

Heritage Brands

13th April 2018

Ingrid Wei

Market Surveillance Analyst

NSX Limited

1 Bligh Street Sydney NSW 2000

Dear Ingrid

Please find responses to your query set out below. I also refer to my phone conversation this morning. We take our Corporate Governance seriously and to this extent, the disclosure was debated and agreed with our Audit and Risk management Committee before presentation to our Board.

Query	Response
Query1. Please explain why the amounts of Other Expenses AUD(\$4,586,405) in Consolidated Statement of Profit or Loss is absent from the table in Note 4 (fig.1).	In accordance with AASB101.85 we have disclosed significant movements in Other Expenses under the heading titled <i>"included within other expenses..."</i> All items have been disclosed that are considered to be relevant in understanding the Group's financial performance throughout the period. While there is no such requirement to disaggregate all items comprising 'Other Expenses', we have attempted to "Emphasise the materiality" of the items disclosed.
Query 2. Please provide a table comparing the Other Expenses for 2016 and 2017 that would allow for a comparison of individual items comprising Other Expenses for the two periods.	As above. We do not consider it necessary to disaggregate all items that have been included within Other Expenses as this would result in a significant list of which, other than the items disclosed in Note 4 to the Financial Statements, is not considered to be relevant to the users of the Financial Report. We have disclosed the significant changes in other expenses as is required and considered appropriate to the users of the Financial Report and as per the above query, have used our disclosure to "Emphasise the materiality"
Query 3. Can the Company please provide information supporting the material change in its Other expenses from 31 July 2016 to 31 July 2017?	This has been included and disclosed within the Financial report, in particular we refer you to the Chairman's Report on Page 1, second Para Bullet point 3 to be read in conjunction with fourth Pars Bullet point 4 regarding the "Wellbeing" part of our business. Note 4 to the Financial Statements details the expenses.
Query 4. When did the Company first become aware of the information regarding possible change in business activities that could result in material change in Other expenses?	There has been no such change in the Group's 'business activities'. As noted within the Directors Report the principal activities of the Group during the financial year were <i>"the selling and distribution of branded cosmetics,</i>

Heritage Brands

	<p><i>toiletries, skincare, nail care products, oils and fragrances”.</i></p> <p>The Chairman’s report notes there was “<i>An increase in the cost of doing business across the sector and abnormal items of \$917,000 to secure new revenue streams for 2017/2018 year</i>”.</p> <p>Abnormal items related to one-off expenditure incurred as part of the strategic alliance formed with Medlab Clinical Ltd for the launch of a new brand for distribution. This is considered to be in line with the principal business activities.</p>
<p>Query 5. Does the Company believe it is in compliance with Listing Rule 6.4 as the financial position of the group has significantly changed from the period ended 31 July 2016 to the period ended 31 July 2017?</p>	<p>The Group believes it has made the appropriate disclosures to comply with Listing Rule 6.4.</p> <p>The Directors are of the view that the Groups Financial Position has not changed significantly other than where already disclosed within the Financial Report.</p>

Kind Regards



Chris Mc Gibbon
Company Secretary

