

## Heritage Brands Limited and Controlled entities

### Chairman's Report

The Heritage Brands Group delivered a satisfactory result considering the depressed retail markets, with net sales up 5.8% and EBITDA up 24% vs. last fiscal. The 3 year company financial summary reflects positive growth as follows:

	2012	2011	2010
	\$'000	\$'000	\$'000
Gross Revenue	30,857	29,145	7,094
EBITDA	2,483	2,023	(2,362)
Earnings after Tax	1,260	(408)*	(2,718)

\* These figures were achieved after charging relocation one off expenses of \$982k

The improvement in results is due to effective marketing and trade spend, niche consumer marketing, intense stock management, focus on sales forecasting and financial discipline. In late June 2012 the Company acquired two leading Aromatherapy brands in a transaction which was funded internally. The acquisitions are a good strategic fit and the new brands, In Essence and Oil Garden, are expected to deliver increased sales and contribution and open up Health Stores as a retail channel.

The Heritage Brands Group owns the Australis, Mode, Innox, In Essence and Oil Garden brands and distributes under license the Nailene, Fing'rs, Revlon Nails, Imedeen, Le Tan, Cedel and Hello Kitty Cosmetics brands.

The current retail outlook is gloomy and we expect consumer confidence to remain low. In increasingly competitive markets we will aim to maintain our core brands and strive to grow by brand acquisitions.

D.J. Fairfull  
Chairman

S. Goodey  
Managing Director