

Heritage Brands Limited and Controlled Entities
Chairman's and Managing Directors
Report for the half year ended
31st January, 2012

Revenue up 10.7% and net profit after tax up 283.1%

Despite a very challenging retail environment with consumer confidence at historically low levels the Heritage Brands group has recorded solid results for the first half of the year to 31 January 2012 as detailed below:

(\$'000s)	2011/2012	2010/2011	% difference
Revenue	\$14,583	\$13,174	+10.7%
Net profit after tax	\$1,176	\$307	+283.1%

The group currently owns the Australis, Mode and Innoxia brands and distributes under license Nailene, Fing'rs, Revlon Nails, Imedeen, Cedel ,Le Tan and Hello Kitty cosmetics. Our major brands Australis, Innoxia, Nailene, Fing'rs and Mode offer good value, have loyal consumers and have been solid performers in the current difficult market. Our major retail partners remain pleased with our current brand sales performance in their stores. Also our continued focus on stock reduction and reducing operating costs is yielding positive results.

We now believe that the Heritage Brands has moved through the post merger stage exceptionally well especially given the current economic climate in Australia. As a result we are now well placed with the right people, operating systems, management experience, operating platform, enthusiasm and capacity to grow the Heritage Brands business in all areas of its activities.

The Australian economy and these retail conditions will continue to be challenging but the Directors of Heritage Brands remain confident about the future for our brands and optimistic about the opportunities to grow our business both organically and by acquisition.

D.J. Fairfull
CHAIRMAN

S. Goodey
MANAGING DIRECTOR