, potential investors should be aware that the value of Shares on the NSX may rise and fall depending on a range of factors that affect the market price of Shares. These include local, regional and global economic conditions and sentiment towards equity markets in general. The New Shares to be issued under this Rights Issue carry no guarantee with respect to profitability, the payment of dividends, return of capital or the price at which the New Shares may trade on the NSX.

The following summary, which is not exhaustive, represents some of the major risk factors which potential investors need to be aware of.

#### **3.2 Specific Investment Risks**

##### **3.2.1 Growth Management**

There is a risk that the Company will not be able to implement its growth strategy after completion of the Acquisition. The capacity of management to properly implement and manage the strategic direction and growth of the Company may affect its financial performance.

##### **3.2.2 Future Acquisitions**

The Company plans to make appropriate strategic acquisitions in the future based on specific acquisition criteria. There is no guarantee that additional targets meeting those criteria will be found or can be negotiated to be acquired on terms that are acceptable to the Company.

### **3.2.3 Reliance Upon Key Personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

### **3.2.4 Liability Risk**

The Company has in place a level of insurance considered suitable for its current business undertakings. However, if the Company's insurance arrangements are not adequate to protect it against liability for all losses (including but not limited to public liability, product liability or losses arising from business interruption) or should the Company experience losses in excess of the scope of its insurance cover, the Company's financial performance may be adversely affected.

### **3.2.5 Capital Requirements**

In the opinion of the Board, the Company's working capital before and following the Offer is sufficient to meet its current business objectives. However, there can be no assurance that additional working capital will not be required in the future to meet these objectives and, if it is needed, whether it will be available on terms favourable to the Company.

### **3.2.6 General Economic Conditions**

Australian and world economic conditions may negatively affect the Company's operating and financial performance. Any protracted slow down in economic or business conditions or factors such as inflation, currency fluctuations, interest rates, level of business or consumer spending, supply and demand and industrial disruption may have a negative impact on the Company's costs and revenue. These changes could adversely affect the Company's operations and earnings.

### **3.2.7 Regulatory Changes**

The introduction of new legislation or amendments to existing legislation by governments, developments in existing common law, or the respective interpretation of the legal requirements in any of the legal jurisdictions that govern the Company's operations or contractual obligations, could impact adversely on the assets, operations and, ultimately, the financial performance of the Company and its Shares. In addition, there is a commercial risk that legal action may be taken against the Company in relation to commercial matters.

### **3.2.8 Exchange Rates**

The affordability of certain raw materials, accessories and other products used in manufacturing the Company's products may be adversely affected by movements in exchange rates, for example through higher prices for imported raw materials or products. Conversely, an exchange rate movement in the other direction may limit the appeal of the export opportunities of the Heritage Brands group of companies if prices are increased to offset a strengthening Australian dollar, or erode margins if prices are left the same in the foreign market.

### **3.2.9 Competition**

The Company operates in a competitive market environment. The Company's financial performance could be affected if the actions of competitors become more effective or if new competitors enter the market.

### **3.2.10 Intellectual Property**

No assurance can be given that the value of the intellectual property rights of the Heritage Brands group of companies will be completely protected, or the Heritage Brands group of companies' competitive position will be able to be maintained by the legal protection afforded by a combination of copyright, trade mark, trade secrecy laws, confidentiality and other intellectual property rights. There can be no assurance that third parties or employees will not breach confidentiality agreements, infringe or misappropriate the intellectual property of the Heritage Brands group of companies or will not be able to produce a non-infringing competitive product or service.

### **3.2.11 Illiquidity of Shares**

In light of the highly concentrated shareholdings in the Company, the market in the Shares operated on the NSX may be relatively illiquid.

### **3.2.12 Potential for significant dilution**

Upon completion of the Rights Issue, the number of Shares in the Company will increase from 457,622,635 to 1,801,122,102. This means that each Share will represent a significantly lower proportion of the ownership of the Company.

Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 75% (as compared to their holdings and number of Shares on issue as at the date of this Offer Document).

### **3.2.13 Asset Value Impairment**

The Company has a significant amount of intangible assets recorded on its balance sheet. The Company annually tests the carrying value of these intangible assets for impairment. The estimates and assumptions about results of operations and cash flows made in connection with impairment testing could differ from future actual results of operations and cash flows. In addition, future events could cause the Company to conclude that the asset values associated with a given operation have become impaired. Any resulting impairment loss could have a material impact on the Company's financial position.

### **3.2.14 Refinancing loan facility**

The Company's wholly owned subsidiary, Heritage Brands (Australia) Pty Limited, has accepted a letter of offer of finance from Bank of Melbourne under which the following facilities may be provided by Bank of Melbourne to the Heritage Brands group of companies:

- \$10 million under a multi option loan facility, incorporating invoice discounting, letters of credit facility and trade refinancing facility; and
- \$40,000 under a credit card facility.

The above facilities are subject to a number of conditions. Even if those conditions are satisfied, it is only proposed to draw down under the facility simultaneously with completion of the Acquisition of Oswin Laboratories Pty Limited, which is expected on 31 July 2015. It is intended to use the moneys to be borrowed from Bank of Melbourne to pay part of the purchase price for the Acquisition of Oswin Laboratories Pty Limited and to repay one of the Company's existing secured lenders.

The loan facility may be terminated by Bank of Melbourne at any time 12 months after the commencement of the facility, on one month's notice to the Company.

If Bank of Melbourne were to terminate the loan facility, there is a refinancing risk that a replacement loan facility will not be available or will not be available on terms as favourable to the Company as this current loan facility. If the Company is not able to refinance the loan facility when it falls due for payment, it could have an adverse impact on the Company's financial position.

### **3.2.15 *Prospective Information***

No assurances as to future profitability or dividends can be given as they are dependent on future earnings and the working capital requirements of the Company.

There can be no guarantee that the business plans and strategies of the Board will ultimately prove to be valid or accurate. The business plans and strategies of the Board depend on various factors many of which are outside the control of the Company.

## **3.3 General Investment Risks**

### **3.3.1 *Price of New Shares may fluctuate***

The price of the New Shares on the NSX may rise and fall due to numerous factors including:

- general economic conditions, including inflation, interest rates, and exchange rates;
- changes to government policy, legislation or regulation;
- variations in the prices of other listed stocks in general;
- inclusion or removal from major market indices;
- the nature of competition in the markets in which the Company operates; and
- other general operational and business risks.

It is the nature of equity markets that a company's share price is subject to wide fluctuations, which may not reflect the underlying value of the company.

### **3.3.2 *Trading in Shares***

Although the Company is listed on NSX, there is no assurance that an active trading market for its Shares will be sustained. There is also no assurance that the market price for the Shares will not decline below the Issue Price. The market price of Shares could be subject to significant fluctuations due to various external factors and events, including the liquidity of the Shares in the market, the Company's actual financial and operating results and broader market-wide fluctuations.

### **3.3.3 Taxation**

Any change to the current taxation regime in Australia or an interpretation of Australian taxation laws by the Australian Taxation Office that is contrary to the Company's view of those laws may increase the amount of tax paid by the Company or affect the treatment of tax losses that may have otherwise reduced the tax payable by the Company. The Company obtains external expert advice on the application of the tax laws to its operations. The Company is not currently in dispute with any revenue authority in respect to any taxation matter.

Personal tax liabilities are the responsibility of each individual investor. The Company is not responsible for taxation or penalties incurred by investors.

### **3.3.4 Accounting standards**

Australian accounting standards are set by the Australian Accounting Standards Board ("AASB") and are outside the Directors' and the Company's control. Changes to accounting standards issued by AASB or changes to the commonly held views on the application of those standards could materially impact the volatility of the Company's reported earnings and adversely affect the financial performance and position reported in the Company's financial statements.

### **3.3.5 Force majeure**

Force majeure events including natural disasters, sabotage, the outbreak of international hostilities and acts of terrorism may cause an adverse change in investor sentiment with respect to the stock market generally or the Company specifically. Some force majeure events are uninsurable.

### **3.3.6 Investment risk**

An investment in New Shares should be considered **speculative**. New Shares carry no guarantee with respect to the payment of any dividends, returns of capital or the market value of those New Shares.

## **4. ADDITIONAL INFORMATION**

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### **4.1 Underwriting Agreement**

The Company and the Underwriter have entered into the Underwriting Agreement pursuant to which the Underwriter has agreed to partially underwrite the Rights Issue to the extent of \$6,103,122, on the terms and conditions contained in the Underwriting Agreement.

The obligations of the Underwriter to underwrite are subject to the satisfaction of the following conditions:

- (a) the Underwriter entering into sub-underwriting agreements with sub-underwriters on terms and conditions satisfactory to the Underwriter for the same amount underwritten by the Underwriter, \$6,103,122; and
- (b) those Shareholders who are owed the Shareholder Loans agreeing with the Company to take up their respective Entitlements at least to the amount of the Shareholder Loan owed to them by the Company.

The Underwriting Agreement includes the following termination events (and the defined terms used in these termination events have the meaning given to them in the Underwriting Agreement):

- (a) **(Restriction on allotment)**: the Company is prevented from allotting the Rights Shares within the time required by the Underwriting Agreement; or is prevented from allotting the Rights Shares by the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, NSX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority; or if the Takeovers Panel makes an order or declaration of unacceptable circumstances in relation to the Offer;
- (b) **(Indictable offence)**: a director or senior manager of the Company is charged with an indictable offence;
- (c) **(Offer Documents)**: any Offer Document other than the Cleansing Notice is or becomes false, misleading or deceptive (including by way of omission);
- (d) **(ASIC action) ASIC**:
  - (i) applies for an order under section 1324 or 1325, of the *Corporations Act*, or an order under Part 9.5 of the *Corporations Act*, in relation to the Offer or any Offer Document;
  - (ii) holds, or gives notice of intention to hold, a hearing or investigation in relation to the Offer or any Offer Document under the *Corporations Act* or the Australian Securities and Investments Commission Act 2001 (Cth);
  - (iii) A. prosecutes or gives notice of an intention to prosecute; or  
B. commences proceedings against, or gives notice of an intention to commence proceedings against,  
  
the Company or any of its officers, employees or agents in relation to the Offer or any Offer Document;
- (e) **(listing)** the Company ceases to be admitted to the Official List;
- (f) **(suspension)** trading in Shares on the financial market operated by NSX is suspended (other than with the prior written consent of the Underwriter), or the Shares cease to be Officially Quoted;
- (g) **(Event of Insolvency)**: an Event of Insolvency occurs in respect of the Company;
- (h) **(Termination of sub-underwriting agreements)**: any of the sub-underwriting agreements are withdrawn, varied, terminated, rescinded, altered, amended or breached before the Shortfall Settlement Date or there is a failure to comply with any of them; or
- (i) **(Termination Events)**: any of the following events occurs:
  - (i) **(Default)**: default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking; or

- (ii) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect; or
- (iii) **(Contravention of constitution or Act)**: a contravention by the Company of any provision of its constitution, the *Corporations Act*, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or NSX; or
- (iv) **(Adverse change)**: an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of the Company or a Group Member; or
- (v) **(Official Quotation qualified)**: the Official Quotation is qualified or conditional other than as set out in the definition of "Official Quotation"; or
- (vi) **(future matters)** any statement or estimate in any Offer Documents which relates to a future matter is or becomes incapable of being met; or
- (vii) **(Judgment against a Relevant Company)**: a judgment in an amount exceeding \$50,000 is obtained against the Company and is not set aside or satisfied within 10 Business Days; or
- (viii) **(Indicative Timetable)**: the Company causes there to be a delay in any specified date in the Indicative Timetable which is greater than 10 Business Days; or
- (ix) **(Force Majeure)**: a Force Majeure affecting the Company's business or a Group Member's business or any obligation under the Underwriting Agreement lasting in excess of 10 Business Days occurs; or
- (x) **(Capital Structure)**: the Company alters its capital structure in any manner not contemplated by the Offer Document; or
- (xi) **(Hostilities)**: other than the conflicts in Iraq and Syria, there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Australia, the United Kingdom, the United States of America, the Peoples Republic of China, Japan or Indonesia; or
- (xii) **(Cleansing Notice)** the Cleansing Notice becomes defective (as that term is defined in section 708AA(11) of the Corporations Act).

The Underwriter may not exercise its rights under paragraph (i) above unless, in the reasonable opinion of the Underwriter reached in good faith, it has determined that the occurrence of a Termination Event under paragraph (i):

- (a) has or is likely to have a Material Adverse Effect; or
- (b) could give rise to a liability of the Underwriter under the *Corporations Act* or otherwise.

The Underwriter will receive an underwriting fee of \$213,609.27 (plus any GST), being 3.5% of the amount underwritten of \$6,103,122, plus reimbursement of customary expenses.

The Company has agreed to indemnify the Underwriter and various related parties and officers against their losses in connection with the Rights Issue.

## 4.2 Sub-underwriting

The Underwriter has advised the Company that it has entered into sub-underwriting agreements with the following persons for the following amounts:

Name of sub-underwriter	Amount of sub-underwriting	Number of New Shares sub-underwritten
Souls Private Equity Limited	\$1,563,157	208,420,898
Maximize Equity Pty Limited	\$1,201,306	160,174,133
Rawlo International Pty Limited	\$1,346,742	179,565,657
Stephen Mason	\$400,000	53,333,333
Christopher McGibbon	\$30,000	4,000,000
Constantine Gendis	\$100,000	13,333,333
David Fairfull	\$100,000	13,333,333
CVC Private Equity Limited	\$1,361,917	181,588,912

David Fairfull, Stephen Mason and Con Gendis are Directors. Maximize Equity Pty Limited is controlled by another Director, Maxim Krok.

Under the terms of the sub-underwriting agreements, the Underwriter must pay a sub-underwriting fee of 2.5% of the amount sub-underwritten to each sub-underwriter. All fees payable to the sub-underwriters are payable by the Underwriter out of its underwriting fee that it is entitled to receive from the Company.

The Underwriter may terminate the sub-underwriting agreements if the Underwriting Agreement is terminated or the Rights Issue does not proceed.

## 4.3 Effect of the Offer on control of the Company

The potential effect that the Offer will have on the control of the Company will depend on various factors. Particularly, the effect on control will depend on the take up by Eligible Shareholders of their Entitlement.

If all Eligible Shareholders each subscribe for their full Entitlement, then each Eligible Shareholder's percentage ownership interest (and voting power) in the Company will remain the same and there will be no effect on control of the Company.

To the extent that an Eligible Shareholder does not take up its Entitlement, the proportionate shareholding interest of that Eligible Shareholder in the Company will be diluted.

As it is a condition of the Underwriting Agreement that the Underwriter's obligations be fully sub-underwritten, the Company is of the view that the Offer will not affect the control of the Company that may be obtained by the Underwriter.

The Underwriter has advised the Company that the only sub-underwriter who is not already a substantial shareholder of the Company as disclosed at the date of this Offer Document and who could potentially become a substantial shareholder of the Company solely as a result of their sub-underwriting is CVC Private Equity Limited. The maximum number of New Shares that CVC Private Equity Limited can obtain under its sub-underwriting agreement is 181,588,912 New Shares, which would increase its voting power in the Company from 0% to 10.1%.

As at the date of this Offer Document, the following four shareholders are the only Shareholders who have notified the Company that they are substantial shareholders ("**Existing Substantial Shareholders**"):

<b>Existing Substantial Shareholder</b>	<b>Voting power in Company</b>
Souls Private Equity Limited	25.1%
Maximize Equity Pty Ltd	22.5%
Rawlo International Pty Ltd	17.6%
Stephen Mason	14.0%

The Existing Substantial Shareholders are four of the Shareholders to whom the Shareholder Loans are owed and have agreed with the Company to take up their Entitlement in an amount at least equal to the Shareholder Loan owed to them. Such agreements will not affect control of the Company as the number of New Shares that each has agreed to take up is less than their full Entitlement, based on their holdings of Shares as at the date of this Offer Document.

The Underwriter has advised the Company that the Existing Substantial Shareholders have also agreed to sub-underwrite in the following amounts:

<b>Existing Substantial Shareholder</b>	<b>Amount of sub-underwriting</b>	<b>Number of New Shares sub-underwritten</b>
Souls Private Equity Limited	\$1,563,157	208,420,898
Maximize Equity Pty Ltd	\$1,201,306	160,174,133
Rawlo International Pty Ltd	\$1,346,742	179,565,657
Stephen Mason	\$400,000	53,333,333

The table below is intended to set out the maximum effect the Offer could have on the control of the Company held by the Existing Substantial Shareholders where the Existing Substantial Shareholders take up their Entitlements in part, equal to the amount of the Shareholder Loan owed to them. The table assumes that there is no take up of any Entitlements by any other Eligible Shareholders other than by those Shareholders who are owed Shareholder Loans (and the table assumes those Shareholders take up their Entitlements to the amount of their Shareholder Loan):

Existing Substantial Shareholder	Existing number of Shares held	Existing voting power %	Entitlement taken up equal to value of Shareholder Loan (Number of New Shares)	Number of New Shares taken up under sub-underwriting agreement	Total shareholding immediately after Rights Issue completes	New voting power %
Souls Private Equity Limited	114,962,106	25.1%	129,087,600	208,420,898	452,470,604	25.1%
Maximize Equity Pty Ltd	102,800,704	22.5%	120,174,134	160,174,133	383,148,971	21.3%
Rawlo International Pty Ltd	80,671,614	17.6%	192,233,333	179,565,657	452,470,604	25.1%
Stephen Mason	63,895,060	14.0%	46,666,667	53,333,333	163,895,060	9.1%

The above table assumes that the current shareholdings of the Existing Substantial Shareholders do not alter between the date of this Offer Document and the Record Date.

The following table is intended to set out the total number of Shares (and voting power in the Company) that each Existing Substantial Shareholder could obtain, assuming that Existing Substantial Shareholder is the only Shareholder that applies for its full Entitlement under the Rights Issue and that the only other Shareholders who apply for any New Shares are the other Existing Substantial Shareholders and other Shareholders to whom Shareholder Loans are owed, and that in each case they apply only for that number of New Shares equal to the amount of their Shareholder Loan:

Existing Substantial Shareholder	Existing number of Shares held	Number of New Shares acquired by taking up Entitlement in full	Number of New Shares obtained under sub-underwriting	Existing voting power %	Total shareholding immediately after Rights Issue completes	Voting power % immediately after Rights Issue completes
Souls Private Equity Limited	114,962,106	337,508,498	155,039,279	25.1%	607,509,883	33.7%
Maximize Equity Pty Ltd	102,800,704	301,804,763	124,422,927	22.5%	529,028,394	29.3%
Rawlo International Pty Ltd	80,671,614	236,837,652	169,723,066	17.6%	487,232,332	27.1%
Stephen Mason	63,895,600	187,584,644	44,097,536	14.0%	295,577,780	16.4%

The above table assumes that the current shareholdings of the Existing Substantial Shareholders do not alter between the date of this Offer Document and the Record Date.

No Additional Shares will be issued to any Eligible Shareholders if in the view of the Directors to do so would increase that Eligible Shareholder's voting power above 19.9% or to any Eligible Shareholder whose voting power is already above 19.9%. Accordingly, the issue of Additional Shares is not expected to have any effect on the control of the Company.

#### 4.4 Taxation

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under the Offer. The Company does not accept any responsibility in this regard, and Shareholders should consult with their professional tax advisers.

#### 4.5 Privacy

The Entitlement and Acceptance Form requires you to provide information that may be personal information for the purposes of the *Privacy Act 1988* (Cth).

The Company (and the share registry on its behalf) collects, holds and uses personal information in order to assess applications for New Shares, service the needs of Shareholders, provide facilities and services you request and carry out appropriate administration.

Access to information may also be provided to the Company's related bodies corporate, agents and service providers, regulatory bodies, mail houses and the Share Registry.

If you do not provide the information requested of you in the Entitlement and Acceptance form, the Share Registry will not be able to process your application for New Shares or administer your holding of Shares appropriately.

## 5. GLOSSARY

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In this Offer Document:

**\$** means Australian dollars, unless otherwise specified.

**Acquisition** means the proposed acquisition by the Company of all the issued shares in Oswin Laboratories Pty Limited ACN 142 393 995.

**Additional Shares** means New Shares for which an applicant applies on an Entitlement and Acceptance Form in addition to the Entitlement of that applicant.

**Applicant** means a person who has applied to subscribe for New Shares by submitting an Entitlement and Acceptance Form.

**Application Money** means the aggregate of money payable for New Shares applied for in a duly completed Entitlement and Acceptance Form.

**ASIC** means the Australian Securities and Investment Commission.

**Board** means the board of directors of the Company.

**Closing Date** means the last day for payment and return of Entitlement and Acceptance Forms, being 5:00pm (Sydney time) on 23 July 2015.

**Company or Heritage Brands** means Heritage Brands Limited ACN 081 149 635.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the directors of the Company.

**Eligible Shareholder** means a Shareholder at the Record Date who is not an Excluded Shareholder.

**Entitlement** means the number of New Shares that an Eligible Shareholder is entitled to apply for under the Offer, as determined by the number of Shares held by that Eligible Shareholder on the Record Date.

**Entitlement and Acceptance Form** means the Entitlement and Acceptance Form accompanying this Offer Document.

**Excluded Shareholder** means a Shareholder as at the Record Date whose registered address is not situated in Australia or New Zealand.

**Existing Shares** means Shares on issue as at 7.00 pm (Sydney time) on the Record Date.

**Issue Price** means 0.75 cents or \$0.0075 per New Share.

**Listing Rules** means the official rules of NSX.

**New Share** means a new share to be issued under this Offer Document.

**NSX** means National Stock Exchange of Australia Limited ACN 000 902 063.

**Offer** means the pro rata non-renounceable rights issue offer by the Company to Eligible Shareholders to subscribe for 2.9358 New Shares for every 1 Existing Share held on the Record Date at the Issue Price, to raise an amount of up to approximately \$10,076,246.

**Offer Document** means this document.

**Official Quotation** means "quotation" (as the term is used in the Listing Rules) of all of the New Shares on NSX when allotted.

**Record Date** means 7:00pm (Sydney time) on 2 July 2015.

**Rights Issue** means the non-renounceable pro rata rights issue conducted pursuant to this Offer Document under which 1,343,499,467 New Shares will be offered to Eligible Shareholders on the basis of 2.9358 New Shares for every 1 Existing Share held by Eligible Shareholders at the Record Date at 0.75 cents or \$0.0075 per New Share.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of Shares.

**Shareholder Loans** means the amounts owed by the Company to the Shareholders as set out in the table in Section 1.4.

**Share Registry** means Boardroom Pty Limited ACN 003 209 836.

**Shortfall** means the number of New Shares offered under the Offer for which valid applications for New Shares (including Additional Shares) have not been received from Eligible Shareholders before 5.00pm on the Closing Date.

**Shortfall Offer** means the offer of any Shortfall on the terms and conditions set out in section 1.11 of this Offer Document.

**Shortfall Shares** means those New Shares (including any Additional Shares) for which valid applications have not been received by 5.00pm on the Closing Date under the Rights Issue.

**Underwriter** means Pitt Capital Partners Limited ACN 000 651 427.

**Underwriting Agreement** means the underwriting agreement between the Company and the Underwriter dated 15 June 2015.

## **6. CORPORATE DIRECTORY**

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### **DIRECTORS**

David Fairfull (Chairman)  
Maxim Krok  
Stephen Mason  
Peter Cox  
Constantine Gendis

### **COMPANY SECRETARY**

Christopher McGibbon

### **REGISTERED OFFICE**

30 Bando Road  
Springvale VIC 3171

### **SHARE REGISTRY**

Boardroom Pty Limited  
Level 12  
225 George Street  
SYDNEY NSW 2000

### **LAWYERS TO THE OFFER**

Landerer & Company  
Level 31  
133 Castlereagh Street  
Sydney NSW 2000

### **UNDERWRITER**

Pitt Capital Partners Limited  
Level 2  
160 Pitt Street Mall  
Sydney NSW 2000

### **NSX CODE**

HBA

### **WEBSITE**

[www.heritagebrands.com.au](http://www.heritagebrands.com.au)