



Freedom Nutritional Products Limited 2010 AGM Presentation

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2010 Year Highlights

- Commissioned cereals manufacturing at the dedicated gluten & nut free cereal & baked products facility near Leeton, NSW with biscuits and bars well progressed.
- Improved contribution from Speciality Seafood.
- Operating EBITDA from wholly owned businesses consistent with 2009 given cost impact of external sourcing.
- Strong growth in sales and profitability for CBPA JV.
- Growth in sales and profitability for A2 Dairy Products Australia.
- Sale of 50% interest in A2DPA in exchange for 25% cornerstone shareholding in A2 Corporation Limited in July 2010.
- Increase in Net Profit after Tax to \$3.4m.

FINANCIAL PERFORMANCE

Year Ended 30 June (A\$ thousands)	2009	2010	% Change
EBDITA – Operating (1)	4,568	4,511	-1%
EBITA – Operating (1)	4,116	3,507	-15%
Add equity accounted share of earnings (2)	212	1,308	517%
EBDITA – Inc Equity Associates	4,780	5,819	22%
EBITA – Inc Equity Associates	4,328	4,815	11%
Net Profit	1,320	3,357	154%
Return Analysis – FNPL			
Return on Average Funds Employed (3)	9.4%	8.9%	
Return on Average Funds Employed (inc Equity Ass)	9.8%	11.5%	

Notes

1. EBDITA and EBIT Operating excludes non operating or one off charges (i.e. restructuring charges)
2. Equity Accounted Earnings is FNP share of NPAT of Equity Accounted Earnings
3. Funds Employed is average funds employed during 12 month period, excluding Assets not in operation (Leeton including L&B, PP&E), where they have not contributed to earnings

Speciality Seafood Business Unit

- Paramount salmon and Brunswick sardines & specialty products performed strongly in 2010.
- Paramount salmon volumes were down given higher costs & selling prices for pink following a significantly lower catch in 2008.
- Brunswick sardines performed to plan in both Australia and NZ.
- The 2010 Alaskan salmon catch was generally consistent with the prior year in volume although higher allocation to frozen.
- Our procurement relationship with Bumble Bee Foods continues to provide competitive advantage.
- The salmon & sardine fisheries we access are well managed and sustainable.

Freedom Foods Business Unit

- Our priority has been on completing the major expenditure & commissioning of the dedicated gluten & nut free facility in NSW.
- This facility has enabled us to internalise manufacture of cereals, snacks (and ultimately baked products) to improve product quality, provide capability to innovate and expand sales & margins in the future.
- Sales & contribution in cereals were down on the prior year given supply & pricing issues from external manufacturers continuing until the third quarter. Wraps & mayonnaise showed growth whereas biscuits were impacted during the relocation.
- Freedom Foods has adopted a new marketing positioning: “honest, nutritious & free”. New packaging and collateral was introduced to the market from September.
- Soy and rice beverages performed close to plan.

Freedom Foods New Visual Identity



Prior Range



Staples



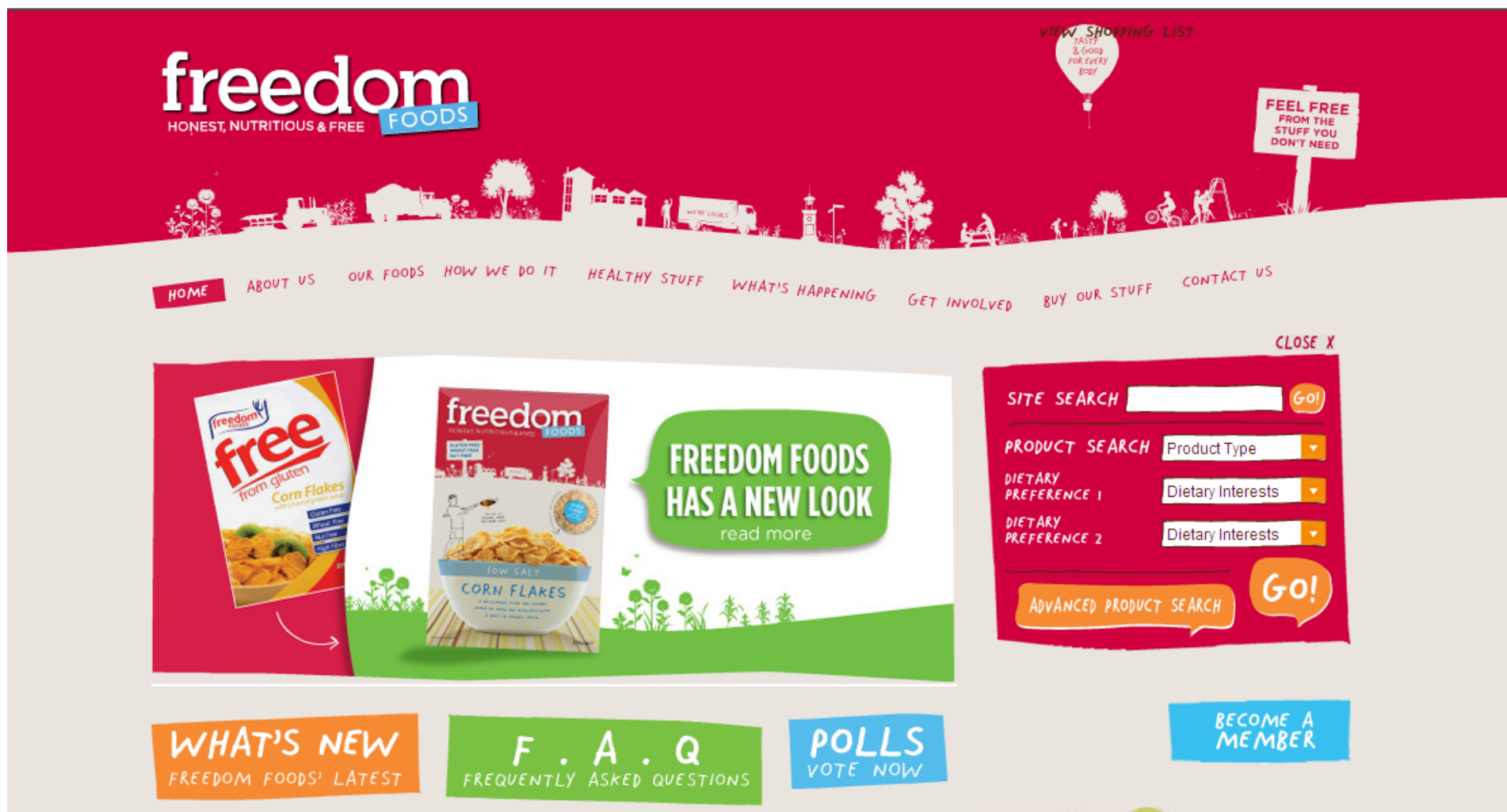
Kids



Muesli



New Website ...launched October 2010

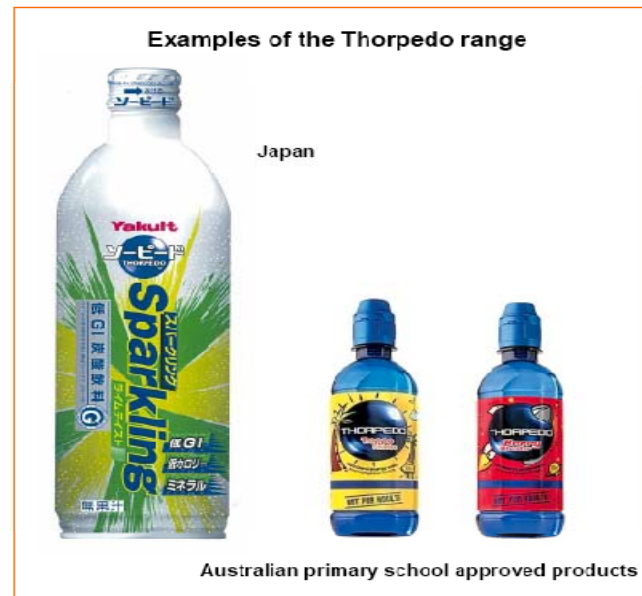


CBPA JV

- CBPA (50% owned) achieved a further significant improvement in performance in 2010.
- CBPA packages a wide range of long life beverages including dairy milk, soy and rice beverages and liquid stocks for food manufacturers and retailers.
- Sales increased to \$29m and EBIT to \$1.9m in 2010.
- CBPA successfully upgraded its facilities to process increased volumes including additional screw cap packaging capability and equipment to manufacture lactose free dairy milk.
- We are seeing further improvement in performance in 2011.

Thorpedo Foods JV

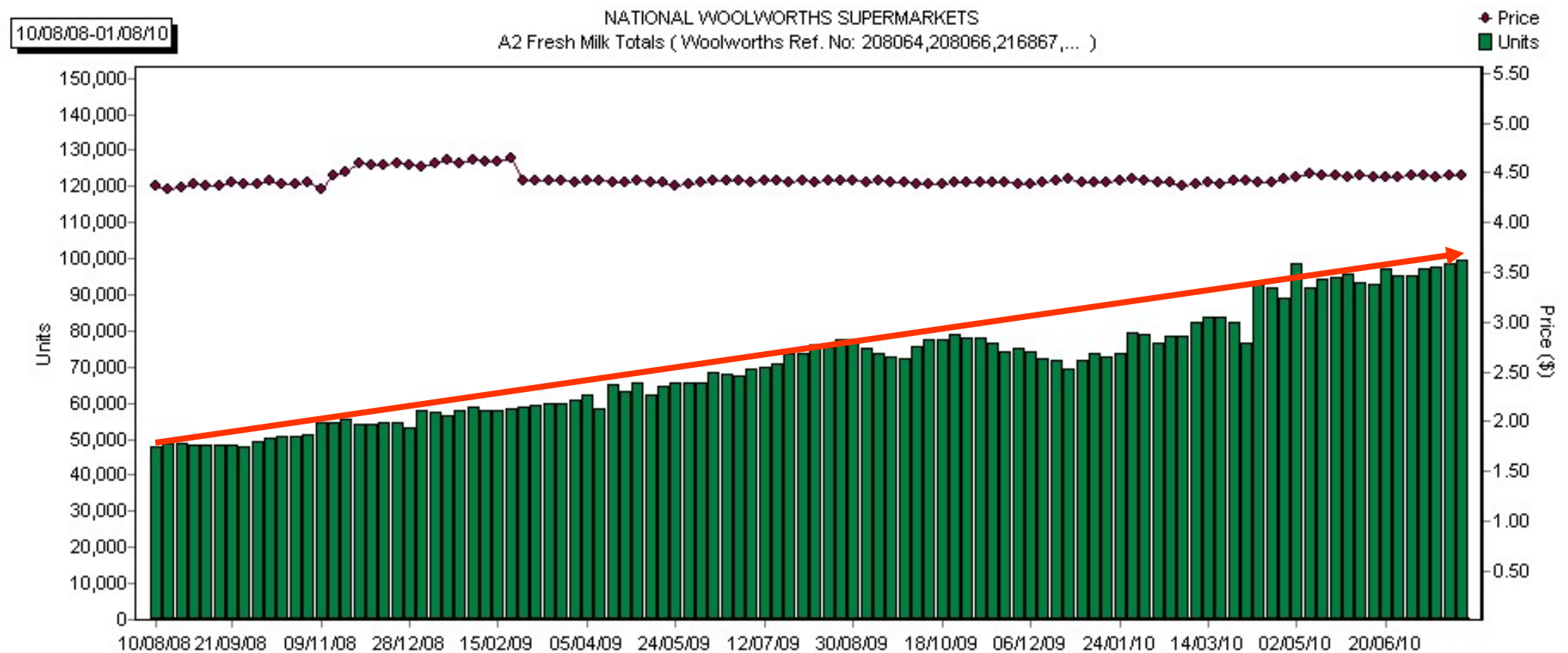
- Thorpedo Foods activities relate primarily to our license of Thorpedo beverages to Yakult Honsha in Japan.
- Yakult (with the assistance of Ian Thorpe) continue to actively market and distribute Thorpedo branded beverages in Japan.
- There are presently 4 low GI products in the Japan market.



A2 Dairy Products Australia JV

- A2 Dairy Products Australia (A2DPA) showed continued growth.
- Fresh milk sales increased YOY by 46% in volume with distribution now in all mainland states.
- Sales growth was a result of increasing awareness of the potential benefits of A2 milk, consistent natural taste, long shelf life and support of retail partners in improving availability on shelf.
- Jalna Dairy Foods launched a range of Jalna A2 yoghurts under license into grocery from April.
- EBIT grew to \$2.6m in 2010.
- In July 2010, FNPL exchanged its share in the A2DPA JV for a 25% cornerstone shareholding in A2 Corporation Limited.
- FNPL nominated 2 directors to the board of A2C and I assumed the role of Managing Director and CEO.

A2 Milk Sales Performance Since FNP Involvement



2011 Year Priorities

- Drive volume of key Freedom Foods products through improved shelf space and positioning.
- Increase marketing support for cereals including for the recent launch of the new children's range.
- Increase merchandising activity to improve shelf management.
- Develop new formats for the hospitality market & schools.
- Finalise snack bar manufacturing line & improve efficiency of baked products.
- Offer capability for contract manufacturing of cereals.
- Maintain strong distribution in the health aisle whilst seeking opportunities for mainstream positioning.

2011 Year Priorities

- FNP recently announced an intention to undertake a capital raising to fund growth in working capital and other initiatives. Documentation to be released on or around 1st Nov 2010.
- This will involve a non-renounceable pro rata entitlement offer of convertible redeemable preference shares & attaching ordinary share options to shareholders.
- Key terms to include:
 - One preference share for every 3 ordinary shares held
 - 3 year term to convert at \$0.30 per share
 - Dividends payments to be 6 monthly, non cumulative
 - Each preference share to have an attaching option to acquire an equal number of ordinary shares at \$0.40 per share
 - FNP to have right to acquire the preference shares in 3 years at the higher of \$0.30 per share or independent valuation.

Summary

- Our core focus is on improving the profitability of Freedom Foods and supporting the other businesses.
- The Board has recently welcomed Michael Bracka to the new position of COO with responsibility for management of the Freedom Foods & Speciality Seafood business units. Michael brings a wealth of relevant experience in FMCG.
- This appointment arises from the Board's commitment to grow the business more quickly and provide an improving return to shareholders.
- Whilst the resumption of ordinary share dividends is a priority, given our quite aggressive debt reduction program, such payments rely on continued growth in earnings of the company.

freedom

HONEST, NUTRITIOUS & FREE

FOODS