

24th October 2012

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

**Freedom Foods Group Limited
A2 Corporation Limited – China Market Entry**

Freedom Foods Group Limited (ASX:FNP) notes A2 Corporation Limited (NZX: A2C) announcement today in relation to the proposed launch of a2 brand milk powders and infant formula in China in 2013 with the appointment of an in-market Chinese distribution partner.

See attached copy of the A2 Corporation NZX Release.

FNP is the largest single shareholder in A2C with a fully diluted shareholding of 25.8%.

A2C is listed on the alternative market (NZAX) of the New Zealand Stock Exchange (NZX: ATM), with a market capitalisation (based on average price of NZD\$0.49 between June 30 2012 and September 30 2012) of approximately NZ\$299 million (A\$233million), implying a value for FNP's 25.8% (fully diluted) investment of approximately A\$60m, materially above its book value of approximately A\$12.3 million and in excess of FNP's current quoted market capitalisation.

For further information, please contact:

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**NZAX and media release
24 October 2012**

China market entry

MARKET UPDATE

A2 Corporation Limited (“A2C” or “the Company”) has today advanced the launch of a2™ brand milk powders and infant formula in China in 2013 with the appointment of an in-market Chinese distribution partner.

Developing an infant formula business in highly prospective markets is part of A2C’s strategic agenda. The global infant formula market is valued at greater than USD 17bn at the retail level, with China accounting for around USD 6bn and growing rapidly at approximately 12% per annum¹.

In that context, in April 2012 the Company announced a strategic agreement with Synlait Milk Limited (“Synlait”) to source a2™ milk from accredited New Zealand dairy farms and manufacture a2™ brand milk powders and infant formula at Synlait’s facility in Dunsandel, New Zealand.

Having established supply, A2C has now appointed China State Farm Holding Shanghai Company (“CSF”)² as the exclusive distributor of a2™ brand infant formula in the Peoples Republic of China.

CSF is a wholly owned subsidiary of China National Agriculture Development Group Corporation³, the only Chinese State Owned Enterprise that operates in the production of agriculture, animal husbandry and fisheries. CSF has extensive operations in the major agricultural regions of China, including the trade and distribution of agricultural inputs and high end consumer products. CSF has the strength of local relationships and financial capacity to establish a dedicated infrastructure, distribution network and marketing activity to support the A2C infant formula business plan. Both CSF and its parent have demonstrated strong commitment to the a2™ product proposition.

The distribution agreement is for three consecutive three-year terms with renewal conditional on the achievement of agreed performance hurdles including distribution coverage. A joint Marketing Committee comprising representatives from A2C and CSF will control marketing activities for a2™ brand infant formula, funded by contributions from each party and linked to sales volumes. The Chairman of the Committee will be Geoffrey Babidge (A2C Managing Director).

¹ InterChina

² <http://en.nongken.org/about.html#sh>

³ www.cnadc.com.cn/English/ProfileCorporation/

CSF plan to establish a support infrastructure, appoint sub-distributors and initially establish distribution in five core Tier 1 cities that have a combined urban population in excess of 50 million⁴ and progressively expand across China, Hong Kong and Macau. A2C has established its own management team to support the A2 Infant Nutrition business, including a divisional CEO, marketing, supply chain and quality functions and a manager based in Shanghai to closely co-ordinate activities between the parties.

A2C will derive its revenue from the sale of a2™ brand infant formula to CSF. This infant formula will be sourced in New Zealand and packaged in a form that is shelf ready to ensure that quality is maintained through the supply chain. The business plan currently assumes annual sales revenues growing progressively to approximately USD 50 million in year four.

It is expected that production of a2™ brand infant formula will commence from December 2012, with the first sales to China to take place by June 2013. A2C expects to commit funding of USD 5 million during 2013/14 for administration, initial marketing contribution and working capital to support the establishment of the business. The Company is positioned to fund these requirements by virtue of its internally generated cash flows and strong balance sheet.

A2C's Managing Director, Geoffrey Babidge, said: "Today represents a further significant development in the Company's evolution. Having now secured both supply and distribution for a2™ brand infant formula with highly credible and experienced market participants, A2C is now well positioned to enter the Chinese market which will support the Company's strong future earnings growth profile."

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A2 Corporation Limited

A2C is a differentiated, premium-priced, dairy company which is building a global business based on unique intellectual property relating to a2 Milk™ and related products.

A2C has operations in Australia, New Zealand, the UK and China and is pursuing growth opportunities in Asia, North America & Europe.

A2C is listed on the NZAX market and trades under the code ATM.

⁴ Euromonitor