



Freedom Foods Group Limited

ABN 41 002 814 235

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM TO SHAREHOLDERS

Date of Meeting

Friday 26th October 2012

Time of Meeting

11.30am

Place of Meeting

Deloitte, Level 9, 225 George Street NSW 2000

A Proxy Form is enclosed

Please read this Notice and Explanatory Memorandum carefully.

If you are unable to attend the Annual General Meeting please complete and return the enclosed Proxy Form in accordance with the specified directions.

Freedom Foods Group Limited

ABN 41 002 814 235

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of Freedom Foods Group Limited ABN 41 002 814 235 ("Company") will be held at 11.30am on Friday 26th October 2012 at offices of Deloitte, Level 9, 225 George Street Sydney NSW 2000 for the purpose of transacting the following business referred to in this Notice of Annual General Meeting.

AGENDA

ITEMS OF BUSINESS

Financial Reports

To receive and consider the financial statements of the Company for the year ended 30 June 2012, together with the Directors Report and the Auditor's Report as set out in the Annual Report.

1. Resolution 1 – Non Binding Resolution to adopt Remuneration Report

To consider and, if thought fit, pass the following as an **ordinary resolution**:

"That the Remuneration Report as set out in the Annual Report for the year ended 30 June 2012 be adopted."

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company. Shareholders are encouraged to read the Explanatory Memorandum for further details on the consequences of voting on this Resolution.

The Company will disregard any votes cast on Resolution 1 by or on behalf of a Restricted Voter. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (b) it is not cast on behalf of a Restricted Voter.

Further, the Company will not disregard a vote cast by the Chair of the meeting as a proxy, if the appointment of the Chair expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 1. Shareholders may also choose to direct the Chair to vote against Resolution 1 or to abstain from voting.

2. Resolution 2 – Re-election of Perry Gunner as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, P.R. Gunner, who retires in accordance with clause 93(3) of the Constitution and, being eligible for re-election, be re-elected as a Director."

3. Resolution 3 – Re-election of Anthony Perich as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, A.M. Perich, who retires in accordance with clause 93(3) of the Constitution and, being eligible for re-election, be re-elected as a Director."

4. Resolution 4 – Grant of 200,000 options to Rory J F Macleod, Managing Director

To consider and, if thought fit, pass the following as an **ordinary resolution**:

"That approval is given for all purposes under the Corporations Act and the ASX Listing Rules for:

- a) *the grant of 200,000 options under the Employee Share Option Plan to Mr Rory Macleod, Managing Director; and*
- b) *the acquisition accordingly by Mr Rory Macleod of 200,000 options and, in consequence of exercise of those options, ordinary shares,*

in accordance with the Employee Share Option Plan and on the terms and conditions set out in the Explanatory Memorandum."

Eligibility to Vote: The Company will disregard any votes cast on Resolution 4 by and on behalf of a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company), and an associate of that director. However, the Company need not disregard a vote that is cast by a person as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form, or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

OTHER BUSINESS

To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act.

For the purposes of Resolutions 1 – 4, the following definitions apply:

Annual Report means the annual report of the Company for the year ended 30 June 2012.

ASX means ASX Limited (ACN 008 624 691).

ASX Listing Rule means the listing rules of the ASX.

Closely Related Party has the meaning given in the Corporations Act;

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

Constitution means the Company's constitution, as
amended from time to time.

Corporations Act means *Corporations Act 2001*
(Cth).

Employee Share Option Plan means the
Company's Employee Share Option Plan
established and approved on 30 November 2006.

Explanatory Memorandum means the explanatory
memorandum accompanying this Notice.

Directors means the directors of the Company.

Key Management Personnel has the meaning
given in the accounting standards.

Notice means this Notice of Annual General
Meeting.

Resolution means a resolution contained in this
Notice.

Restricted Voter means Key Management
Personnel and their Closely Related Parties.

By order of the Board

A handwritten signature in dark ink, appearing to read 'Rory Macleod', followed by a long horizontal flourish.

Rory Macleod
Company Secretary
28th September 2012

How to vote

Shareholders can vote by either:

- attending the meeting and voting in person or by attorney or, in the case of corporate shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the proxy form accompanying this Notice of Meeting and by submitting their proxy appointment and voting instructions in person, by post or by facsimile.

Voting in person (or by attorney)

Shareholders, or their attorneys, who plan to attend the meeting are asked to arrive at the venue 15 minutes prior to the time designated for the meeting, if possible, so that their holding may be checked against the Company's share register and attendance recorded. Attorneys should bring with them an original or certified copy of the power of attorney under which they have been authorised to attend and vote at the meeting.

Voting by a Corporation

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment, including any authority under which it is signed.

Voting by proxy

- A Shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the meeting.
- The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes).
- A proxy need not be a shareholder.
- The proxy can be either an individual or a body corporate.
- If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit.
- However, where a Restricted Voter is appointed as a proxy, the proxy may only vote on Resolutions 1, if the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

- The Company will disregard any votes cast on Resolution 4 by and on behalf of a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company), and an associate of that director. However, the Company need not disregard a vote that is cast by a person as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form, or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
- Should any resolution, other than those specified in this Notice, be proposed at the meeting, a proxy may vote on that resolution as they think fit.
- If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the shareholder's behalf on the poll and the shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
- Shareholders who return their proxy forms with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the meeting as their proxy to vote on their behalf. If a proxy form is returned but the nominated proxy does not attend the meeting, the Chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chairman of the meeting, the secretary or any Director that do not contain a direction how to vote will be used where possible to support each of the resolutions proposed in this Notice, provided they are entitled to cast votes as a proxy under the voting exclusion rules which apply to some of the proposed resolutions. These rules are explained in this Notice.
- To be effective, proxies must be received by the Company Secretary no later than 48 hours before the time for holding the meeting.
- Proxies may be lodged using any of the following methods:
 - by returning a completed proxy form in person or by post using the pre-addressed envelope provided with this Notice to:
Company Secretary
80 Box Road,
Taren Point, NSW 2229; or
 - by faxing a completed proxy form to
(02) 9525 5406

The proxy form must be signed by the shareholder or the shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the power of attorney, or the power itself, must be received by the Company at the

above address, or by facsimile, and by 6pm (Sydney time) on 24 October 2012. If facsimile transmission is used, the power of attorney must be certified.

Shareholders who are entitled to vote

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001, the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the Register of Shareholders as at 6pm on 24 October 2012.

PROXY FORM

Freedom Foods Group Limited ("Freedom")
ABN 41 002 814 235

Name Address 1
Name Address 2
Name Address 3
Name Address 4

Appointment of Proxy

If appointing a proxy to attend the Annual General Meeting on your behalf, please complete the form and submit it in accordance with the directions on the reverse of the page.

I/We _____ of _____ being a shareholder/shareholders of Freedom pursuant to my/our right to appoint not more than two proxies, appoint:



The Chairman of the Meeting
(mark with an "X")

OR

Write here the name of the person you are appointing if this person is someone other than the Chairman of the Meeting

Write here the name of the person you are appointing as a second proxy (if any).

or failing him/her, (if no proxy is specified above), the Chairman of the meeting, as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting to be held at on Friday 26 October 2012 at 11 30am in offices of Deloitte, Level 9, 225 George Street and at any adjournment of that meeting.

This proxy is to be used in respect of _____ % of the ordinary shares I/we hold



If the Chairman of the Meeting is appointed as your proxy or may be appointed by default, and you do not wish to direct your proxy how to vote in respect of a resolution, please mark this box. By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxyholder will be disregarded because of that interest. If you wish to direct your proxy how to vote with respect to the proposed resolution, please indicate the manner in which your proxy is to vote by placing an "X" in the appropriate box below, otherwise your proxy will vote or abstain from voting as he/she thinks fit.

The Chair of the Meeting intends to vote undirected proxies in favour of Resolutions 1, 2, 3 and 4.



I/We direct the Chair of the Meeting to vote in accordance with the Chair's voting intentions on Resolutions 1, 2, 3 and 4 (except where I/we have indicated a different voting intention below) and acknowledge that the Chairman of the Meeting may exercise my proxy even though Resolution 1 is connected directly or indirectly with the remuneration of a member of Key Management Personnel and even if the Chair has an interest in the outcome of these items and any votes cast by the Chair, other than as proxy holder, would be disregarded because of that interest.

Voting directions to your proxy – please mark ☒ to indicate your directions

RESOLUTION	For	Against	Abstain *
1. Adoption of Remuneration Report	☐	☐	☐
2. Re-election of P.R. Gunner	☐	☐	☐
3. Re-election of A.M. Perich	☐	☐	☐
4. Grant of 200,000 options to and acquisition of 200,000 options by Rory J F Macleod and, on exercise of those options, the acquisition of 200,000 shares to Rory J F Macleod	☐	☐	☐

**If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.*

PLEASE SIGN HERE

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented

Executed in accordance with section 127 of the Corporations Act:

Individual or Shareholder 1

Joint Shareholder 2

Joint Shareholder 3

Sole Director & Sole Company Secretary

Director

Director/ Company Secretary

Dated this _____ day of _____ 2012

Contact Name

Contact Business Telephone / Mobile

INSTRUCTIONS FOR COMPLETING PROXY FORM

1. Completion of a proxy form will not prevent individual shareholders from attending the Annual General Meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Annual General Meeting.
2. A shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes.
3. A proxy need not be a shareholder of the Company.
4. If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.
5. Should any resolution, other than those specified in this Notice, be proposed at the meeting, a proxy may vote on that resolution as they think fit.
6. If a representative of a company shareholder is to attend the Meeting, a properly executed original (or certified copy) of evidence of appointment. The appointment must comply with section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment to including any authority under which it is signed.
7. If a representative of a shareholder is appointed under a power of attorney is to attend the meeting, a properly executed original (or certified copy) of the power of attorney under which they have been authorised should be produced for admission to the Annual General Meeting.

8. Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: Where the holding is in one name, the holder must sign.

Joint Holding: Where the holding is in more than one name, all of the shareholders should sign.

Power of Attorney: If you are signing under a Power of Attorney, you must lodge an original or certified photocopy of the appropriate Power of Attorney with your completed Proxy Form.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary this form must be signed by that person.

If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone.

Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

9. Lodgement of a Proxy

This Proxy Form (and any power of attorney under which it is signed) must be received at the address below not later than 6pm on 23 October 2012 (48 hours before the commencement of the Meeting). Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Postal address: Company Secretary
80 Box Road,
Taren Point, NSW 2229

Fax number: (02) 9525 5406

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting of Freedom Foods Group Limited (the "Company").

Certain abbreviations and other defined terms are used throughout this Explanatory Memorandum. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations are set out in the Glossary to the Explanatory Memorandum.

FINANCIAL REPORTS

The first item of the Notice of Annual General Meeting (AGM) deals with the presentation of the consolidated annual financial report of the Company for the financial year ended 30 June 2012 together with the Directors' declaration and report in relation to that financial year and the auditor's report on those financial statements. Shareholders should consider these documents and raise any matters of interest with the Directors when this item is being considered.

No resolution is required to be moved in respect of this item.

Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on the accounts and on the business, operations and management of the Company.

The Chairman will also provide shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- the conduct of the audit;
- the preparation and content of the independent audit report;
- the accounting policies adopted by the Company in relation to the preparation of accounts; and
- the independence of the auditor in relation to the conduct of the audit.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

In accordance with section 250R(2) of the Corporations Act the Company is required to present to its shareholders the Remuneration Report as disclosed in the Company's 2012 Annual Report.

The vote on the Resolution is advisory only and does not bind the Directors or the Company. The Remuneration Report is set out in the Company's Annual Report 2012 and is also available on the Company's website at www.ffgl.com.au.

However, if at least 25% of the votes cast are against adoption of the Remuneration Report at the 2012 AGM, and then again at the 2013 AGM, the Company will be required to put a resolution to the 2012 AGM, to approve calling an extraordinary general meeting (**spill resolution**). If more than 50% of Shareholders vote in favour of the spill resolution, the Company must convene an extraordinary general meeting (**spill meeting**) within 90 days of the 2013 AGM. All of the Directors who were in office when the 2013 Directors' Report was approved, other than the Managing Director, will (if desired) need to stand for re-election at the spill meeting.

It is noted that at the Company's 2011 AGM, the votes cast against the Remuneration Report was less than 25% and accordingly a spill resolution is not required for this AGM.

The Remuneration Report explains the Board policies in relation to the nature and level of remuneration paid to Directors, sets out remuneration details for each Director and any service agreements and sets out the details of any share based compensation.

Voting

Note that a voting exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting. In particular, the directors and other Restricted Voters may not vote on this Resolution and may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise your proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. The Chair will use any such proxies to vote in favour of the Resolution.

Shareholders are urged to carefully read the proxy form and provide a direction to the proxy on how to vote on this Resolution.

RESOLUTION 2 – RE-ELECTION OF PERRY GUNNER AS A DIRECTOR

Pursuant to Clause 93(3) of the Company's Constitution, P.R. Gunner, being a Director, retires by way of rotation and, being eligible, offers himself for re-election as a Director.

B.Ag.Sc. – former Chairman and CEO of Orlando Wyndham Wine Group. Also current Deputy Chairman of Viterro Inc and Director of Australian Vintage Ltd. Appointed Chairman in July 2006 and appointed as a Director in April 2003.

What majority of votes is required to pass Resolution 2?

Resolution 2 requires an ordinary resolution which requires it to be passed by a simple majority of the votes cast by shareholders entitled to vote on the resolution.

Directors' recommendation

The directors recommend you vote in favour of Resolution 2.

RESOLUTION 3 – RE-ELECTION OF ANTHONY PERICH AS A DIRECTOR

Pursuant to Clause 93(3) of the Company's Constitution, A.M. Perich, being a Director, retires by way of rotation and, being eligible, offers himself for re-election as a Director.

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, Greenfields Narellan Holdings, East Coast Woodshavings Pty Limited, Breeders Choice Woodshavings Pty Limited, Austral Malaysian Mining Limited, Pulai 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 as a Director July 2006.

What majority of votes is required to pass Resolution 3?

Resolution 3 requires an ordinary resolution which requires it to be passed by a simple majority of the votes cast by shareholders entitled to vote on the resolution.

Directors' recommendation

The directors recommend you vote in favour of Resolution 3.

RESOLUTION 4 – GRANT OF 200,000 OPTIONS TO RORY J F MACLEOD, MANAGING DIRECTOR

The Employee Share Option Plan allows the Company to grant options over shares to all directors (excluding Ron and Anthony Perich) and permanent full time or part time employees, or their respective nominees, of a company in the group (**Group Companies**), which includes related bodies corporate of the Company and a body corporate in which the Company has voting power of 20% or more, whom the Board determines to be eligible to participate.

The Employee Share Option Plan contains customary and usual provisions dealing with matters such as administration of the plan, variation of plan rules, and termination or suspension of the plan. A summary of the main provisions of the Employee Share Option Plan is provided below.

Eligibility: Under the plan, the Board may, in its absolute discretion, determine which eligible persons will be offered the opportunity to participate in the plan. Eligible persons for the purpose of the plan are employees of a Group Company and executive or non-executive directors of the Company, excluding Ron Perich and Anthony Perich. These eligible executive and non-executive directors of the Company are P.R. Gunner, G.H. Babidge, M.Miles and R.J.F. Macleod.

Exercise Price: Under the plan, the Board may, in its absolute discretion, determine the exercise price for an option.

Quotation: Quotation of options on ASX will not be sought. However, the Company will apply for quotation of shares issued on the exercise of options.

Lapse: Options lapse on the earliest of:

- a) an exercise of the option;
- b) the end of any period during which the Board stipulated that the option must be exercised, which cannot be more than 5 years from the date of grant of the option;
- c) apart from the circumstances listed directly below in (d), the participant ceasing to be an employee of the Freedom Group 12 months after the date of cessation of employment;
- d) if the participant ceases to be an employee by reason of resignation by the participant or summary dismissal or other dismissal for cause under the participant's employment contract with Group Company and the option was not exercisable when the employee ceased employment with a Group Company;

- e) apart from the circumstances listed directly below in (f), the participant ceasing to be director of the Company 12 months after the participant ceased to be a director of the Company (this does not apply if a director continues to be an employee of a Group Company);
- f) if the participant ceases to be a director of the Company by reason of resignation by the participant, and the options was not exercisable when the participant ceased to be a director of the Company (this does not apply if a director continues to be an employee of the Group Company);
- g) the Board becoming aware of circumstances in which the participant acted fraudulently, dishonestly or in a manner in material breach of their obligations to the Company; or
- h) the Company commences to be wound up.

A copy of the Employee Share Option Plan may be inspected during normal office hours at the offices of the Company at 80 Box Road Taren Point NSW 2229.

The terms of issue of the options to be issued to Mr Rory Macleod are set out below.

Subject to approval of the members of the Company, the Board has agreed to grant Mr Rory J F Macleod, Managing Director, up to 200,000 options under the plan and in consequence of exercise of those options, the acquisition of shares by Mr Rory J F Macleod. The grant of options to Mr Rory Macleod is part of the overall employee remuneration policy of the Company. (Please see page 11 of the Company's 2012 Annual Report for more information on the Company's remuneration policy). Mr Rory J F Macleod either directly or indirectly currently holds 182,775 ordinary shares, 6,666 convertible redeemable preference shares, 6,666 ordinary share options and 2,500,000 options granted under the Employee Share Option Plan in the Company.

The options to be granted to Mr Rory J F Macleod are not subject to any performance conditions. The options are not transferable, transmissible, assignable or chargeable, except on the death of Mr Rory J F Macleod or with the prior written approval of the Board.

Each option entitles the holder to subscribe for 1 fully paid share in the Company. The options will be granted to Mr Rory J F Macleod for nil consideration as soon as practicable after the date of this meeting but, in any event, not later than the date which is 12 months from the date of this meeting.

The options will vest annually in equal proportions over three successive years. The first tranche will vest 1 year from the date of grant and the remaining tranches on the following two anniversaries of that date as set out in the table below.

Tranche	Number of options	Exercise Period	Exercise Price
Tranche 1	66,666	1 year from date if grant until 5 years from the date of the grant	\$0.60
Tranche 2	66,666	1 year from date if grant until 5 years from the date of the grant	\$0.60
Tranche 3	66,667	1 year from date if grant until 5 years from the date of the grant	\$0.60

The Board considered the option grant to Mr Rory J F Macleod as part of the overall employee remuneration policy of the Company during the annual review of remuneration for financial year ended 30 June 2013 conducted in July 2012.

During this time, the average share price of the Company during the month of July 2012 was \$0.56 and the average share price of the Company for the 6 month period 1 February 2012 to 31st July 2012 was \$0.575. The exercise price of the option is therefore a 7.1% premium to the average share price of the Company during the month of July 2012 and a 4.3% premium to the average share price of the Company for the 6 month period 1 February 2012 to 31st July 2012.

The Company has valued the proposed option grant to Mr Rory J F Macleod using the Binomial Method, consistent with its approach to valuing prior option issues under the plan. The value of each option (subject to the assumptions detailed below) is \$0.108, which equates to a total valuation of the option grant of \$21,600.

Using the Binomial Method, the key assumptions for valuing the options are as follows:

Option Type	Call
Exercise Term	5 Years
Stock Price	\$0.575 (being price of the stock at the time of formal resolution of the Board for the proposed issue of options)
Exercise Price	\$0.60
Volatility	20.0%
Dividend Yield	2.5% per annum for ordinary shares
Risk Free Rate	5.0%

The assumptions detailed above are not an indication or forecast of the Company's expectation of stock price performance, volatility, risk free rate or dividend yield. The valuation of the options for accounting standards in future years may vary from the valuation detailed above.

Disposal of the Company's shares once released from the Employee Share Option Plan will be subject to the Company's share trading policies from time to time. The option holder cannot participate in new issues without exercising the option. Additionally, the rights of the option holder must be changed to comply with the ASX Listing Rules applying to reorganisations of capital at the

time of a reorganisation. The options once exercised will represent approximately 0.26% of the current shareholding of the Company.

The options will not attract dividends and voting rights until the options are exercised and shares are allotted whether or not the shares are subject to non-disposal restrictions.

Mr Rory J F Macleod remuneration for the period to 30 June 2012 and his holding of shares as set out in the Remuneration Report of the 2012 Annual Report on page 13 comprised of \$259,800 in short-term employee benefits, \$15,775 in post employment benefits and \$76,088 in share based payments. Copies of the 2012 Annual Report are available at the Company's website.

Requirements for approval

Shareholder approval of the participation of Mr Rory J F Macleod in the Employee Share Option Plan and his acquisition of options as detailed above and of shares on exercise of those options is sought for all purposes under the ASX Listing Rules.

Under ASX Listing Rule 10.14, an entity must not issue securities to a related party (such as a Director or a company controlled by a Director) under an employee incentive scheme without the approval of shareholders. Accordingly, approval of shareholders is sought for the purpose of ASX Listing Rule 10.14 to enable the Company to make grants of options, and subsequently issue and allot shares to, Mr Rory J F Macleod.

Mr Rory J F Macleod declines to make a recommendation to Shareholders in relation to Resolution 4 due to his material personal interest in the outcome of the resolution.

Directors, P.R. Gunner, G.H. Babidge, M.Miles, A.M. Perich, R.Perich and M.R. Perich, recommend that Shareholders vote in favour of Resolution 4 as the Board believes that the options proposed to be granted to Mr Rory Macleod are appropriate to aligning key executive performance with long term performance and growth of the Company. The Directors are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 4.

Voting

Note that a voting exclusion applies to Resolution 4 in the terms set out in the Notice of Meeting. In particular, the Company will disregard any votes cast on by and on behalf of Resolution 4 by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company), and an associate of that director. However, the Company need not disregard a vote that is cast by a person as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form, or if it is cast by the person chairing the meeting as

proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Shareholders are urged to carefully read the proxy form and provide a direction to the proxy on how to vote on this Resolution.

GLOSSARY

Board means the board of Directors of the Company.

Closely Related Party has the meaning given in the Corporations Act;

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

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Employee Share Option Plan means the Company's Employee Share Option Plan established and approved on 30 November 2006.

Group means the related bodies corporate of the Company and the Company.

Group Companies means includes related bodies corporate of the Company and a body corporate in which the Company has voting power of 20% or more.

Key Management Personnel has the meaning given in the accounting standards.

Meeting means the annual general meeting the subject of the Notice.

Notice means the notice of annual general meeting which accompanies this Explanatory Memorandum.

Restricted Voter means the Key Management Personnel and their Closely Related Parties.

Resolution means a resolution proposed pursuant to the Notice.