

healthzone limited

ACN 118 715 772

316 Horsley Road
Milperra NSW 2214

ASX Media Release: 11 February 2009

Healthzone Completes Health Minders Integration

Healthzone Limited (ASX: HZL) the producer, distributor, franchisor and retailer of health and beauty products is pleased to announce the successful integration and settlement of the acquisition of the Health Minders Pty Limited businesses, which include:

- **Australia's leading health food channel distribution and marketing business** with, distribution of more than 5 million products annually across more than 4,000 product lines to more than 2,000 wholesale customers including health food chains, supermarkets, pharmacies and health practitioners through nationally integrated facilities;
- **A nationally integrated health food franchise with more than 130 retail stores** with more than 3.8 million retail transactions per annum, 400,000 loyalty club members and the Healthy Life News retail magazine with circulation of more than 4 million copies per annum;
- **A range of more than 300 health food products** that is supported by the Healthy Life national franchise, including vitamin, supplement, packaged food and beverage products that are developed in response to the needs of Healthy Life consumers.

Peter Roach, Chairman of Healthzone Limited said: 'With the successful integration of Health Minders with Healthzone's distribution, product and retail businesses, Healthzone doubled its EBITDA despite challenging conditions in FY08 and is now advancing initiatives to capitalise on its leadership position in the growing wellness sector, driven by an ageing population and increased awareness of the benefits of preventative health care. With a sector leading management team, Healthzone is focused on its Project 2010 initiatives to add value to each of Healthzone's businesses through revenue growth, margin expansion and continued improvements to operating efficiencies. Together with the Jasham pharmacy distribution business acquired in 2008, we are well positioned to capitalise on immediate opportunities in the health food and pharmacy markets with a particular focus on products that we can market through Healthzone's international channels.

Settlement of the Health Minders acquisition was finalised with the issue of 5,646,481 new fully paid ordinary shares to the vendors at an average value of 48.4 cents per share in accordance with the business acquisition agreement completed in October 2007 (refer ASX release of 8 October 2007). The Appendix 3B follows. The vendor shares are subject to a 90 day on-market sale escrow from issue date with prescribed conditions of sale for up to 12 months from date of issue."

Key activities of Healthzone's Project 2010 initiative include:

- Elevating the combined influence of our businesses in the health food and pharmacy sectors and boosting Healthzone's purchasing power through centralised purchasing and commitments for a national retail network with more than 130 stores;
- Expansion of the Healthy Life retail footprint to 200+ stores and loyalty club members to 500,000 through marketing and enhanced offer to members;
- Continuing development of more than 300 products according to the needs of our consumers under the Healthy Life, Natural Alternative, Bod and Aurinda brands;
- Increasing sales, margins and market share through services to suppliers and retail customers;
- Aligning the interests of franchisees with corporate objectives through regular meetings, training, communications, support from suppliers and securing exclusive product offers; and
- Expansion to complementary product sectors for the pharmacy and health food channels and geographic markets, including through the Sephora group in Europe.

Contact: Robert Dulhunty B.Com LLB (Hons) CA MBA
Director, Healthzone Limited
Tel: 02 9238 6255

**Background Notes for Editors:
Healthzone Limited**

The Company 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. The business unit activities are made up of three divisions.

Health and Beauty Distribution

- Health Minders national distribution, with warehouse facilities in most states of Australia.
- Jasham distribution of beauty and fragrance products to more than 1,700 pharmacies and department stores in Australia.
- Healthzone distribution through more than 1,400 outlets in China.
- North America, Europe and Asia distribution.

Health and Beauty Products

- More than 300 Healthy Life and products including vitamins, supplements, health foods and beverages.
- More than 100 Natural Alternative products, including food, household and cleaning products.
- The 'Bod' 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 stores in Australia.
- 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 overseas Wellness markets.

Health Retail

- Healthzone is the master franchisor of more than 130 health food retail stores
- The Company has stores in Sydney and in Melbourne.
- Healthzone sells more than 800 wellness products online at www.healthonline.com.au, including products from other leading vendors. Other online stores include Bod Online.
- More than 400,000 registered loyalty club members.
- The Healthy Life magazine with circulation of more than 4 million copies per annum.

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

HEALTHZONE LIMITED

ABN

79 118 715 772

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|----------------------------|
| 1 | +Class of +securities issued or to be issued | Ordinary shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 5,646,481 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>The securities rank equally in all respects with existing ordinary shares</p>				
<p>5 Issue price or consideration</p>	<p>48.4 cents per share av</p>				
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Deferred consideration for the acquisition of the Healthminders business</p>				
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>10 February 2009</p>				
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="702 1556 1005 1601">Number</th> <th data-bbox="1005 1556 1302 1601">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="702 1601 1005 1830">47,049,950</td> <td data-bbox="1005 1601 1302 1830">Ordinary shares</td> </tr> </tbody> </table>	Number	+Class	47,049,950	Ordinary shares
Number	+Class				
47,049,950	Ordinary shares				

+ See chapter 19 for defined terms.

		Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	None	
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)		

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	NA
12	Is the issue renounceable or non-renounceable?	NA
13	Ratio in which the +securities will be offered	NA
14	+Class of +securities to which the offer relates	NA
15	+Record date to determine entitlements	NA
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	NA
17	Policy for deciding entitlements in relation to fractions	NA
18	Names of countries in which the entity has +security holders who will not be sent new issue documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	NA
19	Closing date for receipt of acceptances or renunciations	NA

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

20	Names of any underwriters	NA
21	Amount of any underwriting fee or commission	NA
22	Names of any brokers to the issue	NA
23	Fee or commission payable to the broker to the issue	NA
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	NA
25	If the issue is contingent on +security holders' approval, the date of the meeting	NA
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	NA
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	NA
28	Date rights trading will begin (if applicable)	NA
29	Date rights trading will end (if applicable)	NA
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	NA
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	NA

+ See chapter 19 for defined terms.

- 32 How do ⁺security holders dispose of their entitlements (except by sale through a broker)?
- 33 ⁺Despatch date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders
- 36 If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional ⁺securities

⁺ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Entities that have ticked box 34(b)

38 Number of securities for which +quotation is sought NA

39 Class of +securities for which quotation is sought NA

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

NA

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

NA

	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)	NA	

+ See chapter 19 for defined terms.

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.

 - There is no reason why those +securities should not be granted +quotation.

 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.

 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: Date: 11 February 2009
(Director)

Print name: Peter Roach

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