SIGNATURE BRANDS AND KAHALA CORP TO JOIN FORCES

Signature Brands Limited ("SBL" or "the Company") has today signed a tri-partite agreement with the privately owned Kahala Corp. of the United States and its affiliate, Kahala Corp. Australia Pty. Limited (collectively "Kahala") to join forces in the Asia Pacific region. The agreement has three major components:

- SBL's acquisition of the Kahala owned juice bar business, "Nrgize", which currently operates 4 company owned and 13 franchised stores in Australia;
- SBL's acquisition of licences to utilise Kahala's seven existing franchise concepts and systems throughout the Asia Pacific region; and
- The placement to Kahala of 4,000,000 ordinary shares in SBL.

SBL also proposes to change its name to Kahala Australia Limited.

Juice and Coffee Bars

SBL currently operates 21 company owned juice bars under the "Pulp" brand in Australia, together with 3 franchises. SBL also has master franchise agreements in New Zealand - currently operating four stores - and across 24 countries in the Middle East where the first stores are due to open later this year. The combined network of "Pulp" and "Nrgize" juice bars, together with the "Dash" coffee bar chain, including those bars scheduled to be opened over the next three months (denoted "S" below) is as follows:

	ACT	NSW	Qld	Vic	NZ	Total	Company	Franchise
Nrgize	6	6 + 2S	2 + 1S	3 + 1S	-	17 + 4S	4	17
Pulp	-	13 + 4S	4	7	4	28 + 4S	21	11
Dash	4					4	-	4
Combined	**10**	**19 +6S**	**6 +1S**	**10 +1S**	**4**	**49 + 8S**	**25**	**32**

The combined juice bar network will be brought together under a common brand which will be unveiled shortly. SBL intends to enhance the operational performance of the network by moving to a predominantly franchised basis, which will also free up capital for additional growth opportunities and systems investment. On an annualised basis, gross system wide turnover of the merged group should exceed $20 million.

Kahala franchise concepts and systems

Kahala currently operates and franchises seven different quick service restaurant concepts across approximately 1,000 outlets primarily in North America, with gross annual system wide sales of about US$500 million. SBL will acquire licences to utilise the six non-juice bar concepts within defined territories throughout the Asia Pacific region, including all of Australia.

The Kahala Quick Service Restaurant concepts, excepting the "Surf City Squeeze" juice and smoothie bars, are:

Ranch*1	Grilled chicken sandwiches, salads, wraps and bowls, Ranch1 famous fries, and other complementary food and beverage items
Taco Time	Tacos, burritos, nachos and other Mexican style items
Samurai Sams	Teriyaki grills
Great Steak and Potato	Genuine Philadelphia Cheesesteak sandwiches
Rollerz	Signature lines of wraps and grilled sandwiches
Frullati Café	Healthy food cafes featuring a signature line of smoothies as well as sandwiches, salads, soups and other healthy snacks

Consideration, capital structure and conditions precedent

In consideration for the acquisition of the Nrgize juice bars and the license to develop Kahala's quick service restaurant franchise concepts, SBL will issue to Kahala a total of 32,000,000 new ordinary shares in SBL at a deemed price of $0.20 per share. This values the acquisitions at $6.4 million. For every two shares issued, Kahala will receive an option to acquire one further new ordinary share at a price of $0.225 at any time prior to 31 December 2008.

Kahala will also subscribe for 4,000,000 new ordinary shares for cash at a price of $0.15 per share raising $600,000. For every two shares issued, Kahala will receive an option to acquire a further new ordinary share at a price of $0.225 at any time prior to 31 December 2008.

Trent Capital Limited ("Trent"), a company of which Andrew Brown, SBL's Chairman is a Director and major shareholder, will also subscribe for 2,533,333 new shares of SBL at a price of $0.15 per share. This subscription will convert existing shareholder loans to equity. For every two shares issued, Trent will receive an option to acquire a further new ordinary share at a price of $0.225 at any time prior to 31 December 2008.

In total, Kahala will receive 36,000,000 shares in SBL. Based on an anticipated enlarged capital base[1] of approximately 103 million shares, Kahala will have a 35% shareholding. On a fully diluted basis[1], Kahala's 18,000,000 equivalent options would increase its shareholding to just under 40% of SBL. SBL has granted Kahala pre-emptive, anti-dilution rights which will preserve Kahala's shareholding at a level of 41% of SBL's diluted capital.

Kevin Blackwell, the Chairman and CEO of Kahala, will join the board of SBL. Michael Inman will be the CEO of the enlarged SBL operations.

The acquisitions and placements will be subject to the approval of shareholders of SBL at a General Meeting to be held in April 2005. For the benefit of shareholders, an Independent Experts Report will be prepared opining on the fairness of the transactions. Aside from standard conditions precedent, the transactions are also conditional on the passage of all resolutions at the General Meeting of SBL scheduled for 24 February 2005.

Rationale for the transactions

The transactions provide both immediate and industry specific benefits to SBL, as well as providing a far more solid, regionally based growth opportunity.

The juice bar industry in Australia has grown rapidly in recent years with recent forecasts predicting that up to 600 outlets[2] will be operational by the end of 2005. The industry structure underneath the market leader "Boost", which operates over 170 outlets, is highly fragmented. A handful of concerns operate between 10 – 15 outlets, predominantly via franchise arrangements, while numerous other operators have between one and three juice bars. SBL believes this industry structure is untenable over the medium term, as increased competition for attractive sites requires efficiencies and economies be achieved elsewhere within a juice bar operation. SBL's anticipated advancement to the clear second player in the industry significantly enhances the probability of achieving an efficient, streamlined company. Additionally, as the only currently listed juice bar operator, SBL has a more flexible capital structure to effect further consolidation relative to other participants constrained by the demands of privately funded equity.

To date, SBL has operated the majority of its outlets as company owned stores, prior to the establishment of a more focused franchise strategy. The merger with Nrgize brings significant franchise expertise through the core team of Richard and Michael Curtin, and Phil Roberts. When added to the global retailing and operations experience of SBL's CEO Michael Inman and Head of Operations Stephen Hamilton, it will provide a powerful and incentivised management team to develop the juice business to its potential in Australia and overseas.

The partnership with Kahala will make significant additional franchise creation, growth and management resources available to SBL. It provides the clear opportunity to leverage proven concepts into receptive Asia Pacific markets, and diversify SBL's future earnings streams, whilst utilising its core talent.

Notes

1. Assumes resolutions at General Meeting on 24 February 2005 are passed, together with resolutions at proposed General Meeting in April 2005.

2. "Australian Financial Review" 7 February 2005

For further information:

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(Mountain Standard Time is 18 hours behind AEDST)

SBL
SIGNATURE BRANDS
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About Kahala Corp:

Kahala operates and franchises approximately 1,000 quick service restaurants across seven concepts in the USA, Canada, Puerto Rico, Egypt, Japan, Kuwait, Oman, Qatar, Saudi Arabia, Taiwan and the United Arab Emirates. The company was established in 1997 and has since acquired or developed the various concepts, including Surf City Squeeze, which was originally established by Kevin Blackwell in 1981. Based in Scottsdale, Arizona, the company was publicly listed between March 1999 and March 2003 when it voluntarily terminated its public company status, due to the predominant shareholdings of management and related interests.