

healthzone limited

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316 Horsley Road
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20 Bridge Street
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ASX/MEDIA RELEASE

HEALTHZONE DRIVES SALES AND MARGIN GROWTH WITH INTERNATIONAL EXPANSION

Leading distributor, franchise retailer and producer of health and beauty products, Healthzone Limited (ASX code: HZL) today provides an update regarding Healthzone's international expansion in the \$100 billion North American and \$30 billion China nutrition, beauty and wellness markets, where annual sector sales growth is more than 8 per cent and 17 per cent respectively.

Retail Opportunities

Healthzone has continued international expansion of its retail operations with now more than 1,600 outlets in China and the expansion of the Healthy Life China health food franchise. The first 2 corporate Healthy Life stores are scheduled to open in Shanghai in May this year with an additional 4 new sites secured and planned to open in the second half of 2010. Healthy Life is Australia's leading retail health food franchise with 470,000 loyalty club members. With an objective to further expand the Healthy Life business activities in North America, Europe and Asia, Healthzone expects to make further announcements in the near future.

Proprietary Product Brand Growth

Healthzone continues to grow in North America with the launch of its BOD and Natural Alternative product ranges at the world's leading natural and organic product tradeshow, Expo West. These products have been enthusiastically received with expressions of interest now being processed from established markets in North America, Europe, Hong Kong, Malaysia, Singapore and Taiwan. Sales growth is anticipated to continue with the development of a further 270 high margin, own brand products by Healthzone this year.

Distribution Expansion

Healthzone's distribution business continues to expand with strengthened strategic alliances and new agency relationships in the North America, Europe and Asian markets as well as new distribution agreements in North America for Healthzone products. Exclusive Australasian distribution rights to Canada's leading Omega 3 brand, Ascenta have been executed. Omega 3 in Australia is a \$100 million per annum category and the new Ascenta range provides for substantially increased gross margin opportunity, unique product positioning and market share expansion.

Healthzone's International Profile

Healthzone has received significant new interest as a result of international road shows from complementary businesses and investors in North America, Asia and Europe, who are enthusiastic to support Healthzone's further development in global wellness markets. Healthzone is advancing its international profile through its American Depositary Receipt (ADR) program and dual quotation on the OTCQX exchange in the United States of America. The ADR program enables North American investors to buy Healthzone shares in the United States of America like USA based companies and with quotation of Healthzone securities in U.S. dollars in the form of ADR's on the OTCQX. Healthzone will maintain its primary listing on the Australian Securities Exchange (ASX) with access to larger North American capital markets.

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BACKGROUND NOTES

Healthzone Limited

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. Healthzone's businesses are comprised of three principal activities.

Health and Beauty Distribution

- Health Minders national health food distribution, with National warehouse facilities
- Jasham distribution of beauty and fragrance products to more than 1,700 pharmacies and department stores in Australia.
- Healthzone distribution through more than 1,600 outlets in China.
- Distribution in North America, Europe and Asia.

Health and Beauty Products

- The "Healthy Life" range of vitamins, supplements, health foods and beverages which are sold exclusively through Healthy Life stores.
- More than 65 "HL Vitamin" vitamin and supplement products.
- More than 100 "Natural Alternative" products, including food, household and cleaning products.
- The 'Bod' range of premium skincare and beauty products, produced in Australia for sale in Australia, Japan, Hong Kong, Taiwan, Korea, Canada, Europe, Singapore, Malaysia and NZ.
- The "Aurinda" range of more than 45 vitamin and supplement products produced in Australia for export sale.

Health Retail

- Healthzone operates a network of more than 120 health food retail stores, including company stores in Sydney and Melbourne, which the company is expanding.
- Healthzone has more than 470,000 registered loyalty club members.
- Healthzone's Healthy Life News publication has a circulation of more than 6 million copies per annum.

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