

5<sup>th</sup> December 2012

Company Announcements Office  
ASX Limited  
Level 4, 20 Bridge Street  
Sydney NSW 2000

**Freedom Foods Group Limited  
A2 Corporation Limited – Capital Raising**

Freedom Foods Group Limited (ASX:FNP) notes that A2 Corporation Limited (NZX: A2C) has announced today that it has resolved to issue up to 40m shares at a price of NZ\$0.50 to raise NZ\$20.0 (A\$15.7m) to more aggressively pursue previously announced growth initiatives, including:

- Accelerating penetration of the UK liquid milk market
- Accelerating penetration of the Chinese infant formula market
- Increasing a2 brand milk awareness in Australia and New Zealand
- Entering the Chinese liquid milk market with UHT sourced from Australia and New Zealand;
- Progressing a new “Priority 1” liquid milk market such as the US, Canada or Germany.

As announced at the A2C Annual General Meeting in November 2012, A2C intends to move its listing from the NZX Alternative market to the NZX Main Board. It is expected that A2C will qualify for listing and index inclusion as early as February 2013.

In parallel with the equity raising and the move to the NZX Main Board, FNP along with 2 other major shareholders in A2C, has agreed to sell a percentage of their holdings in A2C to new and existing investors, which will further increase the liquidity of the A2C’s shares following the Capital Raising.

UBS New Zealand Limited (“UBS”) has been mandated by A2C, FNP and the other major shareholders to manage the Offer.

The sell down by FNP will be up to 40m shares. At a price of NZ\$0.50, the sell down by FNP will raise up to A\$15.0 million (net of fees and expenses). The total investment cost (including equity accounted earnings) of the A2C shareholding at 30 June 2012 was A\$12.3 million.

Post the Capital Raising and assuming full sell down, FNP will remain the largest single shareholder in A2C with a fully diluted shareholding of 18.1%\*.

FNP intends to utilise the proceeds in funding an acceleration of its growth strategy in core business activities, namely Pactum Australia and Freedom Foods. Pactum Australia has since announced plans for expansion of its UHT capabilities for export of dairy milk to Asia.

FNP continues to see significant potential in A2C and will continue to support the implementation of the strategy announced.

Consistent with this approach, FNP has given (along with the other 2 largest shareholders) undertakings pursuant to which it will not sell any remaining shares until at least 10 days after the release of A2C’s full year result for the financial year ended 30<sup>th</sup> June 2013.

FNP will continue to assist A2C in supply of UHT A2 milk into Australia and export markets through Pactum Australia.

For further information, please contact:

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**Managing Director**

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*Note:*

*\*FNP shareholding in A2C. Post Transaction, FNP will hold 116.6m shares in A2C. Pursuant to the arrangements under which it acquired its shareholding in A2C, FNP has an option to require A2C to issue up to 4.5m shares (at no further cost to FNP) in the event that any of the 18m partly paid shares in A2C on issue at the time that FNP acquired its initial shareholding in A2C, becomes (or are deemed to be) fully paid. On the basis that the 4.5m shares are issued, FNP would hold an approximate 18.6% fully diluted shareholding in A2C (assuming capital raising and sell down as disclosed).*



# Equity raising and change of listing to the NZX Main Board

## MARKET UPDATE

Today, A2 Corporation Limited (“A2C” or “the Company”) announces that it is undertaking an equity raising to provide additional funding to accelerate the global growth initiatives outlined in the recently announced strategic review.

The Company will issue NZ\$20 million in new equity and the Company’s three largest shareholders have resolved to sell a percentage of their holdings in the Company to new and existing investors (together “the Transaction”) at a fixed offer price of NZ\$0.50 per new share (“Offer Price”) to provide additional liquidity, contemporaneous with a change in listing to the NZX Main Board, thus facilitating inclusion in the NZX50.

To this end, the Company has now made an application to NZX to list the Company and to quote its shares on the NZX Main Board.

A2C’s Managing Director Geoffrey Babidge said the success of a2<sup>TM</sup> brand milk in the Australian market has resulted in wider investor interest. “Following the recent announcement of the outcomes of the strategic review, there has been significant interest from new and existing investors eager to invest in A2C to allow the Company to accelerate its growth initiatives. The sell-down by A2C’s three largest shareholders and change in listing provides the Company with greater share liquidity and increases access to capital for future growth initiatives”, he said.

### Details of the Transaction

The Offer Price of NZ\$0.50 per new share represents a 22.7% discount to the volume weighted average price since 31 October 2012 (being the last trading day prior to the outcomes of the strategic review announcement).

The Transaction will be undertaken by way of a placement to eligible institutional investors, who will be invited to submit applications by 5.00pm NZDT Thursday 6 December 2012. Shares issued and acquired as part of the Transaction will rank pari passu with existing shares. Other key dates with respect to the Transaction are provided in the Private Placement Memorandum, which has been lodged today with NZX and is available on the Company’s website.

## **New equity issuance**

The Company intends to use the additional funding to more aggressively pursue previously announced growth initiatives, including:

- accelerating penetration of the UK liquid milk market;
- accelerating penetration of the Chinese infant formula market;
- increasing a2™ brand milk awareness in Australia and New Zealand;
- entering the Chinese liquid milk market with UHT milk sourced from Australia or New Zealand; and
- progressing a new “Priority 1” liquid milk market such as the US, Canada or Germany.

## **Partial sell-down by major shareholders**

Three of the Company’s largest shareholders have resolved to sell a percentage of their holdings in the Company to new and existing investors, as follows:

- Freedom Foods Group Limited has resolved to sell up to 40 million shares;
- Mountain Road Investments Limited has resolved to sell up to 80 million shares; and
- EGI-Fund (08-10) Investors LLC has resolved to sell up to 20 million shares.

Freedom Foods Group Limited, Mountain Road Investments Limited and EGI-Fund (08-10) Investors LLC have held interests in the Company since July 2010, March 2004 and September 2008 respectively. Each shareholder’s investment in A2C has grown significantly in value as a result of the acceleration of the Company’s development.

All three shareholders see significant potential in A2C and plan to continue to support the implementation of the strategy announced following the recent strategic review. Consistent with this, all three shareholders have given standstill undertakings pursuant to which they have agreed not to sell any remaining shares in the Company until at least 10 days after the release of A2C’s full year result for the period ending 30 June 2013.

## **Change of listing to the NZX Main Board**

All the requirements of NZX relating to the NZX Main Board application that can be complied with on or before the date of this announcement have been duly complied with.

In the New Year, the Company intends to appoint additional independent directors to assist in the developing market opportunities in Europe and China / Asia-Pacific.

An NZX Main Board listing is expected to provide the Company with further share liquidity and increase future access to capital. In addition, the Company has been advised by NZX that A2C is expected to be a “new stock” for NZX indices purposes as a result of its move from the NZX Alternative Market to the NZX Main Board. Therefore, following a move to the NZX Main Board, A2C may qualify for eligibility for index inclusion as early as February 2013.

**For further information contact:**

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**A2 Corporation Limited**

A2C is a differentiated, premium-priced dairy company which is building a global business based on unique intellectual property relating to a2™ milk and related products.

A2C has operations in Australia, New Zealand, the UK and China and is pursuing growth opportunities in Asia, North America & Europe.