



Freedom Foods Group Limited

Prospectus

for a non-renounceable pro-rata entitlement offer of
one Option for every one CRPS

16 November 2010

This Offer closes at 5.00pm (Sydney time) on Wednesday 9 February 2011.

This document is an important document that requires your immediate attention. It should be read in its entirety. If after reading this document you have any questions, you should contact your stockbroker, solicitor, accountant or other professional adviser.

Important Information

This prospectus (**Prospectus**) relates to the Freedom Foods Group Limited ABN 34 002 814 235 (**FNP**) non-renounceable pro-rata entitlement offer of up to 24,198,557 options (**Options**) to Eligible CRPS Holders (the **Offer**).

This Prospectus is prepared in accordance with section 713 of the Corporations Act which allows the issue of a more concise prospectus in relation to offers of continuously quoted securities (as defined in the Corporations Act).

A copy of this Prospectus dated 16 November 2010 was lodged with the Australian Securities and Investments Commission (**ASIC**) on 16 November 2010. The Expiry Date of this Prospectus is 13 months after the date of this Prospectus. ASIC takes no responsibility for the contents of this Prospectus.

As a disclosing entity, FNP is subject to regular reporting and disclosure obligations and copies of documents lodged with ASIC in relation to FNP may be obtained from, or inspected at, an ASIC office.

This Prospectus sets out all information that, in the opinion of the Directors, is likely to be material to the decision of an Eligible CRPS Holder whether or not to acquire Options. The terms of the Offer including the rights and liabilities attaching to the Options are set out in Schedule 1 of this Prospectus.

You should read this Prospectus carefully and in its entirety before deciding whether to invest in Options. Eligible CRPS Holders who access this Prospectus on FNP's website should ensure they download and read the entire Prospectus. In particular, you should consider the risk disclosure outlined at section 7 which could affect the operating and financial performance of FNP or the value of an investment in Options.

You should consult your accountant, financial advisor or other professional adviser to evaluate whether or not to participate in the Offer.

Before deciding whether to apply for Options, you should consider whether Options are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits and risks involved. If, after reading the Prospectus, you have any questions about the Offer, you should contact your accountant, financial or other professional adviser.

The taxation consequences of any investment in Options will depend on the investor's particular circumstances. It is the responsibility of Eligible CRPS Holders to make their own enquiries concerning the taxation consequences of an investment in Options. If you are in doubt as to the course you should follow, you should seek professional advice from your accountant, financial adviser or other professional adviser. For further information in relation to the tax treatment of your investment, you should seek professional advice.

Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus which is not contained in this Prospectus. Any information or representation not so contained may not be relied upon as having been authorised by FNP in connection with the Offer. Except as required by law and only to the extent so required, neither FNP nor any other person warrants the future performance of FNP or any return on any investment made pursuant to this Prospectus.

Offers outside Australia and New Zealand

This Offer is available to Australian and New Zealand residents located in Australia or New Zealand respectively. The distribution of this Prospectus in jurisdictions outside of Australia and New Zealand

may be restricted by law. Persons who obtain this Prospectus in jurisdictions outside of Australia should seek advice on and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer or an invitation in any place outside of Australia or New Zealand where, or any person to whom, it would be unlawful to make such an offer or invitation.

This Prospectus will be generally available during the Exposure Period on request.

Exposure Period

The Corporations Act prohibits FNP from processing applications in the seven (7) day period after the date the Prospectus is lodged with ASIC. The period is known as the Exposure Period. This Exposure Period may be extended by the ASIC by up to seven (7) days. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Applications received during the Exposure Period will not be processed until after the expiry of that period.

Applications for Options received during the Exposure Period will not be accepted until the Exposure Period has expired and no preference will be given to persons who lodge their application forms during the Exposure Period. The Board of FNP reserves the right to close the offer early, or extend the offer, without prior notice, up to the date of expiry of this Prospectus. No Options will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

IMPORTANT INFORMATION FOR NEW ZEALAND INVESTORS

General

This Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and Regulations. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings—Australia) Regulations 2008.

This Offer and the contents of this Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and Regulations set out how the offer must be made.

There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this Offer. If you need to make a complaint about this Offer, please contact the Securities Commission, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

Currency

This Offer may involve a currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

Trading

If the securities are able to be traded on a securities market and you wish to trade the securities through that market, you will have to make arrangements for a participant in that market to sell the securities on your behalf. If the securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

Certain words and terms used in this Prospectus have defined meaning, which are described in the Glossary of this Prospectus.

Contents

Page

Important Information	1
1 Chairman's letter	6
2 Key dates for the Offer	7
3 Option Summary	8
4 FNP business overview	9
5 Company management	10
5.1 Board of Directors	10
6 Details of the Offer	12
6.1 Offer timetable	12
6.2 Offer structure	12
7 Risk factors	14
7.1 Introduction	14
7.2 Specific risks that affect FNP	14
7.3 General risks relating to equity investments and markets	17
8 Action required by Shareholders	18
8.1 What you may do	18
8.2 How to apply for Options	18
8.3 Mail	18
9 Additional information	19
9.1 Continuous disclosure obligations	19
9.2 Interests of Directors	19
9.3 Interests of advisers and costs of the Offer	20
9.4 Transaction costs	20
9.5 Consents to be named and consent to the inclusion of information in the Prospectus	21
9.6 Directors' authorisation	21
9.7 Inspection of documents	21

9.8	Privacy notification	21
9.9	Rounding of Entitlements	22
9.10	Applications cannot be withdrawn	22
9.11	Future performance and forward looking statements	22
9.12	Governing Law	22
9.13	Nominees	22
9.14	Disclaimer of representations	22
10	Corporate Directory	23
11	Glossary	25
Schedule 1	— Terms of Options	27

1 Chairman's letter

Dear Shareholder

Freedom Foods Group Limited Equity Raising – Offer

On behalf of Freedom Foods Group Limited (**FNP**), I am pleased to invite you to participate in a one-for-one non-renounceable pro-rata entitlement offer of options (**Options**) for holders of convertible redeemable preference shares (**CRPS**) for no consideration (the **Offer**).

CRPS are being offered pursuant to an offer information statement (**OIS**) lodged with ASIC on 16 November 2010 (**CRPS Offer**). The CRPS Offer closes on 9 December 2010 and CRPS are expected to be issued on the terms and conditions set out in the OIS on or about 17 December 2010.

This Prospectus contains a number of important documents including:

- Key Dates for the Offer;
- Description of FNP's business;
- Instructions on "How to Apply" setting out how to accept all or part of your entitlement in the Offer if you choose to do so;
- Risks associated with investing in Options; and
- Terms of the Options.

The Offer closes at 5.00pm on Wednesday 9 February 2011.

This Prospectus is also accompanied by a personalised Entitlement and Acceptance Form. The Entitlement of each shareholder will depend on whether or not that shareholder takes up its entitlement of CRPS under the OIS.

To participate, you need to ensure that your completed personalised Entitlement and Acceptance Form is received by FNP before this time, according to the instructions that are set out on the personalised Entitlement and Acceptance Form. Please refer to the instructions on "How to Apply" that accompany this letter for further information.

CRPS Holders with registered addresses outside Australia and New Zealand are not eligible to participate in the Offer.

For Eligible CRPS Holders, it is important to note that your entitlement is non-renounceable and will not be tradeable on the ASX or otherwise transferable. This means that CRPS Holders who do not take up their entitlement in full will not receive any value in respect of those entitlements they do not take up.

You should read this Prospectus carefully and consult your accountant, financial advisor or other professional adviser to evaluate whether or not to participate in the Offer.

On behalf of the management team and the Board of FNP, I invite you to consider this investment opportunity and, as always, thank you for your ongoing support of our company.

Yours sincerely



Perry Gunner
Non Executive Chairman

2 Key dates for the Offer

Event	Date
Prospectus lodged with ASIC	16 November 2010
End of standard Exposure Period	23 November 2010
Offer commences	14 January 2011
“Ex” date	18 January 2011
Record Date	24 January 2011
Offer Closes	9 February 2011
Despatch of certificates and confirmation notices	17 February 2011

Note: Dates and times are indicative only and subject to change. All times and dates refer to Sydney time.

Applicants are encouraged to submit their Entitlement and Acceptance Form as soon as possible after the Offer opens. FNP reserves the right, subject to the *Corporations Act 2001* (Cth) (the **Corporations Act**), ASX Listing Rules and other applicable laws to vary the dates of the Offer, including extending the Offer or accepting late applications, either generally or in particular cases, without notice.

3 Option Summary

Set out below is a summary of the key terms and conditions of the Options. This information is a summary only, and should be read carefully in conjunction with the other information contained in this Prospectus, including the full terms of issue set out in Schedule 1. If you are uncertain if Options are a suitable investment for you, you should consult your accountant, financial advisor or other professional advisor.

Issuer	Freedom Foods Group Limited
Class	Options
Issue Size	24,198,557 Options
Issue Price	Each Option will be issued for no consideration, however the Exercise Price will need to be paid on exercise of the Option.
Exercise Price	\$0.40 cents per Option
Expiry	3 years from date of issue of the Option
Option Listing	Unlisted
Transferability	The Options are transferable.
Vesting	The Options will vest on the date they are issued.
How to exercise	The Options may be exercised by delivering a duly completed form of notice of exercise together with payment of the exercise price per Option to FNP at any time on or after the date on which the Options are issued and on or before the date of 3 year expiry. Options may only be exercised in multiples of 100 unless all Options are exercised at once.
Ranking	Upon the valid exercise of the Options issued under this Prospectus and payment of the exercise price, FNP will issue Shares ranking pari passu with the issued Shares.
Participation	The Options carry no right (without exercising the Option) to participate in any rights issue which may be offered by FNP to its Shareholders after the date of the issue of the Options or in dividends. However, FNP must give prior notice to the Option holders of any new issue before the record date for determining entitlements to the issue in accordance with ASX Listing Rules and Option holders have the right to exercise the Options prior to the record date for determining entitlements.

4 FNP business overview

FNP is a diversified food company operating in the Health and Wellness Sector. Its portfolio of wholly owned businesses and business investments has consumer brands with leading or growing market shares in their categories, including Freedom Foods, a2 milk™, Australia's Own, Paramount and Brunswick.

FNP's brands and products are positioned in the "free from" market segments comprising food and beverage products manufactured to be free from key allergens such as gluten, wheat, nuts, dairy and in the case of a2 milk™, A1 protein, while also maintaining a superior nutritional profile.

The market for "free from" products continues to expand in Australia and internationally reflecting the rising prevalence of food allergies and intolerances and the increasing consumer demand for health conscious products that eliminate potentially unhealthy ingredients.

The ability to meet growing demand for "free from" food and beverages has been limited by the requirement for strict manufacturing and quality control and a lack of available quality manufacturing capacity. To meet this demand, FNP acquired a 14,000sqm food grade manufacturing site at Leeton in regional NSW in 2008 and has substantially completed a major capital expenditure project to enable production of cereals, snacks and baked products.

FNP management believes the investment positions Freedom Foods, a wholly owned business of FNP, for growth opportunities domestically and internationally. In particular, the investment is expected to increase vertical integration in production processes, eliminate the majority of 3rd party suppliers, improve product margins, develop new products and open up new distribution channels in Australia and potentially also in international markets such as Asia, North America and in Europe.

FNP's recent investment in the A2 Dairy Products Australia joint venture has delivered strong growth in sales and profitability during the last twelve months, reflecting increasing awareness of the potential health benefits of consuming a2 milk™ in a balanced diet and improved shelf presence and availability. FNP management believes the business has further growth opportunities through ongoing communication of the product benefits to both consumers and health professionals and on extending into additional product categories beyond drinking milk such as Infant Formula. FNP recently sold its 50% shareholding in A2 Dairy Products to A2 Corporation Limited in which FNP now holds a strategic 25% equity shareholding. FNP has nominated 2 directors to the board of A2 Corporation and Geoffrey Babidge has assumed the role of Managing Director and CEO of A2 Corporation.

In the year ended 30 June 2010, FNP including 100% of its JV associates generated gross sales revenues of \$112.9m. Since 2002 when FNP operated solely in the Soy & Rice beverages market with annual sales revenue of approximately \$22m, FNP has consistently improved its operating performance. This has been achieved in an environment of limited capital investment.

5 Company management

5.1 Board of Directors

The names and particulars of the Directors of the Company are:

Mr Perry.R.Gunner

Chairman (Non-Executive)

B.Ag.Sc - is former Chairman and CEO of Orlando Wyndham Wine Group. Also current Deputy Chairman of Viterra Inc and Director of Australian Vintage Ltd. Appointed Director April 2003 and Chairman July 2006. Chairman of the Remuneration & Nomination Committee and member of the Audit, Risk and Compliance Committee.

Mr Geoffrey.H.Babidge

Executive Director

B.Comm., ACA – extensive public company experience within the food industry. Former CEO of the major milling and baking group, Bunge Defiance and prior to that Managing Director of the dairy interests of National Foods Limited. Appointed Director in January 2002.

Mr Rory.J.F.Macleod

Executive Director, Chief Financial Officer, Company Secretary

B.Econ (Hons) - has for the past 7 years been responsible for strategy, corporate development and finance. Former senior Director, corporate finance for UBS in Australasia and Europe where he gained extensive experience in strategy and commercial development, mergers and acquisitions and corporate analysis. Appointed Director May 2008.

Mr Anthony.M.Perich

Director (Non-Executive)

Member of the Order of Australia - Joint Managing Director of Arrovest Pty Limited, Leppington Pastoral Company, one of Australia's largest dairy producers, and various other entities associated with Perich Enterprises Pty Limited. He is also a property developer, farmer and business entrepreneur. Outside of the Perich Group Mr. A.M. Perich holds a number of other directorships which include MRC Biotech Limited, Greenfields Narellan Holdings, East Coast Woodshavings Pty Limited, Breeders Choice Woodshavings Pty Limited, Austral Malaysian Mining Limited, Pulau Mining Sdn Bhd (Malaysia) and Inghams Health Research Institute. Memberships include Narellan Chamber of Commerce, Narellan Rotary Club, Urban Development Institute of Australia, Urban Taskforce, Property Council of Australia, past President of Narellan Rotary Club and Past President of Dairy Research at Sydney University. Appointed Director in July 2006.

Mr Ronald Perich

Director (Non-Executive)

Joint Managing Director of Arrovest Pty Limited, Leppington Pastoral Company, one of Australia's largest dairy producers, and various other entities associated with Perich Enterprises Pty Limited. He is also a property developer, farmer and business entrepreneur. Former Director of United Dairies Limited. Appointed Director April 2005. Member of the Audit, Risk & Compliance Committee and member of the Remuneration & Nomination Committee.

Mr Melvyn Miles

Director (Non-Executive)

B.Sc (Hons) F.I.B.D. - former Vice President of Carlton and United Breweries and Foster's Group, former Director of Carlton & United Breweries & its subsidiaries and former Chairman of South Pacific Distilleries, Fiji. Member of the Strategic Planning Committee of the Institute of Brewing and Distilling Asia Pacific. Appointed Director November 2006. Chairman of Audit, Risk & Compliance Committee and member of the Remuneration and Nomination Committee.

Mr Michael R. Perich

Alternate Director (Non-Executive)

B AppSci (SysAg) Director of Arrovest Pty Limited, Leppington Pastoral Company, one of Australia's largest dairy producers, and various other entities associated with Perich Enterprises Pty Limited. Former Director of

Contract Beverages Packers of Australia Pty Limited, a joint venture controlled equally by the Parent and Arrovest, Director of Australian Dairy Conference, affiliated with NSW Farmers Association (Diary Section), Future Dairy Steering Group, Intensive Agriculture Consultative Committee and Dairy Research Foundation. Appointed alternate Director for Mr Ron Perich and Mr Anthony Perich 26 March 2009.

6 Details of the Offer

6.1 Offer timetable

See section 2 for key dates of the Offer timetable.

6.2 Offer structure

The Offer is non-renounceable. Entitlements cannot be traded on the ASX nor otherwise transferred. This means that CRPS Holders who do not take up their Entitlement to participate in the offer will not receive any value for those Entitlements and their equity interest in FNP will be diluted at the point in time when Option holders exercise their Options to Shares.

(a) Eligible CRPS Holders

Eligible CRPS Holders are those holders of CRPS who:

- are registered as a holder of CRPS as at 7.00pm on Monday 24 January 2011 (**Record Date**);
- have a registered address in Australia or New Zealand;
- are not in the United States or US Persons or acting for the account or benefit of such persons; and
- are eligible under all applicable securities laws to receive an offer under the Offer.

The Offer is not being extended to any shareholder outside Australia and New Zealand.

(b) Entitlements

Each Eligible CRPS Holder is entitled to subscribe for 1 Option for every 1 CRPS held on the Record Date.

(c) Opening and Closing Dates

The Offer opens on 14 January 2011. Eligible CRPS Holders can choose to take up or not take up all or part of their Entitlements. Entitlement and Acceptance Forms must be received by FNP by no later than 5.00pm (Sydney time) Wednesday 9 February 2011. Refer to section 8.2 for further details on how to apply for Options.

(d) Purpose of the Offer

The purpose of the offer is to allow CRPS Holders the opportunity to subscribe for Options for no consideration.

(e) Effect of the Offer on control of FNP

The potential effect of the Offer on the control of FNP and the consequences of that effect are dependent on a number of factors, including whether or not the major shareholders take up their Entitlements and demand from other shareholders and exercise of the Options.

Arrovest Pty Limited (**Arrovest**) and Telunapa Pty Ltd (**Telunapa**) (together, **Major Shareholders**) hold 66.1% and 16.8% of the Shares respectively. Therefore, the potential effect of the issue of CRPS under the OIS and the issue of Options under this Prospectus (assuming those CRPS are converted and those Options are exercised) on the control of FNP is illustrated below:

If the offer is fully subscribed by shareholders and all CRPS holders convert all their CRPS to Shares and exercise all their Options.	No effect on control.
If none of the rights offered are subscribed for other than by the Major Shareholders and their associates and the Major Shareholders and their associates convert all their CRPS to Shares and exercise all their Options. Or if CRPS are fully subscribed for but only the Major Shareholders and their associates convert all their CRPS to Shares and exercise all their Options.	Arrovest's voting power would increase from 66.1% to 70.7% Telunapa's voting power would increase from 16.8% to 18.0% The voting power of minority shareholders would be reduced from 17.1% to 11.3%

A potential increase in voting power of each of the Major Shareholders and their associates discussed above was approved by FNP shareholders at the general meeting held on 28 October 2010.

(f) Overseas Shareholders

The Offer is not being made to shareholders with registered addresses outside Australia and New Zealand. FNP has determined that it would be unreasonable to make the Offer to shareholders in jurisdictions outside Australia and New Zealand having regard to the number of such shareholders, the number and value of the Options that would otherwise be offered and the costs in complying with the legal and regulatory requirements of those jurisdictions. No action has been taken to comply with legal and regulatory requirements of jurisdictions outside Australian and New Zealand to permit the Offer to be made in any jurisdiction outside Australia and New Zealand.

7 Risk factors

7.1 Introduction

A number of risks and uncertainties, which are both specific to FNP and of a more general nature, may affect the future operating and financial performance of FNP and the value of Options. You should carefully consider the following risk factors, as well as the other information provided by FNP in connection with the Offer, and consult your financial and legal advisers before deciding whether to invest. The risks and uncertainties described below are not the only ones facing FNP. Additional risks and uncertainties that FNP is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect FNP's operating and financial performance.

7.2 Specific risks that affect FNP

Investors should be aware of the risks associated with an investment in FNP. The following list of risks is not intended to be exhaustive. In particular, prospective investors should consider the following:

(a) Competition

FNP and its associate entities operate in a competitive market environment. There can be no guarantees that the competitive environment in which FNP and its associate entities currently operate will remain the same. New entrants, a material adverse change to the competitive environment or new initiatives implemented by competitors may have a material impact on the operating and financial performance of FNP and its associate entities.

(b) Consumer preferences and perceptions

FNP and its associate entities' business may be affected by changes in consumer tastes, international, national, regional and local economic conditions and demographic trends. There could be a material adverse impact on the operating and financial performance of FNP and its associate entities if health or dietary preferences cause consumers to avoid FNP and its associate entities' products in favour of alternative products.

(c) De ranging of a significant number of product lines by a major customer

The FNP business units have strong relationships with major retail customers that make it unlikely that they will be delisted entirely as a supplier. While each of the businesses brands have established a major segment position that is being actively supported by their retailer customers, there is a risk that certain of the product lines may be delisted due to retailer strategy, competitive pressure or perceived underperformance. The business has an active process of reviewing and upgrading product lines to assist their competitive position.

(d) Intellectual property

FNP and its associate entities maintain trade mark registrations in more than four jurisdictions around the world, which provide the legal underpinning for FNP and its associate entities' brands. FNP and its associate entities' trademarks and other intellectual property rights including rights to patents by A2 Corporation (25% equity associate) in relation to the marketing and distribution of A2 milk are important to FNP and its associate entities' ongoing success and competitive position. If the actions taken to establish and protect FNP and its associate entities' trademarks and other intellectual property rights are not adequate to prevent product imitation or to prevent others from seeking to block sales of FNP and its associate entities' products, it may be necessary for FNP and its associate entities to initiate or enter into litigation in the future to enforce FNP and its associate entities' trade mark rights or to defend against claims of infringement. Any legal proceedings could result in an adverse determination, which may have a

material adverse impact on the operating and financial performance of FNP and its associate entities.

(e) Reputation and brand names

The success of FNP and its associate entities is highly reliant on its reputation and branding. Any factors or unforeseen issues or events that diminish FNP and its associate entities' reputation or brand names may have a material adverse impact on the operating and financial performance of FNP and its associate entities.

(f) New products and innovations

Some of the new products or brands which FNP and its associate entities intend to launch and upon which FNP proposes to develop its business, may not be successful. This may have a material adverse impact on the operating and financial performance of FNP and its associate entities. There is also a risk that certain new products that FNP and its associate entities intend to introduce will be competitively inferior to similar products manufactured and sold by competitors. In addition, these may be technological or product innovations in the future which may impact on the perceived benefits of FNP and its associate entities' products which may have a material adverse impact on the operating and financial performance of FNP and its associate entities.

(g) Production

FNP and its associate entities' primary manufacturing sites are at Leeton in regional NSW and in Taren Point, Sydney, NSW. Production at the Leeton plant will account for approximately 90% of the total manufacturing of FNP's non beverage products by March 2011. There is a risk that either manufacturing site may not be able to maintain required production levels or may be shut down entirely or in part due to natural disaster, industrial action, contamination, an industrial accident, fire, a serious power failure or explosion. If this occurred, there is a risk that production could not be sourced from an alternative manufacturer, or the sourced product may not meet FNP's required standards. This could mean that FNP and its associate entities are not able to supply their customers or supply the required amounts. It could also mean FNP and its associate entities may have quality control difficulties or may incur damage to FNP's reputation or brand names. Any or all of these matters may have a material adverse impact on the operating and financial performance of FNP and its associate entities.

(h) Company's growth strategies may not achieve their objectives

FNP has identified a number of growth strategies to continue to drive margin improvements and sales growth. There is a risk that the implementation of FNP's growth strategies could be subject to delays or cost overruns and there is no guarantee that these initiatives and strategies will generate the full benefits anticipated or result in sales growth. Any delay in implementation, failure to successfully implement, or unintended consequences or implementing any or all of FNP's turnaround initiatives and growth strategies may have an adverse effect on FNP's future financial performance.

(i) Relationships with suppliers

FNP and its associate entities have a number of important arrangements with key suppliers, including co manufacturers for supply of seafood, certain Freedom Foods products not able to be produced at Leeton and A2 dairy milk. If FNP and its associate entities' relationships with any of these suppliers deteriorates or the supplier ceases trading for any reason and FNP and its associate entities' inventory is depleted, FNP and its associate entities may not be able to source alternative products or raw materials immediately or only on less favourable terms. Any event that results in FNP and its associate entities incurring higher costs from suppliers that cannot be passed on to the consumer may have a material adverse impact on the operating and financial performance of FNP and its associate entities.

(j) Finished goods and raw material price changes

While a number of the finished goods and raw materials purchases by FNP are subject to continual price movement, FNP purchases these items on forward contracts, which typically provide cover for periods between 3 and 6 months ahead depending on the nature of the product. These periods may not provide management and the business adequate time to pass price increases on to the customer through retail pricing or re shape the product to maintain margins.

(k) Product liability and compliance

FNP and its associate entities have procedures and policies in place to ensure compliance with the Australian and New Zealand Food Standards and to ensure FNP's products are free from contamination. Contamination, or an extortion threat on the basis of an alleged or actual contamination, of one of FNP and its associate entities' products, may lead to business interruption, product recalls or liabilities to consumers. While FNP maintains insurance cover with respect to a certain number of these risks, FNP and its associate entities may not be able to enforce its rights in respect of these policies. If FNP and its associate entities do recover an amount under their insurance policies for loss suffered, it may not be sufficient to offset any damage to the financial condition, reputation or prospects of FNP and its associate entities caused by the contamination or extortion threat. Product contamination or an extortion threat may have a material adverse impact on the operating and financial performance of FNP and its associate entities.

Failure to comply with Australian and New Zealand Food Standards or other laws and regulations governing the manufacturing and sale of food could result in revocation of licences or registrations FNP and its associate entities require in order to conduct their business. This may have a material adverse impact on the operating and financial performance of FNP and its associate entities.

(l) Insurance

FNP and its associate entities have in place insurance which it considers appropriate to its circumstances. However, not all material risks associates with FNP and its associated entities' business have been insured, as the relevant insurance may not be available or on terms which the Directors consider appropriate. In addition, no assurance can be given that FNP and its associate entities' insurance will be available in the future on reasonable terms or will provide adequate coverage against claims made. If FNP and its associate entities incur uninsured losses or liabilities, this may have a material adverse impact on the operating and financial performance of FNP and its associate entities.

(m) Environment

FNP and its associate entities' operations are subject to environmental laws and regulations. FNP and its associate entities could incur material costs in order to comply with those laws and regulations, or as a consequence of a breach of those laws and regulations. Such costs could arise due to the historic operations and activities of others conducted on a site owned or operated by FNP and its associate entities. Those costs may have a material adverse impact on the operating and financial performance of FNP and its associate entities. In addition, changes to environmental laws and regulations may have a material adverse impact on the operating and financial performance of FNP and its associate entities.

(n) Banking Facilities

There are certain conditions attaching to FNP's existing bank facility which will determine the extent of the facility available to FNP. If those conditions are not met, FNP may not have available funds sufficient to enable it to conduct business in the manner envisaged. FNP has established bank facilities comprising term facilities and multi option facilities inclusive of bank overdraft facilities, secured by first registered mortgage over all the groups' property, excluding items discharged under an equipment finance arrangement with NAB. The multi option and bank overdraft facilities are subject to annual review including compliance with covenants.

(o) Management

In common with many businesses, the success of FNP, will, to a significant extent, be dependent on the expertise and experience of the executive directors and other senior management, the loss of one or more of whom could have a material adverse effect on FNP. Whilst FNP has entered into service agreements with the Executive Directors and they are shareholders, the retention of their services cannot be guaranteed.

(p) Taxation implications

Future changes in taxation law in Australia, including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect taxation treatment of an investment in FNP securities, or the holding or disposal of those securities. Further, changes in taxation law, or to the way taxation law is interpreted in the various jurisdictions in which FNP operates, may impact FNP's future tax liabilities.

(q) Credit Risks

Credit market conditions and the operating performance of FNP will affect borrowing costs as well as FNP's capacity to repay, refinance and increase its debt.

7.3 General risks relating to equity investments and markets

Investors should be aware that there are risks associated with any investment listed on the ASX. The value of Shares and therefore Options may rise above or fall below the Exercise Price, depending on the financial condition and operating performance of FNP. Further, the price at which Shares trade on ASX may be affected by a number of factors unrelated to the financial and operating performance of FNP and over which FNP and its directors have no control. These external factors include:

- economic conditions in Australia and overseas;
- investor sentiment in the domestic and international stock markets;
- changes in fiscal, monetary, regulatory and other government policies; and
- geo-political conditions such as acts or threats of terrorism or military conflicts.

Investors should note that the historic share price performance of Shares provides no guidance as to its future share price performance.

(a) Risks relating to an investment in Options

Liquidity of Options is limited as the Options are unlisted and the ability to sell is limited unless the Options are exercised.

8 Action required by Shareholders

8.1 What you may do

The number of Options to which Eligible CRPS Holders are entitled is shown on the accompanying Entitlement and Acceptance Form. Eligible CRPS Holders may:

- take up all of the Entitlement in full;
- take up part of the Entitlement and allow the balance to lapse; or
- allow all of the Entitlement to lapse.

8.2 How to apply for Options

(a) Complete and return the accompanying Entitlement and Acceptance Form

If you decide to take up all or part of your Entitlement, please complete and return the personalised Entitlement and Acceptance Form by following the instructions set out on the personalised Entitlement and Acceptance Form.

Your Acceptance Form must be received by 5.00pm (Sydney time) on Wednesday 9 February 2011.

If you take no action you will not be allocated Options and your Entitlement will lapse. Your Entitlement to participate in the Offer is non-renounceable and will not be tradeable or otherwise transferable. Shareholders who do not take up their Entitlements in full will not receive any payment or value for those Entitlements they do not take up.

If you take up all or part of your Entitlement you will be allotted your Options on or about 17 February 2011. FNP's decision on the number of Options to be allocated to you will be final.

The Company reserves the right to reject any Entitlement and Acceptance Form that is not correctly completed or that is received after the Closing Date.

By completing an Entitlement and Acceptance Form, shareholders will be deemed to have made the representations, warranties and agreements set out in the Entitlement and Acceptance Form.

8.3 Mail

To participate in the Offer, your Entitlement and Acceptance Form must be received no later than the close of the Offer at 5.00pm on Wednesday 9 February 2011. Shareholders should mail their completed personalised Entitlement and Acceptance Form using the reply paid or self-addressed envelope provided with this Prospectus, or mail to:

FNP Options Entitlement Issue
Registries Limited
GPO Box 3993
Sydney, NSW 2001
Australia

9 Additional information

9.1 Continuous disclosure obligations

FNP is a "disclosing entity" under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules, including the preparation of annual reports and half-yearly report. FNP is required to notify ASX of information about specific events and matters as they arise for the purpose of ASX making the information available to the financial market operated by ASX. In particular, FNP has an obligation under the ASX Listing Rules (subject to certain limited exemptions) to notify ASX immediately of any information concerning it of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of its securities. That information is available to the public from ASX. FNP is also required to prepare and lodge with ASIC and ASX both yearly and half-yearly financial statements accompanied by a Directors' declaration and report, and an audit review report.

Copies of documents lodged with ASIC in relation to FNP may be obtained from, or inspected at, an ASIC office. FNP will provide a copy of each of the following documents free of charge, to any person who requests a copy before the Closing Date:

- FNP's 2010 annual report for the year ended 30 June 2010;
- FNP's half year report for the half year ended 31 December 2009; and
- any other document used to notify ASX of information relating to FNP under the continuous disclosure provisions of the ASX Listing Rules and the Corporations Act after the lodgement of the annual report referred to above and before the lodgement of this Prospectus with ASIC.

All requests for copies of the documents referred to above should be made by contacting the Company Secretary during the Offer period. Copies of this information may also be obtained from FNP's website www.fnpl.com.au or on ASX's website at www.asx.com.au.

9.2 Interests of Directors

Other than as set out below or elsewhere in this Prospectus:

- No Director or proposed Director has, or has had in the two years before lodgement of this Prospectus, an interest in:
 - the formation or promotion of FNP;
 - any property acquired or proposed to be acquired by FNP in connection with its formation or promoting or the Offer; or
 - the Offer itself.
- No amounts, whether in cash or Shares or otherwise, have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Directors either to induce them to become, or to qualify them as, a Director, or otherwise for services rendered by them in connection with:
 - the promotion or formation of FNP; or
 - the Offer.

As at the date of this Prospectus, the interest held by each of the current Directors (including companies and trusts associated with the Directors) in FNP is as follows:

Director	Number of shares	Number of options
Perry R. Gunner	510,732	-
Geoffrey H. Babidge	98,057	2,400,000
Rory J.F. Macleod	182,775	2,000,000
Anthony Perich	51,184,454	-
Ronald Perich	51,184,454	-
Melvyn Miles	206,667	-
Michael R. Perich	51,184,454	-

9.3 Interests of advisers and costs of the Offer

Other than as set out below or elsewhere in this Prospectus, no adviser involved in the preparation of this Prospectus (nor any firm in which any adviser is a partner), has held at any time in the past two years any interest in:

- the formation or promotion of FNP;
- any property acquired or proposed to be acquired by FNP in connection with its formation or promotion or the Offer; or
- the Offer itself.

In addition, other than as set out below, no amounts (whether in case, Shares or otherwise) have been paid or agreed to be paid and no benefits have been given or agreed to be given to any advisor (or any firm in which the adviser is a partner) for services rendered by the adviser, or the adviser's firm in connection with the promotion or formation of FNP or in connection with the Offer.

- Gilbert + Tobin has acted as Australian legal advisers to FNP in relation to this Prospectus and the Offer. In aggregate, FNP has paid or agreed to pay \$30,000 (plus GST and disbursements) for these services to the date of this Prospectus. Further amounts may be paid to Gilbert + Tobin in accordance with their usual time based charge out rates.
- Simpson Grierson has acted as New Zealand legal advisers to FNP in relation to this Prospectus and the Offer. In aggregate, FNP has paid or agreed to pay \$3,500NZD (plus GST and disbursements) for these services to the date of this Prospectus. Further amounts may be paid to Simpson Grierson in accordance with their usual time based charge out rates.

9.4 Transaction costs

The transaction costs of the Offer (which include advisory, legal, accounting, lodgement and administration fees, as well as printing, advertising and other expenses relating to this Prospectus) are expected to amount to approximately \$50,000 and are to be paid by FNP.

9.5 Consents to be named and consent to the inclusion of information in the Prospectus

The following consents have been given in accordance with Section 716 of the Corporations Act and have not been withdrawn as at the date of lodgement of the Prospectus with ASIC:

Deloitte Touche Tohmatsu has consented to be named in this Prospectus as 'Company Auditors'. In its capacity as 'Company Auditors', Deloitte Touche Tohmatsu does not make any other statement in this Prospectus nor is any other statement in this Prospectus based upon a statement by Deloitte Touche Tohmatsu.

Gilbert + Tobin has consented to be named in this Prospectus as 'Australian Legal Advisors' and to any express references to that document in this Prospectus in the form and context in which those references are included. In its capacity as 'Legal Advisors', Gilbert + Tobin does not make any other statement in this Prospectus nor is any other statement in this Prospectus based upon a statement by Gilbert + Tobin.

Simpson Grierson has consented to be named in this Prospectus as 'New Zealand Legal Advisors' and to any express references to that document in this Prospectus in the form and context in which those references are included. In its capacity as 'New Zealand Legal Advisors', Simpson Grierson does not make any other statement in this Prospectus nor is any other statement in this Prospectus based upon a statement by Simpson Grierson.

9.6 Directors' authorisation

In accordance with Section 720 of the Corporations Act, each Director has consented in writing to:

- (a) the issue of this Prospectus;
- (b) the lodgement of this Prospectus with ASIC; and

has not withdrawn that consent.

9.7 Inspection of documents

Copies of the following documents will be made available for inspection during normal business hours at the registered office of FNP until the Closing Date:

- (a) FNP Constitution;
- (b) this Prospectus; and
- (c) any other documents referred to in the Prospectus.

Copies of this Prospectus will be provided without charge upon request within a reasonable time after a request is received by FNP.

9.8 Privacy notification

The accompanying Entitlement and Acceptance Form requires you to provide information that may be personal information for the purposes of the Privacy Act 1988 (Cth). FNP collects, holds and uses that personal information in order to access your application, service your needs as an investor, provide facilities and services that you request and carry out appropriate administration.

If you do not provide the information requested of you in the Entitlement and Acceptance Form, FNP will not be able to process your application for Options appropriately.

Under the Privacy Act 1988 (Cth), you may request access to your personal information held by (or on behalf of) FNP.

9.9 Rounding of Entitlements

Where fractions arise in the calculation of Entitlements, they will be rounded up to the nearest whole number of Options.

9.10 Applications cannot be withdrawn

Eligible CRPS Holders cannot withdraw their application once it has been lodged.

9.11 Future performance and forward looking statements

Neither FNP nor any other person warrants or guarantees the future performance of the Options or any return on any investment made pursuant to this Prospectus. Forward looking statements, opinions and estimates provided in the Prospectus are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

Any forward looking statements including projections, guidance on future revenues, earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. They are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of FNP and the Board, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by any forward looking statements in this Prospectus.

9.12 Governing Law

This Prospectus, the Offer and the contracts formed on acceptance of the Entitlement and Acceptance Forms are governed by the laws applicable in New South Wales, Australia. Each applicant for Options submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

9.13 Nominees

The Offer is being made to all CRPS holders on the register of FNP at the Record Date with an address in Australia or New Zealand. FNP is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of CRPS. Where any holder is acting as a nominee for a foreign person that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws. Any person in the United States with a holding through a nominee may not participate in the Offer and the nominee must not send any materials into the United States.

9.14 Disclaimer of representations

No person is authorised to give any information, or to make any representation, in connection with the Offer that is not contained in this Prospectus.

Any information or representation that is not in this Prospectus may not be relied on as having been authorised by FNP, or its related bodies corporate in connection with the Offer. Except as required by law, and only to the extent so required, neither FNP, nor any other person, warrants or guarantees the future performance of FNP or any return on any investment made pursuant to this Prospectus.

10 Corporate Directory

Directors

Mr Perry.R.Gunner
Chairman (Non-Executive)
Mr Geoffrey.H.Babidge
Executive Director
Mr Rory.J.F.Macleod
Executive Director, Chief Financial Officer
Mr Anthony.M.Perich
Director (Non-Executive)
Mr Ronald Perich
Director (Non-Executive)
Mr Melvyn Miles
Director (Non-Executive)
Mr Michael R. Perich
Alternate Director (Non-Executive)

Company Secretary

Mr Rory.J.F.Macleod

Registered Office

80 Box Road
Taren Point NSW 2229

Website

www.fnpl.com.au

Auditors

Deloitte Touche Tohmatsu
The Barrington
10 Smith Street
Parramatta NSW 2150

Australian Legal Adviser

Gilbert + Tobin
2 Park Street
Sydney NSW 2000

New Zealand Legal Advisers

Simpson Grierson
88 Shortland Street
Auckland 1141, New Zealand

11 Glossary

Arrovest means Arrovest Pty Limited.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited ABN 98 008 624 691.

Board means the board of Directors of FNP from time to time.

Closing Date means 5pm on Wednesday 9 February 2011.

CRPS means a convertible redeemable preference share in FNP.

CRPS Holder means a holder of CRPS non-renounceable pro-rata entitlement offer of CRPS to Shareholders, on the terms and conditions set out in the OIS.

CRPS Offer means the 1-for-3.2 non-renounceable pro-rata entitlement offer of CRPS, on the terms and conditions set out in the OIS.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of FNP from time to time.

Eligible CRPS Holder means a holder of CRPS who:

- (a) has a registered address in Australia or New Zealand;
- (b) is eligible under all applicable securities laws to receive an offer under the Offer.
- (c) is not in the United States or a US Person or acting for the account or benefit of such persons; and
- (d) is registered as a holder of CRPS as at the Record Date.

Entitlement and Acceptance Form means the form accompanying this Prospectus and which details the entitlement of CRPS Holders.

Entitlement means the opportunity to subscribe for one Option for every one CRPS held as at the Record Date.

Exercise Price means the price payable to exercise each Option, being \$0.40.

Expiry Date means the third anniversary of the Issue Date.

Exposure Period as defined in section 727(3) of the Corporations Act.

FNP means Freedom Foods Group Limited ABN 41 002 814 235.

Issue Date means the date on which the Options are issued under this Offer.

Issue Price means the price payable for each of the Options under this Offer, being \$0.00.

Listing Rules means the listing rules of the ASX.

Offer means the 1-for-1 non-renounceable pro-rata entitlement offer of Options to CRPS holders for no consideration, on the terms and conditions set out in this Prospectus.

OIS means the offer information statement lodged with ASIC by FNP on 16 November 2010.

Option means the option issued under this Offer.

Prospectus means this Prospectus dated 16 November 2010.

Record Date means 7.00pm on Monday 24 January 2010.

Regulations means the Corporations Regulations 2001.

Share means an FNP ordinary share.

Shareholder means a holder of Shares.

Telunapa means Telunapa Pty Ltd.

Schedule 1 — Terms of Options

Note: Defined terms used in this Appendix are set out in clause 14 below.

1 Description

These are the terms of issue on which the Company will issue a number of options to subscribe for Ordinary Shares (**Options**). One Option will be issued with each convertible redeemable preference share (**CRPS**).

2 Issue price

No amount is payable on issue of the Options.

3 Entitlement of Ordinary Shares

Each Option entitles the holder of the Option (**Optionholder**) to subscribe for one Ordinary Share.

4 Exercise price

The exercise price of each Option is \$0.40.

5 Option period

Each Option may be exercised in whole or in part at any time on or after the date on which the Options are issued and on or before the third anniversary of the Issue Date (**Expiry Date**).

6 Transferability

The Options are transferable. All applications to transfer Options must be made by lodging with the Company a completed transfer form in a form approved by the Company. Any Option certificates relating to the Options to be transferred must also be surrendered to the Company at the same time. The transfer takes effect upon the transferee's name being entered on the register.

7 Certificate

The Company must give each Optionholder a certificate or holding statement stating:

- (a) the number of Options issued to the Optionholder;
- (b) the exercise price of the Options; and
- (c) the date of issue of the Options.

8 Participation rights, bonus issues, rights issues and reorganisations

8.1 Participation

The holding of Options does not entitle an Optionholder to participate in any new issue to existing holders of securities in the Company unless they have exercised their Options before the record date for determining entitlements to the new issue of securities and participate as a result of holding Ordinary Shares.

8.2 Notice of new issue

The Company must give an Optionholder, in accordance with the ASX Listing Rules, notice of:

- (a) the proposed terms of an issue or offer proposed under clause 8.1; and
- (b) the right to exercise their Options under clause 8.1.

8.3 Adjustment for bonus issues

- (a) Subject to paragraph (b) below, if the Company makes a pro rata bonus issue of Ordinary Shares to holders of Ordinary Shares generally, and the Board determines in its discretion that Optionholders should be able to participate in the benefit of the pro rata bonus issue, the exercise price of each Option will be adjusted as follows:

$$X = \$0.40 \times \frac{RD}{RD + RN}$$

Where:

X means the adjusted exercise price;

RN means the number of Ordinary Shares issued pursuant to the bonus issue; and

RD means the number of Ordinary Shares on issue immediately prior to the allotment of new Ordinary Shares pursuant to the bonus issue.

- (b) Paragraph a does not apply to Ordinary Shares issued as part of a bonus share plan, employee or executive share plan, executive option plan, share top up plan or a dividend reinvestment plan.

8.4 Pro rata issues

If the Company makes a pro rate issue of Ordinary Shares (except a bonus issue) to existing shareholders (except an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Ordinary Share has been issued in respect of the Option before the record date for determining entitlements to the issue, the exercise price of each Option is reduced to the extent necessary to comply with the ASX Listing Rules applying the formula or method set out for making such adjustment in the ASX Listing Rules.

8.5 Reorganisation

If there is a reorganisation (including consolidation, subdivision, reduction or return) of the share capital of the Company, then the rights of the Optionholder (including the number of Options to which each Optionholder is entitled to and the exercise price) is changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

8.6 Calculations and adjustments

Any calculations or adjustments which are required to be made under this clause 8 will be made by the Board of the Company and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Optionholder.

8.7 Notice of change

The Company must as soon as practicable give to each Optionholder notice of any change under this clause 8 to the exercise price of any Options held by an Optionholder or the number of Ordinary

Shares which the Optionholder is entitled to subscribe for on exercise of an Option.

9 Method of exercise of Options

9.1 Method and payment

To exercise Options, the Optionholder must give the Company:

- (a) a written exercise notice (in the form set out below or otherwise approved by the board of the Company from time to time (**Exercise Notice**)) specifying the number of Options being exercised;
- (b) payment of the exercise price for the Ordinary Shares the subject of the exercise notice by way of cheque, B Pay or such other payment details of which have been notified by the Company to the Optionholder; and
- (c) the certificate for the Options, if one has been issued by the Company.

9.2 Exercise all or some Options

- (a) An Optionholder may only exercise Options in multiples of 100 unless the Optionholder exercises all Options held by the Optionholder at one time.
- (b) Options will be deemed to have been exercised on the date the Exercise Notice is given to the Company.

9.3 Option certificates

If an Optionholder exercises less than the total number of Options registered in the Optionholder's name:

- (a) the Optionholder must surrender its Option certificate, if one has been issued by the Company; and
- (b) the Company must cancel the Option certificate and issue the Optionholder a new Options certificate or holding statement stating the remaining number of Options held by the Optionholder.

9.4 Issue of Ordinary Shares

Within 5 Business Days after receiving an application for exercise of Options and payment by an Optionholder of the exercise price, the

Company must issue the Optionholder the number of Ordinary Shares to which the Optionholder is entitled upon exercise of those Options under these terms.

10 Ranking of Ordinary Shares issued on exercise of Options

All Ordinary Shares issued on the exercise of Options will rank in all respects (including, without limitation, rights relating to dividends) *pari passu* with the existing Ordinary Shares at the date of issue.

11 Quotation

The Company will not apply to ASX for official quotation of the Options. Upon the issue of the Ordinary Shares on the exercise of the Options, the Company must use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure, at its own expense to apply to ASX for official quotation of those Ordinary Shares.

12 Voting Rights

An Option does not entitle its holder to vote at any general meeting of the Company.

13 Amendments to the terms of issue

Subject to complying with all applicable laws, the Company may without the authority, assent or approval of Optionholder amend or add to these terms of issue if such amendment or addition is, in the opinion of the Company:

- (a) of a formal, minor or technical nature;
- (b) made to correct a manifest error; or
- (c) not likely (taken as a whole and in conjunction with all other modifications, if any, to be made contemporaneously with that modification) to be materially prejudicial to the interests of the holders of the Options.

14 Interpretation

- (a) Unless the context otherwise requires, if there is any inconsistency between the provisions of these terms of issue and the Company's constitution, then, to the maximum extent permitted by law, the provisions of these terms of issue will prevail.
- (b) If a calculation is required under these terms of issue, unless the contrary intention is expressed, the calculation will be performed to four decimal places.
- (c) Definitions and interpretations under the Company's constitution will also apply to these terms of issue.
- (d) References to clauses are to clauses of these terms of issue. References in these terms to paragraphs are to paragraphs of the clause in which the reference is made.
- (e) The following expressions shall have the following meanings:

ASX means ASX Limited (ABN 98 008 624 691).

ASX Listing Rules means the listing rules which regulate all entities listed on the market operated by the ASX.

Business Days has the same meaning as in the ASX Listing Rules.

Company means Freedom Foods Group Limited (ACN 002 814 235).

Corporations Act means the Corporations Act 2001 (Cth).

CRPS means the convertible redeemable preference shares of FNP.

Exercise Notice means the written notice provided to the Company by the Optionholder to exercise the Option.

Exercise Price means the price payable to exercise each Option, being \$0.40.

Expiry Date means the third anniversary of the Issue Date.

Issue Date means the date on which the Options are issued under this Offer.

Offer means the invitation made by the Company for the Company's existing shareholders to apply for Options pro rata with their existing CRPS holding.

Options means the options issued under these terms.

Optionholder means a holder of Options.

Ordinary Share means an ordinary share in the Company.

Shareholder means a holder of Ordinary Shares.

15 Form of Exercise Notice

To: The Directors

Freedom Foods Group Ltd

[insert address]

[insert name of Optionholder] of [insert address] (Optionholder) gives notice of exercise of [number] Options evidenced by the attached Option certificate in accordance with the terms and conditions of issue of those Options, and applies for [number] fully paid ordinary shares in the capital of the Company (Shares).

The sum of \$[insert amount] for the exercise of [insert No. of Options] at an exercise price of \$0.40 per Option [is attached/has been transferred to the Company's bank account with reference of [add reference]].

The Optionholder requests the Company to issue the Shares to the Optionholder and agrees to accept the Shares on and subject to the terms and conditions of the Company's constitution. The Optionholder authorises the Company to enter its name on the Company's Share Register in respect of the Shares issued in the Optionholder.

For and on behalf of the Optionholder

Date:

Name of Optionholder:

Option Certificate Number:

Signature:

FREEDOM FOODS GROUP LIMITED

ABN: 41 002 814 235

ENTITLEMENT OFFER ACCEPTANCE FORM

NON-RENOUCEABLE ENTITLEMENT OFFER OF UP TO 24,198,557 OPTIONS AT AN ISSUE PRICE OF NIL EACH ON THE BASIS OF 1 OPTION FOR EVERY 1 CONVERTIBLE REDEEMABLE PREFERENCE SHARE (CRPS) HELD.

Registries

All correspondence to
Registries Limited
GPO Box 3993
Sydney NSW 2001

Tel: 1300 737 760 (within Aust)
Tel: + 61 2 9290 9600 (outside Aust)
Fax: + 61 2 9279 0664
www.registries.com.au
registries@registries.com.au

Entitlement No.

Subregister

SRN/HIN.

Number of CRPS held at 7.00pm on 24 January 2011

Offer Closes: 9 February 2011 at 5:00pm EST

<Barcode>

A Entitlement Offer Acceptance

If you wish to accept your **FULL ENTITLEMENT** please complete and return this form. The return of this form by the close date will constitute acceptance of the Entitlement Offer. Your signature is only required when an alteration to your address is indicated by you over the page.

Number of CRPS held

The number of Options you are entitled to apply for is equal to the number of CRPS you hold on the Record Date.

If you wish to accept **PART OF YOUR ENTITLEMENT ONLY** please complete this form showing in the box below the **NUMBER OF OPTIONS BEING ACCEPTED**. If the number of Options stated below is more than the number of CRPS you hold on the Record Date you will be taken to apply for your full Entitlement of Options which is equal to the number of CRPS you hold on the Record Date.

Number of Options accepted

B Contact Details

CONTACT NAME	TELEPHONE WORK	TELEPHONE HOME	EMAIL ADDRESS
	()	()	

By submitting this Entitlement and Acceptance Form (**Form**), I/We represent and warrant that I/we have read and understood the Prospectus to which this Form relates and declare that this Form is completed and lodged according to the Prospectus and the instructions on this Form and declare that all details and statements made by me/us are complete and accurate. I/We agree to be bound by the constitution of Freedom Foods Group Limited and agree to the terms and conditions of the Entitlement Offer under the Prospectus. I/We represent and warrant that I/we have not relied on any other information provided by Freedom Foods Group Limited other than as set out in the Prospectus when making my/our decision to invest. I/We agree that FNP can correct errors in the Form.

LODGEMENT INSTRUCTIONS TO APPLICANTS

Please read these instructions carefully

ACCEPTANCE OF YOUR ENTITLEMENT IN FULL OR PART

Fill in the acceptance details, where necessary, in the space provided on this form and send your completed form to:

Registries Limited
GPO Box 3993
SYDNEY NSW 2001

Telephone No. 02 9290 9600
Facsimile No. 02 9279 0664

If you do not deal with your entitlement it will lapse at 5.00 pm (Sydney time) on 9 February 2011.

OVERSEAS SHAREHOLDERS ARE ADVISED TO ENSURE THEIR DOCUMENTS ARE POSTED TO AUSTRALIA BY AIRMAIL.

INTERPRETATION

Terms used in this Form have the same meaning as defined in the Prospectus.

THIS FORM CONTINUES OVERLEAF

CHANGES OF ADDRESS SUPPORTED BY YOUR SIGNATURE(S)

If your address is not exactly as shown, please provide details below. This is only relevant for Issuer Sponsored registered holdings. CHESS holders must notify your sponsoring broker for amendments to holdings on the CHESS Subregister.

CHANGE OF ADDRESS DETAILS – ISSUER SPONSORED ONLY		
SIGN HERE FOR ADDRESS AMENDMENTS:		

Shareholder 1 (Individual) / Sole Director & Sole Company Secretary	Joint Shareholder 2 (Individual) / Director	Joint Shareholder 3 (Individual) / Director/Company Secretary (Delete one)
---	--	--

Privacy Statement:

Registries Limited advises that Chapter 2C of the Corporations Act 2001 (Cth) requires information about you as a shareholder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. Information is collected to administer your shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. Your personal information may be disclosed to the entity in which you hold securities. You can obtain access to your personal information by contacting us at the address or telephone number shown on this Form.

Our privacy policy is available on our website (http://www.registriesltd.com.au/help/share_privacy.html).