FOOD for YOUR FUTURE

SoNatural FOODS AUSTRALIA

So Natural Foods Australia Limited
2006 AGM Presentation

Geoff Babidge, CEO & Managing Director

Highlights in 2006

- Earnings before interest and tax increased 116% on 2005.
- Net profit after tax increased to $1.43M from $0.31M in 2005.
- Consolidated sales increased 25% on prior year from both organic growth and prior year acquisitions.
- Improved operating performance across each division in a challenging domestic retail environment.
- Established a strategic partnership with Yakult Honsha Co Ltd for the launch of the first Thorpedo Foods branded product in Japan.

Financial Performance

Year to 30 June (A$ million)	2005	2006	% Change
	Reported	Reported	YOY
	(AIFRS)	(AIFRS)	
Net Sales Revenue	**37,954**	**46,963**	**+23%**
EBDITA	**2,090**	**2,921**	**+40%**
EBIT	**1,307**	**2,827**	**+116%**
Interest	664	1,161	
Share of loss on JV	-	(71)	
Pre Tax Profit (loss)	**643**	**1,595**	**+148%**
Net Profit Attributable to members	**310**	**1,434**	**+326%**
EPS (Fully Diluted) (cents)	**0.7**	**3.0**	
Shares on Issue	**44,485**	**44,485**	

Paramount and Brunswick Seafoods

- Paramount salmon and Brunswick sardines and specialty products performed to expectation with sales growth of +15%.
- Our focus was on successfully integrating procurement and distribution of Brunswick Seafoods and further building market share in Paramount.
- Paramount salmon consolidated its number 2 domestic category position and Brunswick maintained its brand leadership position in sardines in Australia and its seafood share in NZ.
- Due to a low catch of Canadian sardines during the first quarter we were required to increase our selling prices during the second half. Our procurement partner Bumble Bee Foods LP assisted us in sourcing our requirements.

Soy and Rice

- Soy & Rice achieved improved contribution and sales growth of +9.5%.
- Market conditions remained competitive with UHT soy and rice market volume growth of only +0.6% MAT.
- SNF share of the soy and rice market including contract volume approximated 25% at year end.
- During the year we focused on our core proprietary products and major soy contracts.
- The CBPA Joint Venture maintained its ISO 9001:2 accreditation and reduced its cost base consistent with expectations.
- Planning for a new CBPA manufacturing facility was substantially progressed.

Freedom Foods

- Freedom Foods our leading provider of special dietary food products performed well with net sales growing to over $10m.
- Our focus was on improving distribution and ranging, the launch of new products and a new marketing positioning for the Freedom Foods brand.

Thorpedo Foods

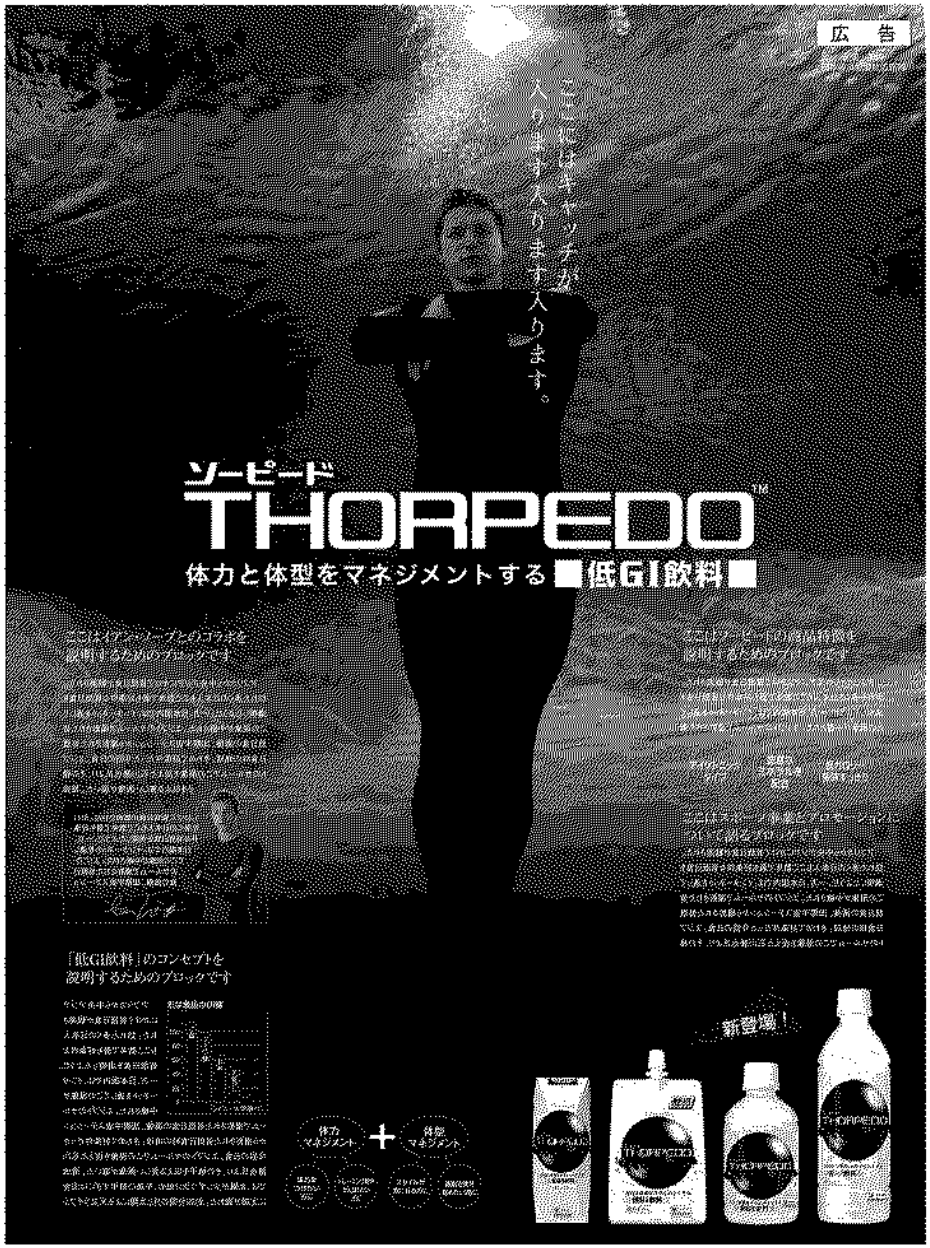
- The start-up of Thorpedo Foods involved the launch of a range of new energy waters in the domestic market and identifying a strategic international partner, initially in Japan.

- A highlight was our entering into an exclusive Master Licence Agreement with Yakult Honsha Co Ltd in December 2005 to manufacture and distribute Thorpedo beverages in Japan for an initial 3 year term.

- Yakult is a highly reputable major Japanese beverage company specialising in functional beverages with activities in many international markets.

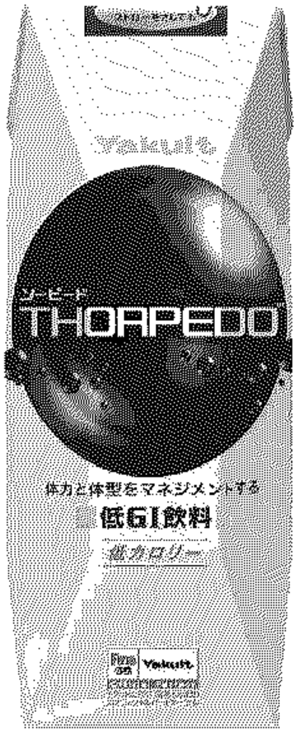
- Yakult launched its first Thorpedo branded low GI energy water in June 2006.

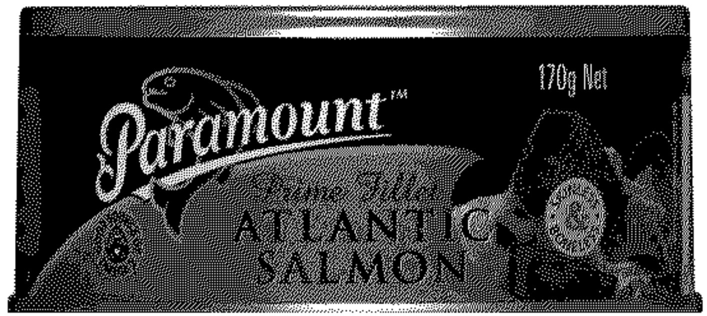
- The domestic strategy has been to broaden the product range with a children's sports water, spring water and nutritional snack bars and focus distribution in gyms, sporting clubs and schools.

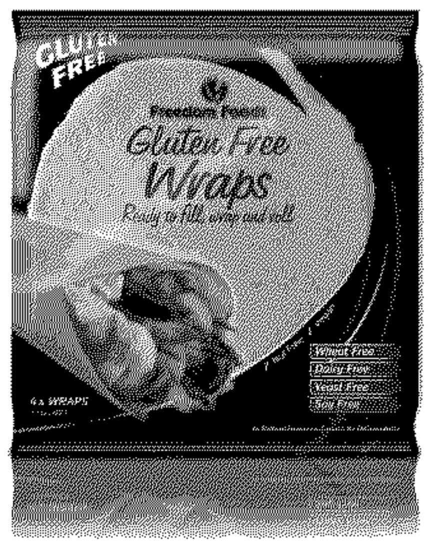

広 告
ここにはキャッチが入ります入ります入ります。
ソーピード
THORPEDO™
体力と体型をマネジメントする 低GI飲料
ここはイアン・ソープとのコラボを説明するためのブロックです
ここはソーピードの商品特徴を説明するためのブロックです
ここはスポーツ市場とプロモーションについて説明ブロックです
「低GI飲料」のコンセプトを説明するためのブロックです
新登場！
体力マネジメント
＋
体型マネジメント

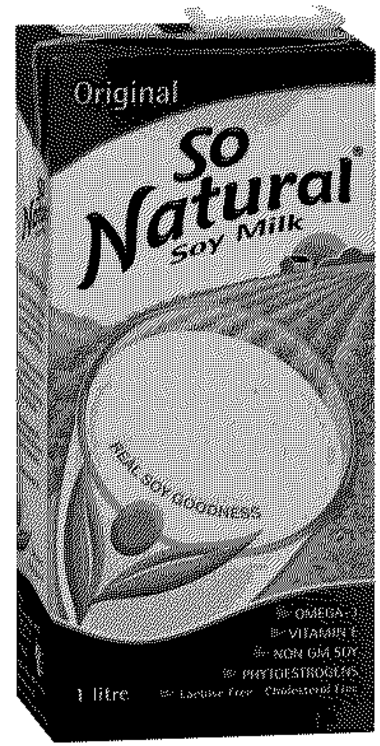

ソーピード
THORPEDO™
体力と体型をマネジメントする 低GI飲料
GI値が低い食品は糖質が緩やかに吸収されるため、
体内エネルギーが効率良く消費される。
トップスイマー、イアン・ソープはGI値の関係に早くから着目。
ヤクルトとの共同開発により、
新たに〈低GI飲料〉を完成させました。
●低GIで持久力＋燃焼をサポート。
●アイソトニックタイプで、
汗で失われた水分とミネラルをすばやく補給。
●甘さひかえめで爽快な飲み口、べたつき感が残らない。
詳しくは www.thorpedo.jp
THORPEDO
Yakult
お申込み・お問合せは：お客さま相談センター 0120-11-8960

Our Expanding Range and New Packaging Developments









2007 Outlook

Divisional Outlook

Paramount, Brunswick Seafood

- We will continue to promote seafood as a great source of protein and omega 3, and seek further increases in ranging.
- There has been an abnormally low catch of Alaskan pink salmon during August which will result in significant increases in selling prices and reduction in sales volume in the short term.
- Bumble Bee Foods has secured our inventory requirements at competitive prices.

Soy and Rice

- We recently announced processing changes to be implemented over the next 6 months to significantly enhance the taste profile of our core So Natural whole soy bean product range.
- New pack graphics are being introduced to coincide with the improved taste and to reinforce our brand's natural heritage.

Divisional Outlook

Freedom Foods

- This market has strong growth potential and we continue to actively seek growth opportunities both domestically and offshore. This includes accessing manufacturing facilities for our product range through strategic relationships and offshore.
- We are commencing the launch of a broader range of gluten free products into the grocery channel during the 2006/07 year.

Thorpedo Foods

- Given Ian Thorpe's high profile in Japan, this remains our key international market focus. Yakult have advised us that the product launch is meeting their planned first year sales target of 3.5 million cases.
- Based on the progress in this market, we are seeking opportunities to establish relationships in China and other key Asian markets.
- Thorpedo nutritional bars have recently been trial launched in southern California.
- Our focus in the domestic market remains on accessing distribution of beverages and nutritional snacks in gyms, sports clubs and schools. We are actively seeking new distribution through joint ventures.

Interest in Dairy Industry

- In consequence of the skill base of Management and Directors, we are exploring opportunities in the Australian dairy industry, consistent with our strategic positioning in promoting health and nutrition.
- Our major shareholder Arrovest/Leppington Pastoral Company is a highly regarded long term dairy industry participant with access to significant quantities of dairy milk close to Sydney.
- This interest corresponds with CBPA progressing its plans for new manufacturing facilities to increase capacity and provide an expanded range of product and packaging formats.
- Interest for increased capability in dairy contract packaging remains strong.

Company Outlook

- Our plan is to continue to build scale and returns in our existing divisions and to seek growth with strategic partners and through acquisitions.
- Arrovest is a major supporting shareholder with a medium term view of building shareholder value.
- The 2007 budget is for Net Profit After Tax of approximately $2.3M. Performance for the first quarter is consistent with budget.
- Subject to financial performance, a resumption of dividends will be considered by the board during the second half.

FOOD for YOUR FUTURE