

## SECOND SUPPLEMENTARY TARGET'S STATEMENT

This document is a supplementary statement to the Target's Statement dated 3 July 2006 ("**Original Statement**") by So Natural Foods Australia Limited (ABN 41 002 814 235) ("**So Natural**") which was lodged with ASIC on 3 July 2006 in response to the takeover offer by Arrovest Pty Limited (ABN 98 117 953 205) ("**Arrovest**") for all of the fully paid ordinary shares in So Natural which it does not already own.

This Second Supplementary Target's Statement supplements, and is to be read together with, the Original Statement and the First Supplementary Target's Statement dated 18 July 2006.

Unless the context requires otherwise, defined terms in the Original Statement have the same meaning in this Second Supplementary Target's Statement.

### **1 Change in control of So Natural and extension of Offer Period**

As at 27 July 2006, Arrovest has received acceptances under the Offer such that it has a relevant interest in approximately 64% of So Natural. As a result, Arrovest will acquire control of So Natural.

As a result of Arrovest's voting power in So Natural increasing to more than 50% on Tuesday 25 July 2006, the closing date of the Offer has been automatically extended in accordance with the Corporations Act and the Offer will now close at the close of trading on Tuesday 8 August 2006 (unless extended by Arrovest).

Except as set out in the Target's Statement, the current directors of So Natural do not anticipate that there will be any material impact on So Natural's current business as a result of any person changing their interest in So Natural Shares.

### **2 Board changes**

On 28 July 2006, So Natural announced certain changes to the Board. As a result of these changes, the directors of So Natural as at the date of this Second Supplementary Target's Statement are:

- Mr Perry Gunner (Independent Chairman and Non-executive Director);
- Mr Geoffrey Babidge (Chief Executive Officer and Managing Director);
- Mr Maurice Van Ryn (Non-executive Director);
- Mr Graham Reaney (Non-executive Director);
- Mr Stephen Higgs (Non-executive Director);
- Mr Ron Perich (Non-executive Director); and
- Mr Tony Perich (Non-executive Director).

Mr Ben Bootle has been appointed as an Alternate Director for Mr Ron Perich and Mr Tony Perich.

A copy of So Natural's announcement dated 28 July 2006 is attached in the Annexure to this Second Supplementary Target's Statement.

Mr Tony Perich is a joint managing director of Arrovest. Similar to the position of Mr Ron Perich, Mr Tony Perich has not made any recommendation in relation to the Offer as he is now a common director on the boards of Arrovest and So Natural and owes duties to act in the best interests of both Arrovest and So Natural.

Mr Tony Perich is also a joint managing director of Leppington Pastoral Company. Leppington is part of the Perich Group. In March 2005, So Natural and Leppington entered into a 50:50 manufacturing joint venture, CBPA. The relationship between So Natural and Leppington with respect to CBPA is governed by a joint venture agreement and an associated shareholders agreement.

### **3 Date of First Supplementary Target's Statement**

This Second Supplementary Target's Statement is dated 28 July 2006, which is the date on which it was lodged with ASIC.

### **4 Enquiries**

If you have enquiries in relation to this document or your shareholding in So Natural, please submit your query in writing to Michael Jenkins, Company Secretary, at 80 Box Road, Taren Point NSW 2229, by fax on +61 2 9525 5406 or by email to [companysecretary@sonatural.com.au](mailto:companysecretary@sonatural.com.au) or consult your financial or other professional adviser.

Signed pursuant to a resolution passed by the current directors (other than Mr Ron Perich and Mr Tony Perich) of So Natural Foods Australia Limited on 27 July 2006. Mr Ron Perich and Mr Tony Perich did not participate in the Board meeting at which it was authorised.

Perry Gunner  
Chairman  
**So Natural Foods Australia Limited**

A copy of this statement was lodged with the Australian Securities & Investments Commission ("ASIC") and sent to Australian Stock Exchange Limited ("ASX") and Arrovest on 28 July 2006. None of ASIC, ASX or any of their respective officers take any responsibility for the contents of this statement.

## **Annexure - ASX Announcement**

### **So Natural Foods Australia Limited**

**ASX Release 28 July 2006**

#### **Change of directors**

So Natural Foods Australia Limited (ABN 41 002 814 235) (“SNF”) held a board meeting on Thursday 27 July 2006. At this meeting, the following changes to the board of SNF (“Board”) were made:

- 1 Mr Tony Perich was appointed as a director of SNF.

Mr Perich is a joint managing director of Arrovest Pty Limited (ABN 98 117 953 205) (“Arrovest”), Leppington Pastoral Co. Pty Limited (ABN 83 000 420 404) and various other entities associated with Perich Enterprises Pty Limited (ABN 54 838 713 439) (“Perich”). He is also a property developer, motor racing promoter, farmer and business entrepreneur. Mr Perich is Past President of the Dairy Research Foundation, a member of the Narellan Rotary Club, member of Western Sydney Development Board, Vice President of the Narellan Chamber of Commerce and is actively involved in charity fundraising for cancer research.

- 2 Mr Ben Bootle, Chief Executive Officer of Arrovest and various other entities associated with Perich, was appointed as an alternate director for Mr Ron Perich and Mr Tony Perich.

- 3 Mr Christopher Grubb resigned as a director and Chairman of SNF. This resignation was effective immediately.

The Board thanked Mr Grubb for his contribution and many years of service to SNF.

- 4 Mr Perry Gunner was elected as an Independent Chairman of SNF.

Mr Gunner was formerly a chairman and CEO of Orlando Wyndham Wine Group. He is also chairman of ABB Grain Limited and a director of McGuigan Simeon Wines. He was appointed a director of SNF in April 2003 and is currently a member of the Audit, Risk and Compliance Committee of SNF.

Michael Jenkins

Company Secretary

So Natural Foods Australia Limited