



Freedom Nutritional Products Limited

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

**Freedom Nutritional Products Limited
Convertible Preference Share Issue**

Diversified health and wellbeing food manufacturer, Freedom Nutritional Products Limited (ASX Code: FNP) announces today its intention to conduct , subject to shareholder approval, a non-renounceable pro rata entitlement offer of 24,127,169 convertible redeemable preference shares to raise up to approximately \$7.2 million.

Each holder of ordinary shares will be entitled to apply for 1 convertible redeemable preference share for every 3 ordinary shares it holds, at a price of \$0.30. The convertible redeemable preference shares will be unlisted, perpetual with no maturity date and carry a right to a preferred dividend yield of 9% fully franked on the issue price of \$0.30.

In addition, each convertible redeemable preference share will have a 3-year option over ordinary shares with an exercise price of \$0.40 attached.

The proceeds of the convertible redeemable preference share offer will be used to fund working capital for Freedom Foods and to provide balance sheet flexibility for other growth initiatives, including potential additional investment in A2 Corporation Limited, in which FNP holds a 25% strategic shareholding.

Where ordinary shareholders do not take up their entitlements, the Board reserves the power to issue the shortfall securities pursuant to the exception in ASX Listing Rule 7.2 item 3.

This non-renounceable pro rata entitlement offer will not be underwritten.

The two substantial shareholders of the Company have indicated that subject to shareholders approving the conversion of the convertible redeemable preference shares and exercise of the attached options they would acquire under the offer, they intend to take up their full entitlement. As a result, the Company will be seeking shareholder approval at the Annual General Meeting in October 2010, to permit each of the two substantial shareholders of the Company to convert their convertible redeemable preference shares and exercise the options acquired under the offer, without breaching section 606 of the Corporations Act and the conduct of the offer is conditional on those resolutions being approved.

Section 606 of the *Corporations Act 2001* (Cth) (the **Act**) prohibits the acquisition of a relevant interest in voting shares that would cause a person's voting power to increase from

below 20% to more than 20%, or from starting above 20%, subject to certain exceptions. Without shareholder approval the two substantial shareholders may be unable to convert their full entitlement of convertible redeemable preference shares or exercise the attached options without breaching section 606 of the Act.

It is anticipated that, subject to shareholder approval at the Annual General Meeting on 28th October 2010, the Company intends to lodge with the ASIC an Offer Information Statement in relation to the offer of convertible redeemable preference shares on 28th October 2010 with documents sent to shareholders shortly thereafter.

The record date for determining entitlements to the convertible redeemable preference share offer will be 8th November 2010.

By order of the Board

A handwritten signature in black ink, appearing to read 'Mark Gilio', is positioned above the printed name and title.

Mark Gilio
Company Secretary