

27th October 2011

2011 AGM Chairman's Address

In the 2011 financial year, Freedom Foods Group Limited ("FFG") achieved a Net Profit of \$4.39m Million for the 12 months ended 30th June 2011, reflecting a 30.7% increase on the previous corresponding period.

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 \$138k (\$263k 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 biscuits.

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, (renamed Pactum Australia) and share of profits from A2 Corporation.

While the Board is pleased with these results, we are focussed on achieving continued improvement in Freedom Foods' to deliver an improved business contribution in FY 12 and meeting our benchmark 15% return on funds employed in the medium term.

The Executive Director's presentation provides further commentary on operations.

In July 2010 the company exchanged its 50% interest in A2 Dairy Products Australia Pty Limited for an issue of shares representing 25% of the enlarged capital of A2C. Additional subscriptions for shares has resulted in FFG increasing its shareholding in A2C to 27.5% of A2C (26.4% fully diluted), with FFG now the largest single shareholder in A2C. The transaction will enable FFG and its shareholders to share in A2C's growth opportunities in Australia and international markets.

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 was utilised in working capital for the business and for growth initiatives.

With improving profitability, the Board has recommended a final fully franked dividend of \$0.005 per ordinary share in November 2011, consistent with the interim dividend paid in June 2011. Dividend priority remains with the converting preference shareholders, with a further dividend to be paid in accordance with the terms of the converting preference shares in October 2011.

As indicated in the full year results announcement, the Company confirms that it proposes to consolidate the Pactum Australia business activities with the acquisition of the 50% shareholding interest held by the Perich Group.

The consolidation of Pactum Australia will build critical mass in earnings and cashflow and provide FFG shareholders with the opportunity to further share in the growth profile of the Pactum business over the medium term.

The acquisition which is subject to execution of definitive documentation will result in an approximate consideration of \$5m for the 50% of the equity not held by FFG. The acquisition documentation is expected to be entered into prior to 31 December 2011 with completion subject to shareholder approval.

The Board thanks the group management team and everyone involved with our Company for the contribution they have made and we look forward to the year ahead.

A handwritten signature in black ink, appearing to read 'Perry Gunner', with a long horizontal line extending to the right.

Perry Gunner
Chairman