

# FORM: Preliminary final report

Name of issuer

Heritage Brands Limited (Formerly Soda Brands Limited)

ACN or ARBN

081 149 635

Half yearly  
(tick)

Preliminary  
final (tick)

X

Financial year ended ('Current period')

31 July 2010

## For announcement to the market

Extracts from this statement for announcement to the market (see note 1).

Extracts from this statement for announcement to the market (see note 17).

				\$A,000
Revenue (item 1.1)	Up	200%	to	7,094
Loss for the period (item 1.9)	Down	56%	to	(2,718)
Loss for the period attributable to members of the parent (item 1.11)	Down	56%	to	(2,718)
<b>Dividends</b>	Current period		Previous corresponding period	
Franking rate applicable:				
<b>Final dividend</b> (preliminary final report only)(item 10.13-10.14)	Nil		Nil	
Amount per security				
Franked amount per security				
<b>Interim dividend</b> (Half yearly report only) (item 10.11 – 10.12)	Nil		Nil	
Amount per security				
Franked amount per security				
Short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				
Nil				

**Consolidated income statement** *(The figures are not equity accounted)**(see note 3)**(as per paragraphs 81-85 and 88-94 of AASB 101: Presentation of Financial Statements)*

	Current period - \$A'000	Previous corresponding period - \$A'000
1.1 Revenues <i>(item 7.1)</i>	7,094	2,364
1.2 Expenses, excluding finance costs <i>(item 7.2)</i>	9,640	8,507
1.3 Finance costs	172	69
1.5 <b>Profit (loss) before income tax</b>	(2,718)	(6,212)
1.6 Income tax expense <i>(see note 4)</i>	-	-
1.7 Profit (loss) from continuing operations	(2,718)	(6,212)
1.9 <b>Profit (loss) for the period</b>	(2,718)	(6,212)
1.11 <b>Profit (loss) attributable to members of the parent</b>	(2,718)	(6,212)
1.12 Basic earnings per security <i>(item 9.1)</i>	(1.63)	(13.88)
1.13 Diluted earnings per security <i>(item 9.1)</i>	(1.62)	(10.68)
1.14 Dividends per security <i>(item 9.1)</i>	Nil	Nil

**Comparison of half-year profits***(Preliminary final statement only)*

	Current period - \$A'000	Previous corresponding period - \$A'000
2.1 Consolidated profit (loss) after tax attributable to members reported for the 1st half year <i>(item 1.11 in the half yearly statement)</i>	(540)	(2,966)
2.2 Consolidated profit (loss) after tax attributable to members for the 2nd half year	(2,178)	(3,246)

## Consolidated balance sheet

(See note 5)

(as per paragraphs 68-69 of AASB 101: Financial Statement Presentation)

<b>Current assets</b>		Current period - \$A'000	Previous corresponding period - \$A'000
3.1	Cash and cash equivalents	354	20
3.2	Trade and other receivables	950	287
3.3	Inventories	882	642
3.4	Other current assets (provide details if material)	133	62
3.5	<b>Total current assets</b>	2,319	1,011
<b>Non-current assets</b>			
3.12	Property, plant and equipment (net)	449	58
3.14	Goodwill	1,549	-
3.17	<b>Total non-current assets</b>	1,998	58
3.18	<b>Total assets</b>	4,317	1,069
<b>Current liabilities</b>			
3.19	Trade and other payables	2,653	883
3.22	Short term provisions	7	15
3.26	<b>Total current liabilities</b>	2,660	898
<b>Non-current liabilities</b>			
		Current period - \$A'000	Previous corresponding period - \$A'000
3.27	Long-term borrowings	770	629
3.29	Long term provisions	201	-
3.31	<b>Total non-current liabilities</b>	971	629
3.32	<b>Total liabilities</b>	3,631	1,527
3.33	<b>Net assets</b>	686	(458)
<b>Equity</b>			
3.34	Share capital	11,748	7,885
3.35	Other reserves		-
3.36	Retained earnings	(11,062)	(8,343)
3.39	<b>Total equity</b>	686	(458)

## Consolidated statement of changes in equity

(as per paragraphs 96-97 of AASB 101: Presentation of Financial Statements)

	Current period – A\$'000	Previous corresponding period – A\$'000
Revenues recognised directly in equity:	Nil	Nil
Expenses recognised directly in equity:	Nil	Nil
4.1 <b>Net income recognised directly in equity</b>	Nil	Nil
4.2 <b>Profit for the period</b>	(2,718)	(6,212)
4.3 <b>Total recognised income and expense for the period</b>	(2,718)	(6,212)
Effect of changes in accounting policy (as per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors):	Nil	Nil

# **Consolidated statement of cash flows**

(See note 6)

(as per AASB 107: Cash Flow Statements)

	Current period - \$A'000	Previous corresponding period - \$A'000
<b>Cash flows related to operating activities</b>		
5.1 Receipts from customers	7,062	2,629
5.2 Payments to suppliers and employees	(10,561)	(3,748)
5.3 Interest and other costs of finance paid	(173)	(69)
5.4 Income taxes paid	-	-
5.5 Other – Interest received	3	2
5.6 <b>Net cash used in operating activities</b>	(3,669)	(1,186)
<b>Cash flows related to investing activities</b>		
5.7 Payments for purchases of property, plant and equipment	-	-
5.9 Payment for purchases of equity investments	-	(516)
5.16 <b>Net cash used in investing activities</b>	-	(516)
<b>Cash flows related to financing activities</b>		
5.17 Proceeds from issues of securities (shares, options, etc.)	3,233	972
5.18 Proceeds from borrowings	770	630
5.22 <b>Net cash used in financing activities</b>	4,003	1,602
<b>Net increase (decrease) in cash and cash equivalents</b>	334	(100)
5.23 Cash at beginning of period (see Reconciliations of cash)	20	120
5.25 <b>Cash at end of period</b> (see Reconciliation of cash)	354	20

## Reconciliation of cash provided by operating activities to profit or loss

(as per paragraph Aus20.1 of AASB 107: Cash Flow Statements)

	Current period \$A'000	Previous corresponding period \$A'000
6.1 <b>Profit/ (Loss)</b> <i>(item 1.9)</i>	(2,718)	(6,212)
Adjustments for:		
6.2 Depreciation	183	78
6.3 Impairment of goodwill	-	3,809
6.4 Net (gain)/ loss on disposal of property, plant & equipment	-	56
6.5 (Increase)/ decrease in trade & term receivables	(663)	76
6.6 (Increase)/ decrease in Inventories	(385)	1,078
6.7 Increase/ (decrease) in trade payables and accruals	(223)	(351)
6.8 Increase/ (decrease) in provisions	208	(24)
6.9 (Increase)/ decrease in other assets	(71)	304
6.10 <b>Net cash from operating activities</b> <i>(item 5.6)</i>	(3,669)	(1,186)

## Notes to the financial statements

### Details of revenues and expenses

(see note 16)

(Where items of income and expense are material, disclose nature and amount below in accordance with paragraphs 86-87 of AASB 101: Presentation of Financial Statements)

		Current period - \$A'000	Previous corresponding period - \$A'000
	Revenue		
	Sale of Goods	7,038	2,362
	Interest Income	3	2
	Other Revenue	53	-
7.1	Total Revenue	7,094	2,364
	Expenses		
	Cost of Sales	(3,940)	(2,279)
	Sales & Marketing	(1,516)	(596)
	Employees Benefits	(2,241)	(954)
	Depreciation	(183)	(78)
	Other Expenses	(686)	(791)
	Reorganisation Transaction Fees	(542)	-
	Freight & Cartage	(364)	-
	Management Fees	(168)	-
	Finance Costs	(172)	(69)
	Impairment of Goodwill	-	(3,809)
7.2	Total Expenses	(9,812)	(8,576)
	Profit (loss) before tax	(2,718)	(6,212)
<b>Ratios</b>		<b>Current period</b>	<b>Previous corresponding period</b>
	<b>Profit/ (loss) before tax / revenue</b>		
8.1	Consolidated profit (loss) before tax (item 1.5) as a percentage of revenue (item 1.1)	<b>(38.3%)</b>	<b>(262.8%)</b>
	<b>Profit/ (loss) after tax / equity interests</b>		
8.2	Consolidated profit (loss) after tax attributable to members (item 1.11) as a percentage of equity (similarly attributable) at the end of the period (item 3.37)	<b>(396.2%)</b>	<b>1356.3%</b>

### Earnings per Security

9.1 Provide details of basic and fully diluted EPS in accordance with paragraph 70 and Aus 70.1 of AASB 133: Earnings per Share below:

Earning per security (EPS)	Cents per share (Current period)	Cents per share (Previous corresponding period)
Calculations of basic and fully diluted, EPS in accordance With AASB 133: Earning per share		
(a) Basic EPS	(1.63)	(13.88)
(b) Diluted EPS	(1.62)	(10.68)

### Dividends

10.1 Date the dividend is payable

N/A

10.2 Record date to determine entitlements to the dividend (i.e. on the basis of registrable transfers received up to 5.00 pm if paper based, or by 'End of Day' if a proper ASTC/CHESS transfer)

N/A

10.3 If it is a final dividend, has it been declared?

N/A

(Preliminary final report only)

10.4 The dividend or distribution plans shown below are in operation.

N/A

The last date(s) for receipt of election notices to the dividend or distribution plans

N/A

10.5 Any other disclosures in relation to dividends or distributions

Nil



## Dividends paid or provided for on all securities

(as per paragraph Aus126.4 AASB 101: Presentation of Financial Statements)

		Current period - \$A'000	Previous corresponding period - \$A'000	Franking rate applicable
	<b>Dividends paid or provided for during the reporting period</b>			
10.6	Current year interim	Nil	Nil	N/A
10.7	Franked dividends			
10.8	Previous year final	Nil	Nil	N/A
10.9	Franked dividends			
	<b>Dividends proposed and not recognised as a liability</b>	Nil	Nil	N/A
10.10	Franked dividends	Nil	Nil	N/A

## Dividends per security

(as per paragraph Aus126.4 of AASB 101: Presentation of Financial Statements)

		Current year	Previous year	Franking rate applicable
	<b>Dividends paid or provided for during the reporting period</b>			
10.11	Current year interim	Nil	Nil	N/A
10.12	Franked dividends – cents per share			
10.13	Previous year final	Nil	Nil	N/A
10.14	Franked dividends – cents per share			
	<b>Dividends proposed and not recognised as a liability</b>	Nil	Nil	N/A
10.15	Franked dividends – cents per share	Nil	Nil	N/A

## Discontinued Operations

(see note 18)

(as per paragraph 33 of AASB 5: Non-current Assets Held for Sale and Discontinued Operations)

		Current period – A\$'000	Previous corresponding period – A\$'000
13.1	Revenue	Nil	Nil
13.2	Expense	Nil	Nil
13.3	<b>Profit (loss) from discontinued operations before income tax</b>	Nil	Nil
13.4	Income tax expense (as per para 81 (h) of AASB 112)	Nil	Nil
13.5	<b>Gain (loss) on sale/disposal of discontinued operations</b>	Nil	Nil
13.6	Income tax expense (as per paragraph 81(h) of AASB 112)	Nil	Nil

## Movements in Equity

(as per paragraph 97 of AASB 101: Financial Statement Presentation)

		Number issued	Number listed	Paid-up value (cents)	Current period – A\$'000	Previous corresponding period – A\$'000
14.6	<b>Ordinary securities</b> <i>(description)</i>					
14.7	Balance at start of period	46,156,208	46,156,208	17.08	7,885	6,913
14.8	a) Increases through issues	193,703,617	193,703,617	02.00	3,863	972
14.10	Balance at end of period	239,859,825	239,859,825	5.90	11,748	7,885
		Number issued	Number listed	Paid-up value (cents)	Current period – A\$'000	Previous corresponding period – A\$'000
14.16	<b>Options</b> <i>(description &amp; conversion factor)</i>					
14.17	Balance at start of period	14,831,673	-	-	-	-
14.18	Issued during period	-	-	-	-	-
14.19	Exercised during period	-	-	-	-	-
14.20	Expired during period	13,831,673	-	-	-	-
14.21	Balance at end of period	1,000,000	-	-	-	-
				Current period – A\$'000	Previous corresponding period – A\$'000	
	<b>Reserves</b>					
14.33	Balance at start of period			-	(10)	
14.34	Transfers to/from reserves			-	10	
14.35	Total for the period			-	10	
14.36	Balance at end of period			-	-	

14.37	<b>Total reserves</b>	-	(10)
	<b>Retained earnings/ (Accumulated losses)</b>		
14.38	<b>Balance at start of period</b>	(8,344)	(2,132)
14.41	Profit for the balance period	(2,718)	(6,212)
14.42	Total for the period	(2,718)	(6,212)
14.44	<b>Balance at end of period</b>	(11,062)	(8,344)

#### **Reports for industry and geographical segments**

Information on the industry and geographical segments of the entity must be reported for the current period in accordance with AASB 114: Segment Reporting. Because of the different structures employed by entities, a pro forma is not provided. Segment information should be completed separately and attached to this statement. However, the following is the personation adopted in the Appendices to AASB 114 and indicates which amount should agree with items included elsewhere in this statement.

		<b>Current period - \$A'000</b>	<b>Previous corresponding period - \$A'000</b>
	<b>Segments</b>		
	Revenue:		
19.1	External sales	7,041	2,363
19.3	<b>Total</b> (consolidated total equal to item 1.1)	<b>7,094</b>	<b>2,364</b>
19.6	<b>Operating profit</b> (equal to item 1.5)	<b>(2,718))</b>	<b>(6,212)</b>
19.7	Interest expense	(172)	(69)
19.8	Interest income	3	2
19.11	<b>Net profit</b> (consolidated total equal to item 1.9)	<b>(2,718))</b>	<b>(6,212)</b>
	<b>Other information</b>		
19.12	Segment assets	4,317	1,069
19.15	<b>Total assets</b> (equal to item 3.18)	<b>4,317</b>	<b>1,069</b>
19.16	Segment liabilities	3,631	1527
19.18	<b>Total liabilities</b> (equal to item 3.32)	<b>3,631</b>	<b>1,527</b>
19.19	Capital expenditure	-	-
19.20	Depreciation	183	78
19.21	Other non-cash expenses	-	3,809

## NTA Backing

(see note 7)

20.1	Current period  Cents	Previous corresponding period  Cents
Net tangible asset backing per ordinary security	(0.36)	(0.99)

## Non-cash financing and investing activities

*Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. If an amount is quantified, show comparative amount.*

21.1	Loans of \$629,885 from the related entities to the group were converted into equity during the year.
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## International Financial Reporting Standards

*Under paragraph 39 of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards, an entity's first Australian-equivalents-to-IFRS's financial report shall include reconciliations of its equity and profit or loss under previous GAAP to its equity and profit or loss under Australian equivalents to IFRS's. See IG63 in the appendix to AASB 1 for guidance.*

22.1	Not applicable
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*Under paragraph 4.2 of AASB 1047: Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards, an entity must disclose any known or reliably estimable information about the impacts on the financial report had it been prepared using the Australian equivalents to IFRSs or if the aforementioned impacts are not known or reliably estimable, a statement to that effect.*

22.2	Not applicable
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### Comments by directors

Comments on the following matters are required by the Exchange or, in relation to the half yearly statement, by AASB 134: Interim Financial Reporting. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) but may be incorporated into the directors' report and statement. For both half yearly and preliminary final statements, if there are no comments in a section, state NIL. If there is insufficient space in comment, attach notes to this statement.

### Basis of accounts preparation

This report should be read in conjunction with the last annual report and any announcements to the market made by the issuer during the period. This report does not include all notes of the type normally included in an annual financial report.

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible). In a half yearly report, provide explanatory comments about any seasonal or irregular factors affecting operations

At an extraordinary meeting of shareholders held on 06 August 2010:

The Company approved purchase of 100% interest in Creative Brands Pty Ltd (CB), in consideration for the issue by the company of 217,762,810 ordinary shares and the appointment of following former associates of CB as directors of the Company:

- a) William McCartney
- b) Stephen Leslie Mason
- c) Stephen Donald Alfred Goodey
- d) Peter Henry Townsend Cox

Approved the change of company name from Soda Brands Limited to Heritage Brands Limited

(Name of the company was changed to Heritage Brands Limited on 12 August 2010 to better reflect the brand value of the group.)

The share sale agreement between Heritage Brands Limited and CB was executed on 10 August 2010.

The executive service agreement with Stephen Donald Alfred Goodey as per terms of sale agreement was executed on 10 August 2010.

A deed of equalisation for new loans for incoming directors was executed on 20 August 2010.

A loan agreement for new facilities from shareholders amounting to \$2.8 millions was executed on 20 August 2010.

New shares issued to CB were listed on NSX on 10 August 2010.

New Loans amounting to \$962,857 were received from shareholders to the group.

Business operations were amalgamated and relocated to CB premises in Melbourne in September 2010.

Liabilities totaling \$ 227,555 were incurred in relation to redundancy of staff and moving of operations to Victoria.

Any other factors which have affected the results in the period, or which are likely to affect results in the future, including those where the effect could not be quantified.

The acquisition of Incolabs Holdings Pty Ltd and its subsidiaries contributed significant revenue to the group sales during the year and likely to further improve the operational profitability.

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

No dividends are planned for payment for the next financial year.

Changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows.

*(Disclose changes in the half yearly statement in accordance with paragraph 16(a) of AASB 134: Interim Financial Reporting. Disclose changes in the preliminary final statement in accordance with paragraphs 28-29 of 108: Accounting Policies, Changes in Accounting Estimates and Errors.)*

None

An issuer shall explain how the transition from previous GAAP to Australian equivalents to IFRS<sup>1</sup> affected its reported financial position, financial performance and cash flows. *(as per paragraph 38 of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards)*

Not applicable

Revisions in estimates of amounts reported in previous periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous annual reports if those revisions have a material effect in this half year *(as per paragraph 16(d) of AASB 134: Interim Financial Reporting)*

Nil

Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last annual report *(as per paragraph 16(j) of AASB 134: Interim Financial Reporting)*

Nil

The nature and amount of items affecting assets, liabilities, equity, profit or loss, or cash flows that are unusual because of their nature, size or incidence *(as per paragraph 16(c) of AASB 134: Interim Financial Reporting)*

Goodwill amounting to \$1,549,502 was recorded on acquisition of Incolabs Holdings Pty Ltd and its subsidiaries.

Effect of changes in the composition of the entity during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinued operations *(as per paragraph 16(l) of AASB 134: Interim Financial Reporting)*

The Company completed the acquisition of Incolabs Holdings Pty Ltd and its subsidiaries on 31 October 2009.



**Annual meeting***(Preliminary final statement only)*

The annual meeting will be held as follows:

Place

MELBOURNE

Date

17th DECEMBER

Time

10.00 am.

Approximate date the annual report will be available

15th NOVEMBER.

**Compliance statement**

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the *Corporations Act*.
2. This statement, and the financial statements under the *Corporations Act* (if separate), use the same accounting policies.
3. This statement does give a true and fair view of the matters disclosed.
4. This statement is based on financial statements to which one of the following applies:  

<input checked="" type="checkbox"/> The financial statements have been audited.	<input type="checkbox"/> The financial statements have been subject to review by a registered auditor (or overseas equivalent).
<input type="checkbox"/> The financial statements are in the process of being audited or subject to review.	<input type="checkbox"/> The financial statements have <i>not</i> yet been audited or reviewed.
5. If the accounts have been and the audit report is not attached, details of any qualifications are attached/will follow immediately they are available.
6. The issuer has a formally constituted audit committee.

Sign here: .....  
(Company secretary)

Date: 14 October 2010

Print name: Chris McGibbon