

24th February 2011

**ASX Announcement
Freedom Foods Group Limited (ASX: FNP)
FY 2011 Half Year Results**

6 months to 31 December	2010 \$'000	2009 \$'000	% Change
Gross Sales Revenues (1)	29,895	30,748	-2.8%
Net Sales Revenues	23,581	24,074	-2.0%
EBITDA (Operating) (2)	2,225	1,620	+37.3%
EBITA (Operating) (2)	1,679	1,372	+22.4%
Pre Tax Profit	3,241	1,399	+131.7%
Equity Associates Share of Profit	679	535	+26.9%
Net Profit (Reported)	3,410	1,836	+85.7%
Net Profit (Operating)	1,532	1,913	-19.9%
Interim Ordinary Dividend (cps)	\$0.005	Nil	-
Interim CRPS Dividend (cps)	\$0.001	Nil	-
Net Debt / Equity	35%	53%	-34.0%
EPS (cents per share)(Fully Diluted for CRPS)	4.4	2.9	+51.7%
Net Tangible Assets per share	28.7	20.0	+43.5%

Notes:

- (1) Gross Sales Revenues excludes Royalty income received from Yakult and does not include revenues from group associate entities, a2 Dairy Products, A2 Corporation and CBPA.
- (2) Operating EBITDA and EBITA, excludes abnormal or non operating charges including FEC add back of \$705k from FY 2009 result. Includes add back of non cash employee share option expense.

SUMMARY

Freedom Foods Group Limited (FNP or “the Company”) achieved a **Net Profit of \$3.41 Million** for the 6 months ended 31 December 2010

The result is after including non operating items that contributed \$1,780k to Net Profit. These non operating items included the profit on sale of the Company's 50% interest in A2 Dairy Products Australia Pty Ltd (A2DPA), write off of expenses relating to an unrecoverable claim against a former contract manufacturer, make good costs relating to the closure of Hornsby baking site and the write-down in the carrying value of the Thorpedo Foods investment. In addition, the results included an overall income tax benefit of \$169k (\$437k prior period) largely resulting from a prior year tax adjustment for increased allowances for research and development.

The result reflected operating EBITDA above the prior corresponding period, with improving sales and margins from Freedom Foods Cereal operations offset by planned higher investment in marketing expenditure and lower sales of contract biscuit and proprietary soy beverage products. Specialty Seafood achieved improved profitability from growth in share of the red salmon segment and increased retail distribution. Equity Associates contributions reflected increased profitability from the Contract Beverage Packers joint venture and share of profits from A2 Corporation.

While net profit from operations was lower than for the corresponding prior period, the result included higher depreciation and interest costs arising from the investment in Leeton. The Leeton facility has enabled Freedom Foods to increase sales of its key cereal products at improved margins. With a focus on building sales and profitability of products produced at Leeton, the Company continues to expect to achieve the anticipated return from this significant investment.

HIGHLIGHTS

Highlights for the period included:

- Freedom Cereal volume growth of 25% against prior period, reflecting improved quality from Leeton in house manufacture, investment in lower price points for core cereal products and launch of new products aligned with new look packaging.
- Seafood contribution above budget and prior period reflecting growth in red salmon volumes of 25%.
- Improving sales of Australia's Own Organic branded Soy & Rice Beverages, in part offsetting the decline in So Natural products.
- Continued growth in sales and profitability of the CBPA JV.
- Completion of the sale of 50% of A2DPA in exchange for a cornerstone shareholding in A2 Corporation, resulting in a gain of \$3.9m. Subsequent subscription of \$683k for new shares in A2 Corporation in December 2010.
- Successful convertible preference share capital raising of \$5.8m from existing shareholders.
- Successful refinancing of banking facilities with HSBC, Net Debt / Equity down to 35% from 53% at June 2010.
- Net tangible assets increased to 28.7 cents per share
- Resumption of dividend payments with an interim dividend of \$0.005 cents per ordinary share and first dividend for converting preference share holders.

BUSINESS UNITS - WHOLLY OWNED

Freedom Foods

A key focus for the Company has been on delivering on the sales and cost opportunities provided by the dedicated gluten, wheat and nut free manufacturing facility near Leeton NSW. This facility delivers capability for Freedom Foods to internally manufacture its core range of shelf stable "free from" products and provides a platform for growth through improved quality, innovation and lower costs.

The results saw Freedom Food's achieve Cereal volume growth of 25% against prior period, reflecting improved quality from Leeton, investment in lower price points for core cereal products and launch of new products aligned with new look contemporary packaging. The business also invested in a new interactive consumer friendly website to compliment the recent changes to brand and products.

Further growth is anticipated as Freedom Foods focuses on increasing retail distribution in supermarkets and independent channels, as well as expanding a new range of products specific to the Food Service and Industrial channels.

During the period, installation of breakfast/snack bar equipment commenced with completion expected by April 2011. This will complete the material capital expenditure planned for Leeton.

Wraps and mayonnaise products performed in line with the prior year. Soy and rice proprietary beverages sales were below last year, however, strong growth in the Australia's Own Organic portfolio is expected to provide a more stable sales base.

The business is also pursuing opportunities to reduce cost through milling additional raw materials at Leeton.

Specialty Seafood

Paramount salmon and Brunswick sardine and specialty seafood products performed ahead of plan.

Paramount salmon experienced increased sales volumes primarily from growth in share in the Red Salmon segment of 25% and increased retail distribution. Brunswick sardines sales volumes in Australia and New Zealand were in line with the prior period. Improving exchange rates on inventory assisted in managing cost increases in salmon and sardine procurement, while also facilitating increased trade investment.

The business has gained additional ranging of a new skinless and boneless salmon and Brunswick sardines since the half year.

BUSINESS UNITS - JOINT VENTURES

A2 Corporation (including A2 Dairy Products Australia) 23.3% Equity Interest

In July 2010, FNP completed the sale of its 50% interest in A2DPA in consideration for a cornerstone shareholding in A2 Corporation being approximately 23.3% of the enlarged capital of A2C. A2C is listed on the alternative market of the New Zealand Stock Exchange and owns and commercializes intellectual property relating to a2 milk™. FNP booked a profit on sale of \$3.9m.

The transaction is expected to provide a stable platform for the ongoing development of the business in Australia, create an integrated business model with A2C and enable FNP and its shareholders to share in A2C's growth opportunities in global markets.

In December, FNP subscribed for 9.1 million shares for a total placement consideration of NZ\$914k (A\$682k) to support the establishment of A2C's own milk processing facility in Australia. FNP's current investment of A\$9.26m compares to current listed market value of the shares at A\$12.9m*.

**as at 17 Feb 2011*

Contract Beverages Packers of Australia Pty Ltd, 50% Equity Interest

Contract Beverage Packers of Australia (CBPA), 50% owned, continued its improving trend in operating and financial performance. Sales grew on the prior year period by 21% from higher volumes of dairy milk, soy and rice beverages and liquid stocks. EBDITA increased to approximately \$2.1 m for the half year which continues to represent a satisfactory return on capital.

CBPA will continue to broaden its contract packing product and customer base and seek higher value-added dairy products. The business is evaluating opportunities for expansion of packaging capabilities to meet increasing demand for value added UHT products.

Thorpedo Foods (75% owned)

Yakult Honsha, our licensee for Thorpedo beverages in Japan, continues to support the portfolio with regular promotional visits by Ian Thorpe, however sales in the period were below last year. As a result of this and the reducing business activities in Australia, FNP has decided to write-down the carrying value of its goodwill investment by an amount of \$1.8m (no tax effect on write-down of goodwill), which has no cash impact on the financial results.

CAPITAL RAISING

In December 2010, the company invited shareholders to participate in a non-renounceable entitlement offer of converting preference shares which successfully raised \$5.8m through the issue of 19,414,800 converting redeemable preference shares. The capital raised will fund working capital for the business and provide for growth initiatives including the recent additional investment in A2 Corporation Limited.

FINANCE FACILITIES

In December 2010, the company refinanced its existing bank facilities of approximately \$15.0m (excluding equipment finance facilities) with HSBC. The refinancing was achieved at a similar cost of funds to the prior facility and provides increased flexibility to meet the working capital requirements of the business.

OUTLOOK

FNP has continued to take forward its “free from” functional foods strategy with the commissioning of the unique Leeton facility and by repositioning its investment in a2 milk™ to participate in global markets in addition to Australia.

The major capital expenditure initiatives are substantively completed and based on current trends, the Board is expecting improvements in Freedom Foods as well as the other business activities to drive improving financial performance in the second half and into the medium term.

As a result, the Company is planning the resumption of dividend payments with a recommended interim dividend of \$0.005 cents per ordinary share, payable in June 2011. Growth in ordinary dividends will be in line with financial performance and consideration of dividend priority to converting preference share holders. The Company will also pay a first dividend for converting preference share holders in accordance with the terms of the converting preference shares in April 2011.

A handwritten signature in black ink, consisting of a stylized 'P' followed by a long horizontal line.

Perry Gunner
Non Executive Chairman

For further information, please contact:

Rory Macleod, Executive Director 02 9526 2555

Freedom Foods Group Limited

A.B.N 41 002 814 235

Appendix 4D

Half yearly report

Half year ended 31 December 2010

(Previous corresponding reporting period 31 December 2009)

Results for announcement to the market

<i>In thousands of AUD</i>	\$'000	Percentage change over previous corresponding period
Revenues	23,666	(3%) decrease
Net profit	3,410	86% increase
Dividends (distributions)	Amount per security	Franked amount per security
Final dividend paid Ordinary Shares	Nil	Nil
Interim dividends payable Ordinary Shares	\$0.005	\$0.005
Record date for determining entitlements to the dividend	1 June 2011	
Dividend payable Converting Redeemable Preference Shares	\$0.001	\$0.001
Record date for determining entitlements to the dividend	1 April 2011	

Net tangible assets per security

	31 December 2010	30 June 2010
Net tangible assets (in thousands of AUD)	27,932	16,997
Net assets (in thousands of AUD)	49,420	40,263
Total number of ordinary shares (in thousands)	77,435	77,435
Total number of converting redeemable preference shares (in thousands)	19,415	-
Total number of shares (ordinary + CRPS)	96,850	77,435
Net assets per security (in dollars of AUD)	0.51	0.52
Net tangible assets per security (in dollars of AUD)	0.29	0.22

The attached interim financial report has been subject to review.

Rory Macleod
Executive Director
Company Secretary
24th February 2011

Directors' Report

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2010. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors who held office during or since the end of the half-year:

P.R. Gunner – Chairman (Non Executive)
R.J.F. Macleod – Director (Executive)
G.H. Babidge – Director (Executive)
A.M. Perich – Director (Non Executive)
R. Perich – Director (Non Executive)
M. Miles - Director (Non Executive)
M.R. Perich – Alternate Director (Non Executive)

Review of operations

Refer to commentary above.

Auditor's independence declaration

The auditor's independence declaration is included on page 19 of the half year report.

Rounding off of amounts

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The report is signed in accordance with a resolution of the Board of Directors made pursuant to s 306 (3) of the Corporations Act 2001.

Signed on behalf of the Directors



Rory J F Macleod
Executive Director

Dated on this 24th day of February 2011
Sydney

Freedom Foods Group Limited

Condensed consolidated statement of comprehensive income

For the half-year ended 31 December 2010

		Consolidated	
		Half-year ended	
	Note	31 Dec 2010	31 Dec 2009
		\$'000	\$'000
Continuing operations			
Revenue from sale of goods	3	23,581	24,074
Cost of sales		(16,368)	(17,102)
Gross profit		7,213	6,972
Other income	3	85	234
Marketing expenses		(1,069)	(958)
Selling expenses		(2,573)	(2,494)
Administrative expenses		(1,475)	(1,492)
Other expenses	4	-	(565)
Profit from continuing operations before depreciation, income tax, finance costs, and equity accounted investments		2,181	1,697
Depreciation		(546)	(250)
Profit from continuing operations before income tax, finance costs, and equity accounted investments		1,635	1,447
Finance costs		(853)	(333)
Unrealised fair value mark-to-market of derivative financial instruments		-	(250)
Profit on sale of A2DP shares	7	3,884	-
Impairment of Goodwill		(1,778)	-
Write off of non recurring legal expense and unrecoverable amounts		(326)	-
Share of profit of jointly controlled entities/minority interests accounted for using the equity method		679	535
Profit before tax		3,241	1,399
Income tax benefit		169	437
Profit for the period from continuing operations		3,410	1,836
Other comprehensive income		-	-
Total comprehensive income for the period		3,410	1,836
Profit attributable to:			
Owners of the parent		3,410	1,836
Non-controlling interests		-	-
		3,410	1,836
Total comprehensive income attributable to:			
Owners of the parent		3,410	1,836
Non-controlling interests		-	-
		3,410	1,836
Earnings per share			
Basic (cents per share)		4.4	3.2
Diluted (cents per share)		4.4	2.9

Notes to the condensed consolidated statement of comprehensive income are included on pages 11 to 15.

Freedom Foods Group Limited
Condensed consolidated statement of financial position
as at 31 December 2010

		Consolidated	
		31 Dec 2010	30 June 2010
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents	6	2,033	34
Trade and other receivables		11,223	9,365
Other financial assets		141	784
Inventories		5,416	7,121
Prepayments		664	610
Total current assets		19,477	17,914
Non-current assets			
Investments accounted for using the equity method		10,856	5,293
Current tax receivable		152	151
Deferred tax assets		2,169	2,038
Property, plant and equipment		23,115	22,431
Goodwill		5,214	6,992
Other intangible assets		16,274	16,274
Total non-current assets		57,780	53,179
Total assets		77,257	71,093
Liabilities			
Current liabilities			
Trade and other payables		6,010	7,252
Borrowings	9	9,307	15,576
Other financial liabilities		302	-
Provisions		960	868
Total current liabilities		16,579	23,696
Non-current liabilities			
Trade and other payables		1,064	1,064
Borrowings	9	10,061	5,766
Deferred tax liabilities		-	47
Provisions		133	254
Total non-current liabilities		11,258	7,131
Total liabilities		27,837	30,827
Net assets		49,420	40,266
Equity			
Issued capital		39,338	33,637
Reserves		962	919
Retained earnings		9,120	5,710
Total equity		49,420	40,266

Notes to the condensed consolidated statement of financial position are included on pages 11 to 15.

Freedom Foods Group Limited
Condensed consolidated statement of changes in equity
For the half-year ended 31 December 2010

	Issued capital	Retained earnings	Equity-settled employee benefits reserve	Asset Revaluation reserve	Attributable to owners of the parent	Non-controlling interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2009	27,019	2,350	319	473	30,161	-	30,161
Equity issues	6,020	-	-	-	6,020	-	6,020
Profit for the period	-	1,836	-	-	1,836	-	1,836
Recognition of share-based payments	-	-	63	-	63	-	63
Dividends	-	-	-	-	-	-	-
At 31 December 2009	33,039	4,186	382	473	38,080	-	38,080
At 1 July 2010	33,637	5,710	446	473	40,266	-	40,266
Equity issues	-	-	-	-	-	-	-
Convertible Redeemable Preference Share issues	5,701	-	-	-	5,701	-	5,701
Profit for the period	-	3,410	-	-	3,410	-	3,410
Recognition of share-based payments	-	-	43	-	43	-	43
Dividends	-	-	-	-	-	-	-
At 31 December 2010	39,338	9,120	489	473	49,420	-	49,420

Notes to the condensed consolidated statement of changes in equity are included on pages 11 to 15.

Freedom Foods Group Limited
Condensed consolidated statement of cash flows
For the half-year ended 31 December 2010

	Note	Consolidated	
		Half-year ended	
		31 Dec 2010	31 Dec 2009
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers		21,619	23,531
Payments to suppliers and employees		(20,619)	(22,045)
Interest and other costs of finance paid		(905)	(740)
Income tax paid		-	(106)
Net cash provided by operating activities		95	640
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		(1,193)	(4,784)
Costs from sale of JV investment	7	(257)	-
Loans to/from Jointly controlled/Minority controlled entities		195	-
Investment in Equity Interest A2C	7	(683)	-
Net cash used in investing activities		(1,938)	(4,784)
Cash flows from financing activities			
Proceeds from borrowings		10,590	3,167
Proceeds from issue of securities		5,824	6,219
Payment of share issue costs		(123)	(47)
Repayment of borrowings		(11,050)	(5,485)
Net financing cash flows		5,241	3,854
Net increase/(decrease) in cash and cash equivalents		3,398	(290)
Cash and cash equivalents at the beginning of the period		(1,366)	(671)
Cash and cash equivalents at the end of the period	6	2,033	(961)

Notes to the condensed consolidated statement of cash flows are included on pages 11 to 15.

Notes to the condensed consolidated financial statements

1. Significant accounting policies

Statement of Compliance

The half-year financial report is a general-purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of Preparation

The condensed financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2010 annual financial report for the financial year ended 30 June 2010, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

New and revised Standards and amendments thereof and interpretations effective for the current reporting period that are relevant to the Group include:

- Amendments to AASB 5, 8, 101, 107, 117, 118, 136 and 139 as a consequence of AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project.

The adoption of these new and revised standards and interpretations has not resulted in any significant changes to the company's accounting policies for the current or prior periods.

2. Segment information

The operating segments analysed below are those regularly reviewed by the Board of Directors in their capacity as the chief operating decision maker of the company in order to allocate resources to the segments and assess their performance. The segments identified do not represent a significant change from those presented in prior years.

Notes to the condensed consolidated financial statements (continued)

The following is an analysis of the Group's revenue and results by reportable operating segment for the periods under review:

	External sales		Other revenue		Total	
	Half-year ended		Half-year ended		Half-year ended	
	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue						
<i>Continuing operations</i>						
Seafood	10,590	10,060	-	-	10,590	10,060
Freedom Foods	12,988	13,910	-	-	12,988	13,910
Thorpedo Foods	40	104	48	234	88	338
Subtotal					23,666	24,308
Total revenue of equity accounted associates					54,863	26,053
Total revenue of the consolidated group plus equity accounted associates					78,529	50,361
Less: total revenue of equity accounted associates					(54,863)	(26,053)
Total revenue of the consolidated group					23,666	24,308

Revenue generated by equity accounted associates from external sales is not consolidated, instead under the equity method of accounting the carrying amounts of interest in joint venture/minority interest entities are increased or decreased to recognise the Group's share of post acquisition profits or losses and other changes in net assets of the joint ventures/minority interest.

92% of total external sales of the consolidated group and equity accounted associates are generated in Australia (2009: 97%).

	Total	
	Half-year ended	
	31 Dec 2010	31 Dec 2009
	\$'000	\$'000
Segment result		
<i>Continuing operations</i>		
Seafood	2,383	1,884
Freedom Foods	1,454	1,672
Thorpedo Foods	33	173
FNPL share of equity accounted associates	679	535
	4,549	4,264
Share services	(1,689)	(2,032)
Finance costs	(853)	(333)
Depreciation	(546)	(250)
Profit on sale of A2DPA shares	3,884	-
Impairment of Goodwill	(1,778)	-
Write off of non recurring legal expense and unrecoverable amounts	(326)	-
Unrealised fair value mark-to-market of derivative financial instruments	-	(250)
Profit before tax	3,241	1,399
Income tax benefit	169	437
Profit for the period from continuing operations	3,410	1,836

Total profit from equity accounted associates for the period totalled \$1,619,000 (2009: \$1,070,000 profit). The consolidated entities share of these profits was \$679,000 (2009: \$535,000 profit).

Notes to the condensed consolidated financial statements (continued)

3. Income

	Half-year ended	
	31 Dec 2010	31 Dec 2009
	\$'000	\$'000
Revenues are comprised as follows:		
Sales of goods	23,581	24,074
Royalty revenue	48	209
A2 Management Fee	37	-
Government grants	-	25
	23,666	24,308

4. Other expenses

	Half-year ended	
	31 Dec 2010	31 Dec 2009
	\$'000	\$'000
Redundancies	-	(315)
Write off of fixed assets relating to closure of Hornsby Baking facility	-	(250)
	-	(565)

5. Dividends

	Half-year ended		Half-year ended	
	31 Dec 2010		31 Dec 2009	
	Cents per Share	Cents per Share	Cents per Share	Total \$'000
Recognised amounts				
Fully paid ordinary shares				
Interim Dividend	Nil	Nil	Nil	Nil
	Nil	Nil	Nil	Nil
Unrecognised amounts				
Fully paid ordinary shares				
Interim Dividend	Nil	Nil	Nil	Nil
	Nil	Nil	Nil	Nil

On 24 February 2011, the directors declared a fully franked interim dividend of \$0.005 cents per share to the holders of fully paid ordinary shares in respect of the half year ended 31 December 2010, to be paid to shareholders on 24th June 2011. The record date for determining entitlements to the interim dividend will be 1st June 2011. The dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is \$387,176.

On 24 February 2011, the directors declared a fully franked dividend of \$0.001 cents per share to the holders of converting redeemable preference shares in respect of the half year ended 31 December 2010, to be paid to shareholders on 29th April 2011. The record date for determining entitlements to the interim dividend will be 1st April 2011. The dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is \$20,106.

6. Cash and cash equivalents

	31 Dec 2010	30 Jun 2010	31 Dec 2009
	\$'000	\$'000	\$'000
Cash and cash equivalents	2,033	34	1,273
Overdraft facility	-	(1,400)	(2,234)
	2,033	(1,366)	(961)

Notes to the condensed consolidated financial statements (continued)

7. Investment in associate

In July 2010, the company completed the sale of its 50% interest in A2 Dairy Products Australia Pty Limited (A2DP) in consideration for a cornerstone shareholding in A2 Corporation (A2C) being approximately 23.3% of the enlarged capital of A2C. A2C is listed on the alternative market of the New Zealand Stock Exchange and owns and commercializes intellectual property relating to a2 milk™. The company booked a profit on sale of \$3.9m, which is subject to rollover relief and therefore not taxable until disposal of the shares in A2C.

The transaction is expected to provide a stable platform for the ongoing development of the business in Australia, create an integrated business model with A2C and enable the company and its shareholders to share in A2C's growth opportunities in global markets.

In December the company subscribed for 9.1 million shares in A2C for a total placement consideration of NZ\$914k (A\$682k) to support the establishment of A2C's own milk processing facility in Australia.

	Half-year ended	
	31 Dec 2010 \$'000	31 Dec 2009 \$'000
A2C Investment purchase	8,443	-
Proceeds of disposal	4,252	-
Costs incurred	307	-
Profit from disposal	3,884	-

8. Contingent liabilities

	Half-year ended	
	31 Dec 2010 \$'000	31 Dec 2009 \$'000
Bank guarantee given to a supplier arising out of the normal course of business. No liability expected to accrue.	14	-

9. Standby arrangement and unused credit facilities

	Half-year ended	
	31 Dec 2010 \$'000	30 Jun 2010 \$'000
Secured bank overdraft facility		
- amount used	-	1,400
- amount unused	-	600
	-	2,000
Secured loan facilities		
- amount used	4,500	13,047
- amount unused	-	3
	4,500	13,050
Secured finance facilities		
- amount used	14,868	7,520
- amount unused	2,509	480
	17,377	8,000
Unused financing facilities	2,509	1,083

Notes to the condensed consolidated financial statements (continued)

Financing Facilities

In December 2010, the company refinanced its existing bank facilities of approximately \$15.0m (excluding equipment finance facilities) with HSBC. The refinancing comprising facilities including term loans, debtor finance, trade finance, guarantees and foreign exchange hedging facilities. The refinancing was achieved at a similar cost of funds to the prior facility and provides increased flexibility to meet the working capital requirements of the business.

The term loan is a 3 year facility. Debtor finance and trade finance facilities are automatically renewing subject to annual review. The bank facilities of the Group are secured by a registered fixed and floating charge over all of the Group's assets and undertakings, excluding items specifically discharged under the Freedom Foods equipment finance arrangement, and a registered first mortgage over the land and buildings at Stanbridge (Leeton). The mortgage is held by HSBC.

Freedom Foods equipment finance facility has been arranged with the National Australia Bank. This facility is secured over the assets financed under the facility, which have been specifically discharged from the first registered mortgage held over all of the Group's property. Interest rates are variable and subject to adjustment.

10. Issuances, repurchases and repayment of equity securities

During the half-year reporting period Freedom Foods Group Limited did not issue any options under its executive share option plan. All options currently issued under the executive share option plan are fully vested and must be exercised by date detailed or they will otherwise lapse.

- 3.4m options exercise price of \$0.50 cents per shares required to be exercised by November 2011 or lapse.
- 300,000 options exercise price of \$0.50 cents per shares required to be exercised by April 2012 or lapse.

During the half-year reporting period, the company issued 19,414,800 convertible redeemable preference shares (CRPS) pursuant to a non-renounceable pro-rata offer of one new CRPS for every three existing ordinary shares at an issue price of \$0.30 per CRPS. The amount raised was \$5.8 million and will fund working capital for the business and provide for growth initiatives including the recent additional investment in A2 Corporation.

11. Subsequent events

There have been no significant events or transactions since the period end.

Directors' declaration

The directors declare that:

- (a) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- (b) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the directors



Rory J F Macleod
Executive Director

Dated on this 24th day of February 2011
Sydney

Independent Auditor's Review Report to the Members of Freedom Foods Group Limited

We have reviewed the accompanying half-year financial report of Freedom Foods Group Limited which comprises the condensed consolidated statement of financial position as at 31 December 2010, and the condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 16.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Freedom Foods Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Freedom Foods Group Limited would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Freedom Foods Group Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



P A Roberts
Partner
Chartered Accountants
Parramatta, 24 February 2011

The Board of Directors
Freedom Foods Group Limited
80 Box Road
TAREN POINT NSW 2229

24 February 2011

Dear Board Members

Auditor's Independence Declaration to Freedom Foods Group Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Freedom Foods Group Limited.

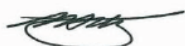
As lead audit partner for the review of the financial statements of Freedom Foods Group Limited for the half year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



P A Roberts
Partner
Chartered Accountants