

Heritage Brands Limited and Controlled entities

Chairman's Report

The Heritage Brands Group recorded a major turnaround in the 2010/2011 financial year when compared with the previous period as follows:

	2011	2010
Revenue	\$24,652,756	\$7,094,340
EBITDA Profit/ (Loss)	\$1,055,137 *	(\$2,362,426)
Earnings after Tax	(\$408,381)*	(\$2,718,382)

* These figures were achieved after charging relocation one off expenses of \$982,451

The foregoing improvement in results is due to the acquisition of Heritage Brands (Australia) Pty Ltd (Formerly Creative Brands Pty Ltd), which resulted in increased sales, operating system improvements, experienced management and overall synergies achieved between the two operations post acquisition.

During the 2010/2011 year Heritage Brands divested the Soda Brands' Professional Hair Division in order to focus on our main strategy of the Sale and Distribution of branded cosmetics, toiletries, skincare and nail care products. The Group currently owns the Australis, Mode and Innox brands and distributes under license Nailene, Fing'rs, Revlon Nails, Imedeen and Le Tan.

While the current retail outlook is mixed to say the least, we at Heritage Brands remain confident about the future for our brands and will continue to work to grow our business both organically and by acquisition.

D.J. Fairfull
Chairman

S. Goodey
Managing Director