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For Immediate release to the market

ALLIED BRANDS LIMITED (ASX:ABQ)

Allied Brands Further Profit Downgrades

After discussions between the Board and its Auditors Allied Brands have provided for a write down in carrying values in both the Cookie Man and Villa and Hut businesses and have also provided further amounts for the closure of 14 stores including the write down of fixtures and fittings of \$3.5 million, the closure of the Awesome Entertainment business and the cancellation of Area Development contracts of \$4 million after a review of their operation.

These changes will increase the write downs to between \$30- \$32 million, this is well above the \$13 - \$15 million announced in June and reflects the further changes made after completion of an operational and strategic review of the company.

The company also wishes to advise that due to the failure to settle contracts for the sale of the Bay Swiss franchised stores coupled with significantly increased trading losses in these stores and increases in bad debt provisions means that the underlying profit for the full year will be roughly breakeven. This is significantly down on the previously reported underlying profit of \$5 million.

Following an independent review of the businesses the company has cut in excess of \$3 million in overheads and is implementing a new streamlined business model. This coupled with rationalisation of area developer's within the brands will save the company operational costs in the vicinity of \$4.5 million per annum and will help return the company to profitability.

For further information please contact Sean Corbin on 07 3229 0988.