

## Freedom Nutritional Products Limited

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Friday 29 May 2009

### **ASX Announcement**

#### **Update on A2 Dairy Products Australia Joint Venture**

Freedom Nutritional Products Limited (FNP) and A2 Corporation of New Zealand (A2C) are pleased to provide an update on the progress of the A2 Dairy Products Joint Venture (A2DPA), consistent with an update today to the New Zealand Stock Exchange by A2 Corporation on their strategic direction.

#### **A2 Dairy Products Australia**

Australian Dairy Products Australia (A2DPA) continues to trade with increasing profitability. Fresh a2 milk has been launched in Western Australia, which means that a2 Milk is now available nationally. a2 UHT milk will shortly be available in both Woolworths and Coles supermarkets.

Two products, a2 Milk Full Cream and a2 Milk Light have taken top honours in their respective divisions at the recent Victorian Dairy Products Awards run by the Dairy Industry Association of Australia.

Total milk volume will reach approximately 10.4 million litres for the year compared with 6.6 million litres for the last year (a 57% increase). Gross sales for the full year ending 30 June 2009 are expected to exceed AUD 17.0 million (compared with AUD 11.5 million last year, a 48% increase). EBIT is expected to be around AUD 1.0 million compared with AUD -\$3.4 million last year.

A2DP exclusively manages the production and sale of a2™ milk products in Australia and Japan.

As previously announced, FNP will equity account its 50% interest in A2DP from 1 May 2009.

#### **For and on behalf of Freedom Nutritional Products Limited**



**Mark Gilio**  
**Company Secretary**

#### **FOR FURTHER INFORMATION:**

FNPL Group  
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## Attachment

### A2 Corporation Announcement to the New Zealand Stock Exchange

#### **A2 Announcements**

##### UPDATE ON A2 CORPORATION LIMITED STRATEGY

Auckland, 29 May 2009 – A2 Corporation Limited (A2C) today announced an update to its strategic market review.

The directors of A2C are pleased to report that the last 12 months has seen significant progress made within the company both from an operating and financial perspective. It is even more satisfying that this progress has been made in an extraordinarily difficult economic climate.

Operational improvements have been wide ranging but are still at an early stage. A detailed plan is being developed to continue these improvements beginning with the appointment of Scott Pannell as CEO. Scott will continue to develop a more focused approach to market selection and implementation. The board of A2C anticipates that this will have a significant impact on the value of A2C over the next few years.

Financial improvements have come from a two-pronged focus. The first was the strengthening of the balance sheet through the rights issue and subsequent placements of shares in 2008, and the second was a deliberate focus on management procedures and accountability which saw previous losses reduced dramatically. Immediately following the placements, the company had a net cash position of NZD 8.9 million as at 30 September 2008. The improved operational performance of the company has seen the cash burn rate reduced significantly, resulting in a current cash balance of NZD 8.0 million as at 30 April 2009. This is despite expensing the costs of the operating and financial changes mentioned previously. The A2C Board anticipates the company will be profitable in the next financial year.

A diligent customer focus has been an integral part of the changes. The A2C Board has been delighted with the response from customers who have significantly increased their purchases of a2 milk.

##### Australia

The joint venture, Australian Dairy Products Australia Pty Limited (A2DPA), continues to trade with increasing profitability. Fresh a2 milk has been launched in Western Australia, which means that a2 Milk is now available nationally. a2 UHT milk will shortly be available in both Woolworths and Coles supermarkets.

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Total milk volume will reach approximately 10.4 million litres for the year compared with 6.6 million litres for the last year (a 57% increase). Gross sales for the full year ending 30 June 2009 are expected to exceed AUD 17.0 million (compared with AUD 11.5 million last year, a 48% increase). EBIT is expected to be around AUD 1.0 million compared with AUD (3.4 million) last year.

## USA

A2MCo, the A2C joint venture in the USA, has regained all rights to the USA through a settlement with their Licensee, The Original Foods Company (TOFC).

## Korea

Lotte has temporarily withdrawn a2 milk from the market since January 2009, due to the downturn in the Korean economy. A2C and Lotte have agreed to suspend the Licence agreement until 3rd July 2009 while some legal issues with the structure of the agreement are mutually resolved.

Namyang has launched an infant formula onto the market using A2 powder. Commercial negotiations are in progress.

## ENDS

For more information please contact:

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## About A2 Corporation

A2 Corporation Ltd owns and licenses intellectual property that enables the identification of cattle for the production and subsequent marketing of a2 Milk™. a2 Milk™ is naturally produced to contain maximum amounts of a milk protein variant that is associated by a number of studies with potential benefits in some individuals. A2 Corporation Ltd receives royalty income from sales of a2 milk™ products and testing for A2 cattle, and shares in the profits or losses of associates and subsidiaries formed for those purposes.

For more information please visit [www.a2corporation.com](http://www.a2corporation.com)