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Our Ref: PAV 206 6813

27 July 2006

BY EMAIL

The Manager
Australian Stock Exchange
Company Announcement Office
20 Bridge Street
SYDNEY NSW 2000

Dear Sir

Takeover Bid for So Natural Foods Australia Limited (SNF)
Supplementary Bidder's Statement

We act for Arrovest Pty Limited (**Arrovest**).

In accordance with section 647(3)(b) of the Corporations Act, we enclose Arrovest's Supplementary Bidder's Statement for immediate release.

The Supplementary Bidder's Statement has been lodged with ASIC and served on SNF today.

Yours sincerely

Peter Velez
Director
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First Supplementary Bidder's Statement for the Offer by Arrovest Pty Limited (ACN 117 953 205) to acquire all the Ordinary Shares in So Natural Foods Australia Limited (ACN 002 814 235)

This is a Supplementary Bidder's Statement given pursuant to Division 4 of Part 6.5 of the Corporations Act 2001 in compliance with the requirements of Section 645 of the Corporations Act.

It is the first Supplementary Bidder's Statement (**First Supplementary Bidder's Statement**) prepared by Arrovest Pty Limited (**Arrovest**) in relation to the Offer from Arrovest to acquire all the ordinary shares in So Natural Foods Australia Limited (**SNF**) made in accordance with Arrovest's Bidder's Statement dated 9 June 2006 (**Original Bidder's Statement**). This First Supplementary Bidder's Statement supplements, and should be read together with the Original Bidder's Statement. Defined terms used in this First Supplementary Bidder's Statement are capitalised and have the meaning given to them in Section 9 of the Original Bidder's Statement.

1. Level of Acceptances

As at 5:00pm (Sydney time) on Wednesday 26 July 2006, Arrovest held a relevant interest in 28,542,368 SNF Shares. This represents approximately 64.2% of all SNF Shares on issue.

In view of this level of acceptance of the Offer, Arrovest considers it appropriate to provide an update for SNF Shareholders regarding its intentions with respect to SNF and its controlled entities.

2. Intentions regarding SNF board

In the Original Bidder's Statement, Arrovest noted its intention, subject to the Corporations Act and the Review, to seek the appointment of a further Arrovest nominee to the board. It stated that it may seek to add to, replace or re-organise the roles of members of the board of SNF to reflect the proportionate ownership of Arrovest and other SNF Shareholders. It also stated that it proposed to maintain representation of minority shareholders by at least 2 independent directors.

The SNF directors today invited Mr Tony Perich AM to become an additional director of SNF. An outline of Mr Perich's background and experience is set out in section 2.3 of the Original Bidder's Statement.

The board of SNF today also accepted the resignation of Mr Christopher Grubb as non-executive chairman and director. The board has appointed Mr Perry Gunner, an independent non-executive director of SNF, to replace Mr Grubb as chairman.

Arrovest welcomes these changes to board of SNF and considers that the interests of minority shareholders will be protected by the continued service of Messrs Gunner, Van Ryn, Reaney and Higgs as independent non-executive directors. Arrovest does not propose to seek the resignation of any other existing directors or the appointment of new directors at this time.

3. Intentions regarding listing and compulsory acquisition

Arrovest confirms its intention that, to the extent possible, it will seek to maintain SNF's listing on ASX. Arrovest does **not** intend to proceed to compulsory acquisition of the remaining SNF shares if it is entitled to do so under the Corporations Act if SNF has a sufficient spread of shareholders to maintain its listing on ASX.

4. Confirmation of management intentions

Arrovest confirmed its intention that, subject to the outcome of the Review, it expects to continue to operate the SNF Group's business in substantially the same way as it is presently operated by SNF. It also supports the expansion strategy outlined by SNF in broad terms over the last 2 years of growth of the SNF Group through earnings accretive acquisition and organic growth.

5. Intentions regarding dividend policy

Arrovest intends to procure that SNF reviews its dividend policy. Its objective is that SNF will pay an attractive dividend for a growth company with a target dividend payout ratio of 50%.

6. Authorisation

This First Supplementary Bidder's Statement is dated 27 July 2006, the date it was lodged with ASIC. This First Supplementary Bidder's Statement has been approved by unanimous resolution of the Directors.

Signed for and on behalf of Arrovest Pty Limited

Ron Perich
Managing Director