

Heritage Brands Ltd and Controlled Entities

ABN 91 081 149 635

Consolidated Financial Statements

For the Half-Year Ended 31 January 2017

Heritage Brands Limited and Controlled entities

Chairman's Report for the Half-Year ended 31st January 2017

Dear Shareholder,

The Board of Directors and the Management team are pleased to advise that Heritage Brands Limited (HBL) has delivered a positive set of results (however slightly behind expectations) for the half-year ended 31st January 2017, with EBITDA 6% ahead of last year.

	31 January 2017 \$'000	31 January 2016 \$'000	Variance
Revenue	30,524	26,244	16%
EBITDA	3,482	3,282	6%
Earnings after Tax	3,014	2,916	3%
Earnings per Share (Cents)	.1673c	.1619c	3%

The above results have been achieved during a half-year that saw competition and retail partners continue to increase promotional intensity versus the same period last year. It is particularly pleasing to see that although HBL has responded to an uplift in promotional activity to remain competitive the strategies implemented across our portfolio in response to these ongoing pressures ensures the business remains on a sustainable growth path. Recent initiatives implemented should help the business ensure that EBITDA continues to improve in the second half, however our EPS will continue to be under pressure in the short term due to the fact that we are now accounting for taxation in full.

HBL competes in the Beauty and Wellbeing categories which are two of the largest FMCG categories in Australia and internationally. We are an entrepreneurial company that enhances the lives of consumers with Australian assurance of quality, value and innovation.

The recently acquired Le Tan fast tan brand was relaunched in the period and has seen double digit growth year on year. The Top line sales improvement for the first half is partly due to the relaunch of Le Tan, but it is very pleasing that the underlying "traditional" business has also posted solid growth.

Our management team and Board of Directors believe that Australian provenance and ethical brands in Cosmetics, Skincare, Suncare, and Wellbeing will continue to grow ahead of category norms both locally and abroad. In this regard we are pleased that HBL's exclusive distribution agreement with a Singaporean based distribution company is starting to deliver some significant distribution expansion into South East Asia specifically for the Australis cosmetic brand.

Our Balance sheet remains healthy and we have an appetite to pursue further investment opportunities which fit with our strategic intent. In line with this intent, HBL is pleased to announce to Shareholders that we have been in advanced discussions with an Australian company which shares HBL's philosophy and strategies regarding the future of wellbeing. These discussions have centred around a possible strategic alliance for a new brand to be launched and distributed of next generation products in the wellbeing retail space. We will advise shareholders and the market of the progress of this development as soon as we are able to.

As at today's date, HBL has continued the positive year to date results experienced in the first half. Subject to no unforeseen circumstances, senior management are forecasting an improved EBITDA for 2017/18 financial year.

A handwritten signature in black ink, appearing to read 'D Fairfull', written in a cursive style.

David Fairfull
Chairman
6th April 2017

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For the Half-Year Ended 31 January 2017

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Directors' Report For the Half-Year Ended 31 January 2017

The directors submit the financial report on Heritage Brands Ltd ("the Company") and Controlled Entities ("the Group") for the half-year ended 31 January 2017.

1. General information

Information on directors

The names of each person who has been a director during the half-year and to the date of this report are:

FAIRFULL David John	Non-executive Chairman
KROK Maxim	Non-executive Director
McCARTNEY William Thomson Venables	Non-executive Director
MASON Stephen Leslie	Non-executive Director
GENDIS Constantinos	Managing Director

Significant changes in state of affairs

No significant changes in the Group's state of affairs occurred during the financial half-year.

Principal activities and significant changes in nature of activities

The principal activities of the Group during the financial half-year were the selling and distribution of branded cosmetics, toiletries, skincare, nail care products, sun protection, artificial tanning, aromatherapy oils and fragrances.

There were no significant changes in the nature of the Group's principal activities during the financial half-year.

2. Operating results and review of operations for the year

Operating results

The consolidated profit of the Group amounted to \$3,014,043 after providing for income tax. Profit before taxation amounted to \$2,956,900 and represents a 5.4% increase over last year's Profit before taxation of \$2,805,402. This increase is largely attributed to a Sales increase of 16% which has been partially offset by increased Trade Spend to maintain market share in a competitive retail environment.

Review of operations

Earnings after tax are 3% ahead of last year and a summary of results follow:

	31 January 2017 \$'000	31 January 2016 \$'000	Variance
Revenue	30,524	26,244	16%
EBITDA	3,482	3,282	6%
Earnings after Tax	3,014	2,916	3%
Earnings per Share (Cents)	.1673c	.1619c	3%

Directors' Report

For the Half-Year Ended 31 January 2017

Review of operations (continued)

The above results have been achieved during a six-month period that saw competition and retail partners continuing to increase promotional intensity versus same period last year. It is particularly pleasing to see that although the Company has responded to an uplift in promotional activity to remain competitive, the strategies implemented by the Company across our portfolio in response to these ongoing pressures has ensured that the business remains on a sustainable growth path. Recent initiatives implemented should mean that the EBITDA will continue to improve in the second half.

3. Financial review

Financial position

The net assets of the Group have increased by \$3,014,043 from 31 July 2016 to \$25,712,140 at 31 January 2017 due to the retention of profit by the Group.

4. Other items

Matters or circumstances arising after the end of the year

No matters or circumstances have arisen since the end of the financial half-year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Future developments and results

The Group continues to seek out growth opportunities both organically and by acquisition.

Environmental matters

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

Dividends paid or recommended

No dividends were paid or declared since the start of the financial half-year. No recommendation for payment of dividends has been made.

Company secretary

The following person held the position of Company secretary at the end of the financial half-year:

MCGIBBON, Christopher William CA (SA) has been the company secretary since 9 February 2009.

Options

No options over issued shares or interests in the Company or a controlled entity were granted during or since the end of the financial half-year and there were no new options outstanding at the date of this report.

No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

Directors' Report

For the Half-Year Ended 31 January 2017

Indemnification and insurance of officers and auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial half-year, for any person who is or has been an officer or auditor of Heritage Brands Ltd and Controlled Entities.

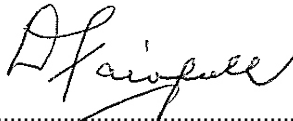
Proceedings on behalf of company

No person has applied for leave of court under Section 237 of the *Corporations Act 2001* to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the half-year ended 31 January 2017 has been received and can be found on page 4 of the financial report.

Signed in accordance with a resolution of the Board of Directors:



Director:

David John FAIRFULL

Dated 6th April 2017

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of Heritage Brands Ltd for the half-year ended 31 January 2017, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Heritage Brands Ltd and the entities it controlled during the period.

Rothsay Chartered Accountants



Frank Vrachas

Partner

Sydney, 6 April 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 January 2017

		31 January 2017	31 January 2016
	Note	\$	\$
Revenue	2	30,745,245	26,419,916
Other income	2	48,386	38,555
Cost of goods sold		(17,537,268)	(14,891,761)
Employee benefits expense		(4,736,223)	(3,734,226)
Advertising and promotion		(2,898,153)	(2,838,240)
Depreciation and amortisation expense		(196,384)	(151,714)
Freight and cartage		(72,477)	(227,989)
Occupancy expenses		(221,564)	(214,914)
Finance costs	3	(329,213)	(324,842)
Other expenses		(1,845,449)	(1,269,383)
Profit before income tax		2,956,900	2,805,402
Income tax expense	4	57,143	110,856
Profit for the period		3,014,043	2,916,258
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		3,014,043	2,916,258
Profit attributable to:			
Members of the parent entity		3,014,043	2,916,258
Total comprehensive income attributable to:			
Members of the parent entity		3,014,043	2,916,258

Earnings per share

From continuing operations:

Basic earnings per share (cents)	0.17	0.16
Diluted earnings per share (cents)	0.17	0.16

Consolidated Statement of Financial Position
 As at 31 January 2017

	31 January 2017	31 July 2016
Note	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	6 754,863	167,933
Trade and other receivables	7 8,738,979	7,336,498
Inventories	8 12,596,624	12,708,467
TOTAL CURRENT ASSETS	22,090,466	20,212,898
NON-CURRENT ASSETS		
Plant and equipment	9 855,205	982,677
Deferred tax assets	11 898,704	227,955
Intangible assets	10 17,253,136	17,253,136
TOTAL NON-CURRENT ASSETS	19,007,045	18,463,768
TOTAL ASSETS	41,097,511	38,676,666
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	12 5,014,247	8,048,746
Current tax liability	719,450	105,844
Borrowings	13 8,940,315	7,171,018
Employee entitlements	478,631	393,142
TOTAL CURRENT LIABILITIES	15,152,643	15,718,750
NON-CURRENT LIABILITIES		
Employee entitlements	232,728	259,819
TOTAL NON-CURRENT LIABILITIES	232,728	259,819
TOTAL LIABILITIES	15,385,371	15,978,569
NET ASSETS	25,712,140	22,698,097
EQUITY		
Issued capital	14 25,915,489	25,915,489
Retained earnings	(203,349)	(3,217,392)
TOTAL EQUITY	25,712,140	22,698,097

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity
 For the Half-Year Ended 31 January 2017

31 January 2017

	Ordinary Shares	Retained Earnings	Total
	\$	\$	\$
Balance at 1 August 2016	25,915,489	(3,217,392)	22,698,097
Profit for the period	-	3,014,043	3,014,043
Total comprehensive income for the period	-	3,014,043	3,014,043
Balance at 31 January 2017	25,915,489	(203,349)	25,712,140

31 January 2016

	Ordinary Shares	Retained Earnings	Total
	\$	\$	\$
Balance at 1 August 2015	25,915,489	(7,921,724)	17,993,765
Profit for the period	-	2,916,258	2,916,258
Total comprehensive income for the period	-	2,916,258	2,916,258
Balance at 31 January 2016	25,915,489	(5,005,466)	20,910,023

Consolidated Statement of Cash Flows
For the Half-Year Ended 31 January 2017

	31 January 2017	31 January 2016
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	29,341,340	24,599,061
Payments to suppliers and employees	(29,957,766)	(24,113,471)
Interest received	2 1,424	1,676
Finance costs	3 (329,213)	(324,842)
Net cash provided by/ (used in) operating activities	<u>(944,215)</u>	162,424
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	1,351,788	-
Purchase of plant and equipment	(1,589,940)	(138,956)
Payment to acquire subsidiary, net of cash acquired	-	(2,462,627)
Net cash used by investing activities	<u>(238,152)</u>	(2,601,583)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from/ (repayments) of borrowings	1,866,257	2,177,477
Repayment of insurance refinancing loan	(96,960)	(47,920)
Net cash used by financing activities	<u>1,769,297</u>	2,129,557
Net increase/ (decrease) in cash and cash equivalents held	586,930	(309,602)
Cash and cash equivalents at beginning of period	167,933	570,487
Cash and cash equivalents at end of the period	6 <u>754,863</u>	<u>260,885</u>

Notes to the Financial Statements For the Half-Year Ended 31 January 2017

1 Basis of Preparation

This consolidated interim financial report for the half-year reporting period ended 31 January 2017 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting.

The half-year financial report is intended to provide users with an update on the latest annual financial statements of Heritage Brands Ltd and Controlled Entities ("the Group"). As such it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. This consolidated financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 31 July 2016, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this half-year financial report as were applied in the most recent annual financial statements.

New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards that have mandatory application dates for future reporting periods. The Group has decided not to early adopt these Standards. The following table summarises those future requirements and their impact on the Group where the standard is relevant:

Standard Name	Effective date for entity	Requirements and Impact
AASB 16 Leases	1 January 2019	AASB 16 requires a lessee to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing the present value of its obligation to make lease payments. Rental expense will be replaced by depreciation on the right-of-use asset and interest expense on the lease liability.
AASB 15 Revenue from contracts with customers AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 AASB 2015-8 Amendments to Australian Accounting Standards – Effective date of AASB 15	1 January 2018	AASB 15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services. Accounting policy changes will arise in timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element. AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

Critical accounting estimates and judgments

The critical estimates and judgements are consistent with those applied and disclosed in the 31 July 2016 annual financial report.

Notes to the Financial Statements
For the Half-Year Ended 31 January 2017

2 Revenue and Other Income

Revenue from continuing operations

	31 January 2017 \$	31 January 2016 \$
Sales revenue		
- sale of goods	30,523,789	26,244,076
	30,523,789	26,244,076
Other revenue		
- Bank deposit interest	1,424	1,676
- Other revenue	220,032	174,164
Total Revenue	30,745,245	26,419,916

Other Income

- Unrealised gain on forward exchange rates	45,930	32,019
- Sundry income	2,456	6,536
	48,386	38,555

3 Finance Costs

	31 January 2017 \$	31 January 2016 \$
Interest expense - external	329,213	324,842
Total finance costs	329,213	324,842

Notes to the Financial Statements
For the Half-Year Ended 31 January 2017

4 Income Tax Expense

(a) The major components of tax expense (income) comprise:

	31 January 2017	31 January 2016
	\$	\$
Current tax	613,606	-
Deferred tax	(670,749)	(110,856)
Total income tax (benefit)/ expense	(57,143)	(110,856)

(b) Reconciliation of income tax to accounting profit:

	31 January 2017	31 January 2016
	\$	\$
Profit	2,956,900	2,805,402
Tax	30%	30%
	887,070	841,621
Add:		
Tax effect of:		
- non-deductible depreciation and amortisation	-	(263)
- other non-allowable (assessable) items	(7,701)	(4,600)
- changes in recognised deductible temporary differences	-	(30,602)
	879,369	806,156
Less:		
Tax effect of:		
- recognition of tax losses previously not brought to account	(936,512)	(917,012)
Total income tax (benefit)/ expense	(57,143)	(110,856)

Notes to the Financial Statements
For the Half-Year Ended 31 January 2017

5 Operating Segments

Segment information

Identification of reportable segments

The Group operates in Australia in only one operational segment; therefore, for the period ended 31 January 2017, there has been no change from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss.

6 Cash and Cash Equivalents

	31 January 2017	31 July 2016
	\$	\$
Cash at bank and in hand	754,863	167,933
	754,863	167,933

7 Trade and other receivables

	31 January 2017	31 July 2016
	\$	\$
CURRENT		
Trade receivables	9,633,663	7,514,995
Allowance for impairment	(21,562)	(6,562)
Allowance for rebates, incentives and discounts	(1,835,536)	(1,296,868)
	7,776,565	6,211,565
Prepayments	889,945	1,118,733
Other receivables	72,469	6,200
Total current trade and other receivables	8,738,979	7,336,498

8 Inventories

	31 January 2017	31 July 2016
	\$	\$
CURRENT		
At net realisable value:		
Finished goods	12,867,458	12,979,301
Allowance for slow moving/ obsolete stock	(270,834)	(270,834)
	12,596,624	12,708,467

Notes to the Financial Statements
For the Half-Year Ended 31 January 2017

9 Plant and equipment

	31 January 2017	31 July 2016
	\$	\$
Plant and equipment		
At cost	3,953,225	5,276,486
Accumulated depreciation	(3,109,729)	(4,303,395)
Total plant and equipment	843,496	973,091
Leasehold improvements		
At cost	69,467	63,527
Accumulated depreciation	(57,758)	(53,941)
	11,709	9,586
Total plant and equipment	855,205	982,677

10 Intangible Assets

	31 January 2017	31 July 2016
	\$	\$
Goodwill		
Cost	12,596,828	12,596,828
Trademarks		
Cost	4,656,308	4,656,308
Total Intangibles	17,253,136	17,253,136

Notes to the Financial Statements
For the Half-Year Ended 31 January 2017

11 Tax

Recognised deferred tax assets and liabilities

	31 January 2017	31 July 2016
	\$	\$
Deferred tax assets	898,704	227,955

12 Trade and other payables

	31 January 2017	31 July 2016
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables	3,686,312	4,989,766
Employee benefits	239,497	626,660
Sundry payables and accrued expenses	1,088,438	2,432,320
	5,014,247	8,048,746

13 Borrowings

	31 January 2017	31 July 2016
	\$	\$
CURRENT		
Unsecured liabilities:		
Insurance refinancing	26,447	123,407
	26,447	123,407
Secured liabilities:		
Bank Facility – Bank of Melbourne	8,913,868	7,047,611
	8,913,868	7,047,611
Total current borrowings	8,940,315	7,171,018
Total borrowings	8,940,315	7,171,018

As at 31 January 2017, the Consolidated Group had a credit facility of \$15,000,000 of which \$6,086,132 is unused.

The Group has a long term bank facility which is subject to certain financial covenants. The Group has not breached any covenants during the half-year reporting period

Notes to the Financial Statements
For the Half-Year Ended 31 January 2017

13 Borrowings (continued)

(a) The carrying amounts of non-current/financial assets pledged as collateral for liabilities are:

	31 January 2017	31 July 2016
	\$	\$
Financial assets that have been pledged as part of the total collateral for the benefit of Bank of Melbourne are as follows:		
Cash and cash equivalents	754,863	167,933
Trade receivables	7,776,565	6,211,565
Inventories	12,596,624	12,708,467
	<u>21,128,052</u>	<u>19,087,965</u>

The collateral over financial assets represents a first fixed and floating charge over financial assets of Heritage Brands (Australia) Pty Ltd and second fixed and floating charge over financial assets of Heritage Brands Ltd and Incolabs Pty Ltd.

The Bank of Melbourne Bank Facility carries a current variable rate of interest at 5.86% per annum.

14 Issued Capital

	31 January 2017	31 July 2016
	\$	\$
Ordinary shares	<u>25,915,489</u>	25,915,489
Total	<u>25,915,489</u>	<u>25,915,489</u>

(a) **Ordinary shares**

	31 January 2017	31 July 2016
	No.	No.
At the beginning of the reporting period	<u>1,801,111,087</u>	1,801,111,087
At the end of the reporting period	<u>1,801,111,087</u>	1,801,111,087

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

Notes to the Financial Statements

For the Half-Year Ended 31 January 2017

15 Commitments

(a) Operating leases

	31 January 2017	31 July 2016
	\$	\$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	1,084,426	488,942
- between one year and five years	2,263,792	1,345,144
	<u>3,348,218</u>	<u>1,834,086</u>

The property lease is a non-cancellable lease with a three-year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments shall remain at the current rate for 5 years.

The operating leases for motor vehicles have lease terms of three-years. The company does not have the option to purchase the leased asset at the end of the lease period.

16 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 January 2017 (31 July 2016: None).

17 Related Parties

(a) Transactions with related parties

Director fees of \$70,087 were paid or payable to the directors during the half year.

There have been no other transactions with related parties.

Notes to the Financial Statements
For the Half-Year Ended 31 January 2017

19 Events Occurring After the Reporting Date

The financial report was authorised for issue on 6th April 2017 by the board of directors.

No matters or circumstances have arisen since the end of the financial half-year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

20 Company Details

The registered office of the company is:

Heritage Brands Ltd
30 Bando Road
Springvale
VIC 3171

Directors' Declaration

In the directors opinion:

1. The financial statements and notes, as set out on pages 5 to 17 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) give a true and fair view of the consolidated Group's financial position as at 31 January 2017 and of its performance for the half-year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Director

David John FAIRFULL

Dated 6th April 2017

HERITAGE BRANDS LTD

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Heritage Brands Ltd

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Heritage Brands Ltd, which comprises the consolidated statement of financial position as at 31 January 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Heritage Brands Ltd (the "consolidated entity"). The consolidated entity comprises the company and the entities it controlled during that half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 January 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Heritage Brands Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



HERITAGE BRANDS LTD

INDEPENDENT AUDITOR'S REVIEW REPORT (continued)

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Heritage Brands Ltd is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 January 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, and the *Corporations Regulations 2001*.

Rothsay Chartered Accountants

Frank Vrachas

Partner

Sydney, 7 April 2017