



## Healthzone Reports Fourth Consecutive Year of Record Sales and 47.1% Growth in Profit

SYDNEY; 31 August 2010 - Australia's leading natural products distributor, franchise retailer and producer of health, beauty and natural products, Healthzone Limited (ASX: HZL. OTCQX: HLTZY), today announced a 47.1% increase in consolidated Net Profit After Tax to \$4.39 million. Sales revenues increased by 8.4% to \$112.69 million compared to \$103.93 million for the previous corresponding period in FY2009. Healthzone has lifted EBITDA 38.9% from \$6.3 million to \$8.98 million for the 2010 financial year. Earnings Per Share increased by 15.9% from 6.9 cents to 8.0 cents, despite a 68.1% increase in the number of shares on issue arising from the issue of 32.04 million new shares in the FY2010 year.

### HIGHLIGHTS:

- Record NPAT up 47.1% to \$4.39 million
- Record EBITDA up 38.9% to \$8.98 million
- Record Sales Revenue up 8.4% to \$112.69 million
- Record EPS up 15.9% to 8.0 cents per share
- Growth in net assets by \$13.14 million
- Eu Yan Sang Asian Alliance
- Launch of Healthy Life China – 100 sites by 2012
- Established ADR listing on OTCQX exchange
- Acquired Gold Mist Health Retail Chain
- Capital Raise Completed



**Healthzone Executive Chairman Peter Roach** said, "The Company's outstanding results have been delivered notwithstanding a difficult retail trading environment and are a testament to the success of our strategy to increase profits through the conversion of our low GP sales to high GP sales and as a result we have grown profits ahead of revenues in a year of significant investment into our own branded products and retail."

Mr Roach said "We are very pleased with the performance of Healthzone. The business continues to deliver consistently outstanding results year after year, in contrast to the significant volatility being experienced by the wider retail sector. Healthy Life China will only add to that growth and stability in the future. We have introduced 143 new own branded products to our own brand ranges and through a variety of value added services our new distribution business margins are an average of 42% up on the traditional low margin distribution model of our acquired businesses. Our Healthy Life retail business continues to grow with healthy revenue growth and margin expansion. Average warehouse purchases by the Healthy Life franchise have grown from 38.3% in FY2009 to 46.5% in FY2010 with increasing support for our own branded products providing over four times the GP margin of third party distributed products to our markets. The Company has outperformed the sector growth of 6.5% in our core market to deliver our fourth year of record sales and profits."

Healthzone's international growth strategy in markets much larger than Australia have continued to gain momentum and in particular mainland China. Our new alliance partnership with Eu Yang Sang as a 15% investor in Healthzone has provided capital, influence and competitive advantage in Asia with Eu Yan Sang a household name in Singapore, Malaysia, Hong Kong and Macau. Healthzone is partnering with Eu Yan Sang to accelerate the roll out of Healthy Life China as a vehicle for their respective entities to drive their unique yet complementary ranges of Western and Traditional Medicine products in the \$30 billion China market growing in excess of 17% per annum.

## OUTLOOK

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Mr Roach said, "While the challenges of the retail market will remain in the coming year, we are confident we have the people and a solid strategy for growth in Australian and Asian markets. Eu Yan Sang as a new and strategic shareholder will provide influence to deepen our penetration into both emerging and established markets through our own brand and retail strategy in these markets. The initiatives Healthzone has introduced over the last year to expand our customer reach and leverage our 470,000 customer database, to deliver innovative new products, and grow the Asian business have placed the Company well for healthy growth in FY2011.

## CONTACT DETAILS;

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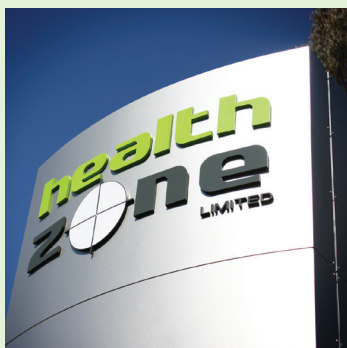
## BACKGROUND NOTES

Healthzone Limited operates a portfolio of distribution, consumer product and retail businesses in the Wellness sector. Each business provides immediate opportunities for earnings growth through business development and integration.  
[www.healthzone.com.au](http://www.healthzone.com.au)

### Healthzone's businesses are comprised of three principal activities;

#### Health and Beauty Distribution

- Healthzone Solutions, Australia's largest national health food distributor, with three warehouse facilities in Sydney, Brisbane and Perth. [www.healthzone.com.au/Solution/Home.asp](http://www.healthzone.com.au/Solution/Home.asp)
- Jasham International, Australia's largest parallel market beauty and fragrance product distributor to more than 3,300 pharmacies and department stores in Australia. [www.jasham.com.au](http://www.jasham.com.au)
- Healthzone International distribution through more than 1,600 outlets in China.
- North America, Europe and Asia distribution.



#### Health and Beauty Products

- More than 300 "Healthy Life" products including health foods and beverages which are sold exclusively through Healthy Life stores in Australia with exclusive distribution agreements in place in China.
- More than 65 "HL" vitamin and supplement products which are sold exclusively through Healthy Life stores in Australia with exclusive distribution agreements in place in China. [www.healthyliife.net.au](http://www.healthyliife.net.au)
- More than 120 "Natural Alternative" products, including food, household and cleaning products. [www.naturalalternative.com.au](http://www.naturalalternative.com.au)
- The 'Bod' and new BOD ecology products are natural beauty products made in Australia. These products are sold in Japan, Hong Kong, Taiwan, Korea, Canada, Europe and New Zealand. These products will be the target of further development of the significant export market potential. The Bod products range is also actively marketed through Healthzone franchise banner stores in Australia. [www.bod.com.au](http://www.bod.com.au)
- The company produces a range of more than 45 supplement and vitamin products under its "Aurinda" brand, which are manufactured in Australia for export sale.
- The Company plans to acquire or develop its portfolio of Wellness products and is exploring opportunities to expand distribution of these products in Australian and international Wellness markets.



## Health Retail

- Healthzone is the master franchisor of more than 130 health food retail stores [www.healthylife.net.au](http://www.healthylife.net.au)
- Healthy Life China first store now open in Shanghai.
- Healthzone has more than 470,000 registered loyalty club members.
- Healthzone's Healthy Life News magazine has a circulation of more than 6 million copies per annum.



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## HEALTHY LIFE NEWS

**How To Avoid Swollen, Painful Joints**  
Nutrients And Co-Factors That Help!  
Feature: Page 2

**Suffering From Blurred Vision, Tired or Sore Eyes?**  
We've Got The Answer!  
Feature: Page 4

**Skincare Secrets Revealed...**  
You Can Have Beautiful, Healthy And Radiant Skin... Naturally!  
By Isabelle Baisac, ND  
Healthy skin is a good indication of a healthy body. If your body is running at its best it will in turn look its best. For this reason our diet and exercise regimes play a big role in keeping our skin healthy and glowing radiantly. Something as simple as increasing our water intake can improve the hydration of our skin allowing it to appear plump and glowing. Making sure that our diet is rich in nutrients and offers our body all the tools we need is important to repair and rejuvenate the skin.  
Vitamin C is vital for collagen synthesis in the body. Collagen is responsible for maintaining healthy connective tissue in our joints, ligaments and of course our skin, promotes tissue elasticity and encourages healthy cell membranes. Vitamin A is also essential for the growth of healthy cell membranes. Due to its fat soluble nature, it keeps the membranes of our skin cells healthy and intact. Be aware that fruits are high in sugar and link your intake to 2 or 3 pieces of fruit a day. This will offer your body all of the best nutrients, but not overload it with too much sugar, throwing the system out of balance.  
Nuts and seeds - Nuts and seeds are generally high in good oils as well as key minerals needed to keep our skin youthful and radiant. Different nuts and seeds have different nutritional properties. Pumpkin seeds are rich in Zinc and essential fatty acids both of which are important for skin that is prone to breakouts or dryness. Almonds are also high in essential fatty acids and Vitamin E, which is an antioxidant. Other nuts to consider are Macadamia nuts, Walnuts and Cashews which again are high in essential fatty acids keeping the skin supple, hydrated and less reactive to the environment.  
Fibre - Keeping a diet high in fibre can help cleanse the blood by binding toxins that would otherwise come out of the skin, causing breakouts and sensitive irritated skin. Fibre is often left out of a healthy skin protocol, but using a good fibre supplement such as Psyllium Husk or Slippery Elm can make all the difference to keeping our body cleansed and low in toxins.  
Mixed vegetables - A diet high in vegetables of all colours offers a good range of antioxidants to the body. This will support the skin cells by improving repair and removing dead or damaged cells. Red and orange vegetables generally tend to be higher in Beta Carotene which is an antioxidant and immune stimulant that encourages healing. Green vegetables are high in chlorophyll which gives them their lovely green colour. Chlorophyll is an internal cleanser which aids in cleansing the digestive system and keeping our body regular, allowing it to naturally rid itself of unwanted waste.  
Yoghurt - Yoghurt is a natural source of good bacteria to support the gastrointestinal tract, allowing nutrients to be absorbed and utilised correctly. Good bacteria are also important for fighting off any unwanted bacteria in the gut that would lead to an increased build up of toxins in the body. Yoghurt put more strain on the immune system causing the skin to become more easily irritated.  
Supplements - There are a number of supplements that can be taken to improve skin condition. Supplements offer additional support to our diet, and ensure that our skin is getting all the help that it can in order to look and feel its best.  
A very important supplement for healthy  
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**Protect Your Bones From Osteoporosis!**  
Here's How... Page 3

**Give Your Skin The Attention It Deserves**  
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**Gluten Free Chocolate Self-Saucing Pudding**  
Page 11

**Healthy Life**  
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