

Freedom Nutritional Products Limited

ABN 41002 814 235

80 Box Road
Taren Point NSW Australia
PO Box 2531
Taren Point NSW 2229
Telephone: 61 2 9526 2555
Facsimile: 61 2 9525 5406
www.freedomnutritional.com.au

Dear Shareholder

Freedom Nutritional Products Limited ("FNP") reported a Net Profit from Operations of \$1.8m, representing an increase of 90% compared to the prior year. The result was after expensing one off restructuring and corporate development costs of \$615k.

The Company was obliged to bring to account the mark to market value of its foreign exchange contracts which at balance date represented an unrealised loss of \$706k. This adjustment has no impact on the Company's operating performance or cashflows and will be reversed in the income statement in the following financial year. Net Profit adjusted for this mark to market adjustment was \$1.3m.

A fully franked dividend of 1 cent was paid during the year and the Board has determined there will be no final 2009 dividend paid to assist funding of the new manufacturing facility for Freedom Foods.

In May, shareholders voted in favour of repealing the Company's prior Articles of Association and replacing it with an updated Company Constitution. The adopted Company Constitution reflects necessary changes in the current legal and regulatory environment.

In May 2009, the group converted its convertible note investment in A2 Dairy Products Australia Pty Ltd (A2DP) into ordinary shares. The effect of the conversion increased our ownership to 50%, which equates with our joint venture partner A2 Corporation Limited. A2DP performed strongly reporting an EBIT of \$1 million for the 2009 year.

The major priority for the year has been to successfully progress the establishment of a new manufacturing facility for the major "free from" products of Freedom Foods. The project is substantially complete with cereal production underway and relocation of baked products and bars to be completed by December. As a result, the company now has a unique world-class facility, which provides a platform for substantial growth in the future.

With Freedom Foods and A2DP well positioned for growth, the Board continues to assess the most appropriate way to raise and allocate capital across the group to achieve the best return for shareholders.

The Board thanks Geoff Babidge and his management team for their ongoing contributions and we look forward to the year ahead.



Perry Gunner
Chairman
27 August 2009

Freedom Nutritional Products Limited

ABN 41002 814 235

80 Box Road
Taren Point NSW Australia
PO Box 2531
Taren Point NSW 2229
Telephone: 61 2 9526 2555
Facsimile: 61 2 9525 5406
www.freedomnutritional.com.au

27th August 2009

ASX Announcement Freedom Nutritional Products Limited 2009 Full Year Results

FNP REPORTS GROWTH IN OPERATING EARNINGS NET PROFIT FROM OPERATIONS UP 90% ON PRIOR YEAR

12 months to 30 June	2009 \$'000	2008 \$'000	% Change
Gross Sales Revenues *	61,571	67,883	(9%)
Net Sales Revenues *	48,596	54,082	(10%)
Operating EBDITA **	4,568	3,824	19%
Operating EBIT **	4,116	3,492	18%
Profit/(loss) from Equity Associates	212	(354)	160%
Net Profit from Operations	1,815	956	90%
Net Profit (inc non cash FX mark to market)	1,320	956	38%
Return on Average Funds Employed % ***	9.4%	9.4%	-

Notes

* Excludes Royalty income received from Yakult, convertible note interest and rental income.

** Excludes non recurring restructuring and corporate development costs, non cash expenses of management employee options, non cash equity share of joint ventures and non cash mark to market adjustments for foreign exchange contracts.

*** Based on Operating EBIT over average funds employed for the period.

*** EBDITA / Funds Employed, Funds Employed includes \$8.2 million in assets relating to Leeton Manufacturing Facility not in operation

Sydney, 27th August 2009 – (ASX:FNP): The FNP Group achieved Net Profit from Operations of \$1.8 million for the 12 months ended 30 June 2009. This represents an increase of 90% in comparable net profit over the previous year and is after expensing \$615k of non recurring restructuring and corporate development costs.

The Company was obliged to bring to account the mark to market value of its foreign exchange contracts which at balance date represented an unrealised loss of \$495k (tax affected). This adjustment has no impact on the Company's operating performance or cashflows and will be reversed in the income statement in the following financial year. Net Profit adjusted for this mark to market adjustment was \$1.3m.

The result reflected a credible improvement in operating performance for the wholly owned business units on the prior year and a very significant improvement for our joint venture operations. Gross sales excluding JV associates decreased by 9% relating to the transfer of contract soy sales to an associated JV and discontinued products in Freedom (i.e frozen range). Operating EBITDA was \$4.6 million, an increase of 19% from the prior corresponding period and return on funds employed of 9.4% (with funds employed inclusive of Leeton assets not in operation).

KEY HIGHLIGHTS FOR FY 2009

Key highlights for the year included:

- Improved sales and contribution of Freedom Foods cereals, core snack products and proprietary soy and rice beverages.
- Improved sales and margin performance for the Specialty Seafood division.
- Implementation of the Freedom Foods major capex plan to establish a dedicated gluten free and nut free cereal and baked products facility near Leeton, to be commissioned from August 2009.
- Significant growth in fresh milk sales and achievement of profitability well ahead of plan for the A2 Dairy Products Australia joint venture. FNP's share of A2DP was increased to 50% through the conversion of convertible notes in May 2009.
- Turnaround to profitability and growth of the CBPA joint venture.

BUSINESS UNITS – WHOLLY OWNED

Freedom Foods

This year was one of consolidation for the Freedom Foods business.

The priority has been to progress the major capital expenditure project to establish a dedicated gluten, wheat and nut free manufacturing facility at the newly acquired premises near Leeton NSW. The new facility will enable us to internalize the manufacture of the key products of the business, provide capability to innovate and broaden the range, and enable the company to expand sales into further channels and markets. The project is substantially complete with commissioning of cereal production taking place during August 2009 and for biscuit and breakfast bar equipment to be installed by December 2009. The present Hornsby baking operation will be relocated and closed as part of this process. The funds employed in the Leeton facility totaled \$8.2m at year end, funded by a shareholder advance and equipment finance.

Sales and contributions for cereals and core snack products such as wraps and mayonnaise showed growth on the prior year whereas proprietary biscuits were flat given limitations to innovate in our Hornsby facilities. Contract biscuit sales to grocery customers were well down on the prior year as were frozen foods which were exited during the year.

Soy and rice proprietary beverages performed to plan. We undertook a major review of the positioning, range and packaging across the portfolio and the new strategy will be progressively introduced to the market from August 2009.

Specialty Seafood

The Specialty Seafood division comprising Paramount salmon and Brunswick sardine and specialty seafood products performed strongly and well ahead of the prior year.

Paramount salmon volumes were marginally down given increased costs and selling prices for pink salmon arising from a significantly lower catch in 2008. Brunswick sardines sales and margins were both higher in Australia and New Zealand. Our Seafood sourcing continues to be well managed in association with our procurement partner Bumble Bee Foods.

Thorpedo Foods (50.1% owned)

Yakult Honsha, Thorpedo Foods licensee in Japan continued to develop the Thorpedo portfolio of beverages and extended the license agreement for a further 3 year term. There are now 4 beverage products sold under the Thorpedo brand in Japan.

BUSINESS UNITS – JOINT VENTURES

A2 Dairy Products Australia

A2 Dairy Products Australia (A2DP) has the exclusive rights for the production and sale of a2 milk™ products in Australia and Japan in association with A2 Corporation Limited of New Zealand. In May 2009, FNP converted a convertible note investment into a 50% equity interest in A2DP.

a2 milk™ is obtained naturally from cows specially selected for their genetic makeup to produce milk containing predominantly A2 protein. Certain evidence suggests that drinking a2 milk™ rather than regular milk may reduce disease risks for some individuals who are predisposed towards certain conditions.

A2DP continued to develop strongly and achieved an Operating EBIT of around \$1m as a result of continuing growth in fresh milk volumes during the year. Following a launch in Western Australia in April 2009, a2 milk™ fresh milk is now available in all mainland states of Australia. This growth is a function of increasing awareness of the potential benefits of a2 milk™ and support from our retail partners in improving shelf presence and availability. In May A2DP launched a2 milk™ long life (UHT) dairy milk into the grocery channel.

The business continues to work on how to improve communication of the benefits of the product to both consumers and health professionals and on extending into additional product categories beyond drinking milk, with yogurt the next priority.

A2DP is also continuing to progress developing a market entry strategy for Japan with a part time company representative based in Tokyo.

Contract Beverages Packers of Australia Pty Ltd (CBPA)

CBPA (50% owned) achieved a substantial turn-around in performance in the year following the implementation of a revised business model, new management and increased throughput and sales. EBIT for the year after once-off restructuring costs increased to \$878k, which after financing costs resulted in a NPAT of \$ 149k, representing a satisfactory return on FNP's investment.

CBPA is progressing a plan to broaden its contract packing product and customer base. FNP transferred its non proprietary soy and rice beverage contracts to CBPA as part of this process with FNP's proprietary soy and rice beverages continuing to be packaged on a cost plus 5% basis.

OUTLOOK

FY 2010 will be a particularly exciting year for the Company.

FNP has made significant investments in capital expenditure and new capacity over the last two years and is now beginning to see improved returns for shareholders.

FNP is strategically well positioned to benefit both from the growth in the "free from" functional foods space and the broader wellness sector by leveraging its established brands, market positions and new production capacity.

FNP has two significant growth businesses; Freedom Foods, comprising manufacturing of "free from"(i.e. gluten, wheat, dairy, nut free) cereals and snacks at the new Leeton facility, and the development of A2 milk, which does not contain the A1 protein to which some people are intolerant or sensitive.

For further information, please contact:

Geoff Babidge, CEO & Managing Director (02) 9526 2555
Rory Macleod, Executive Director & CFO 0414 418 939

Freedom Nutritional Products Limited

A.B.N 41 002 814 235

Appendix 4E

Preliminary Final Report Year ended 30 June 2009 (Previous Corresponding Reporting Period 30 June 2008)

Results for Announcement to the Market

<i>In Thousands of AUD</i>	\$'000	Percentage change over previous corresponding period
Revenues	49,388	(11%) decrease
Net Profit	1,320	38% Increase
Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend declared	Nil	Nil
Interim Dividends paid	Nil	Nil
Record date for determining entitlements to the dividends (if any)	N/A	

Net Tangible Assets per Security

	30 June 2009	30 June 2008
<i>In Thousands of AUD</i>		
Net tangible assets	6,895	7,073
Net assets	30,161	29,239
Total number of shares (in thousands)	54,660	54,606
Net assets per security	0.55	0.54
Net tangible assets per security	0.13	0.13

The accounts are in the process of being audited or subject to review



Mark Gilio
Company Secretary
27th August 2009

FREEDOM NUTRITIONAL PRODUCTS LIMITED
INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

	Notes	Consolidated \$000	
		2009	2008
Revenue	1	49,388	55,202
Cost of sales		<u>(34,874)</u>	<u>(40,146)</u>
Gross profit		14,514	15,056
Other revenue	1	654	543
Marketing expenses		(1,872)	(2,181)
Selling and distribution expenses		(5,392)	(6,191)
Administrative expenses		<u>(3,916)</u>	<u>(3,669)</u>
Profit from continuing operations before depreciation, income tax, finance costs, and equity accounted investments	2	3,988	3,558
Depreciation		<u>(453)</u>	<u>(331)</u>
Profit from continuing operations before income tax, finance costs, and equity accounted investments		3,535	3,227
Finance costs	2	(1,247)	(1,364)
Unrealised fair value mark-to-market of derivative financial instruments	2	(706)	-
Share of profit/(loss) of joint ventures accounted for using the equity method	8	212	(355)
Profit before income tax		1,794	1,508
Income tax expense		<u>(474)</u>	<u>(552)</u>
Profit for the year		<u>1,320</u>	<u>956</u>
Attributable to:			
Equity holders of the parent		1,320	956
Minority interest		-	-
		<u>1,320</u>	<u>956</u>
Earnings per share			
From continuing operations:			
Basic earnings per share (cents per share)	3	2.4	2.0
Diluted earnings per share (cents per share)	3	2.4	2.0
Dividends per share paid (cents per share)		1.0	2.0

Notes to the financial statement are included.

FREEDOM NUTRITIONAL PRODUCTS LIMITED
BALANCE SHEET AS AT 30 JUNE 2009

	Notes	Consolidated \$000	
		2009	2008
ASSETS			
Current Assets			
Cash and cash equivalents	6(a)	762	1,111
Trade and other receivables		10,247	11,793
Other financial assets		1,078	707
Inventories		6,853	7,588
Prepayments		637	289
Total Current Assets		19,577	21,488
Non-Current Assets			
Other financial assets		-	1,674
Investments accounted for using the equity method		3,535	1,514
Deferred tax assets		1,958	2,057
Property, plant and equipment		15,323	7,396
Goodwill		6,992	6,992
Other intangible assets		16,274	15,174
Total Non-Current Assets		44,082	34,807
TOTAL ASSETS		63,659	56,295
LIABILITIES			
Current Liabilities			
Trade and other payables		7,493	7,600
Borrowings	4	9,558	3,520
Current tax liabilities		72	191
Provisions		667	774
Total Current Liabilities		17,790	12,085
Non-Current Liabilities			
Trade and other payables		1,686	2,373
Borrowings	4	13,742	12,286
Deferred tax liability		17	2
Provisions		263	310
Total Non-Current Liabilities		15,708	14,971
TOTAL LIABILITIES		33,498	27,056
NET ASSETS		30,161	29,239
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		27,019	26,999
Reserves		792	665
Retained earnings		2,350	1,575
Parent interests		30,161	29,239
Minority interests		-	-
TOTAL EQUITY		30,161	29,239

Notes to the financial statement are included.

FREEDOM NUTRITIONAL PRODUCTS LIMITED
CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

	Notes	Consolidated \$000	
		2009	2008
Cash flows from operating activities			
Receipts from customers		51,802	54,035
Payments to suppliers and employees		(46,483)	(50,451)
Interest and other costs of finance paid		(1,595)	(1,364)
Income tax (paid) / refund		(423)	(590)
Receipt of government grant		47	90
Net cash provided by/(used in) operating activities	6(b)	<u>3,348</u>	<u>1,720</u>
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		34	-
Payment for purchase of property, plant and equipment		(8,426)	(2,298)
Acquisition of business assets	6(d)	(1,062)	(5,174)
Interest received		10	195
Payment in relation to convertible notes		-	(1,000)
Investment in jointly controlled entity		-	(8)
Loan from / (to) related party		4,500	(271)
Advance (to) / from Joint Venture		(371)	769
Net cash (used in)/provided by investing activities		<u>(5,315)</u>	<u>(7,787)</u>
Cash flows from financing activities			
Proceeds from issue of shares		-	5,000
Payment for share issue costs		-	(79)
Proceeds from borrowings		3,547	15,208
Repayment of borrowings		(1,975)	(7,856)
Dividends paid		(527)	(883)
Net cash provided by/(used in) financing activities		<u>1,045</u>	<u>11,390</u>
Net (decrease) / increase in cash and cash equivalents		(922)	5,323
Cash and cash equivalents at beginning of financial year		251	(5,072)
Cash and cash equivalents at end of financial year	6(a)	<u>(671)</u>	<u>251</u>

Notes to the financial statement are included.

FREEDOM NUTRITIONAL PRODUCTS LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

	Attributable to equity holders of the parent				Total	Minority Interest	Total Equity
	Fully paid ordinary shares	Retained Earnings	Equity - settled employee benefits reserve	Asset revaluation reserve			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CONSOLIDATED							
At 1 July 2007	22,078	2,956	66	-	25,100	(1,446)	23,654
Transfer to retained earnings	-	(1,446)	-	-	(1,446)	1,446	-
Equity issues	4,921	-	-	-	4,921	-	4,921
Profit for the year	-	956	-	-	956	-	956
Recognition of share-based payments	-	-	126	-	126	-	126
Dividend paid	-	(891)	-	-	(891)	-	(891)
Gain on revaluation of purchased property	-	-	-	473	473	-	473
At 30 June 2008	26,999	1,575	192	473	29,239	-	29,239
Transfer to retained earnings	-	-	-	-	-	-	-
Equity issues	20	-	-	-	20	-	20
Profit for the year	-	1,320	-	-	1,320	-	1,320
Recognition of share-based payments	-	-	127	-	127	-	127
Dividend paid	-	(545)	-	-	(545)	-	(545)
Gain on revaluation of purchased property	-	-	-	-	-	-	-
At 30 June 2009	27,019	2,350	319	473	30,161	-	30,161

Notes to the financial statement are included.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009**

1 Revenue	Consolidated	
	\$000	
	2009	2008
Continuing operations		
- Sale of goods	48,596	54,082
- Interest received		
- Cash and cash equivalents	10	11
- License fee	782	1,109
	<u>49,388</u>	<u>55,202</u>
Other revenue		
- Government grant - refer below	50	118
- Gain/(loss) on disposal of fixed assets	(15)	-
- Rental income	65	31
- Convertible note interest	263	184
- Management fee received	291	210
	<u>654</u>	<u>543</u>

The above government grant is the Export Market Development Grant received for 2008 and receivable for 2009.

The above Convertible note interest relates to interest receivable on convertible notes issued to A2 Dairy Products Pty Limited.

2 Profit for the year before tax	Consolidated	
	\$000	
	2009	2008
Profit for the year was arrived at after charging the following expenses:		
<u>Finance costs</u>		
- Interest on bank overdrafts and loans	1,235	1,229
- Interest on obligations under finance leases	12	35
- Interest on convertible notes	-	100
Total borrowing costs	<u>1,247</u>	<u>1,364</u>
Unrealised fair value mark-to-market of derivative financial instruments (i)	706	-
Unrealised foreign currency exchange (gains)/losses	(151)	151
Depreciation on property, motor vehicles, plant and equipment	453	331
Loss on disposal of plant and equipment	15	-
Rental expense on operating leases (equipment)	82	104
Rental expense on operating leases (property)	496	425
Research and development costs expensed	530	411
Impairment of trade receivables	3	32
<u>Employee benefit expense</u>		
Post employment benefits - defined contribution plans	544	574
Share-based payments - equity settled sharebased payments	127	126
Redundancies	465	-
Other employee benefits	5,634	5,973
Total employee benefit costs	<u>6,770</u>	<u>6,673</u>

(i) The Group uses derivative financial instruments to hedge its exposure to foreign exchange risks arising from operational, financing and investment activities.

In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

As at 30 June 2009 the Group held foreign exchange contracts in the following currencies:

- \$ USD – United States Dollars
- \$ CDN – Canadian Dollars

The contracts relate to highly probable forecasted transactions for the purchase of inventory for the Specialty Seafood business (Salmon and Sardines) and the Freedom Foods business (Cereals and Spreads) with the purchase consideration being settled in the above currencies. The Group's objective in entering into foreign exchange contracts is to provide certainty to the income and cashflow implications for the designated foreign currency purchase, relating to purchase of inventory or other capital assets.

As at 30 June 2009, the Group had foreign exchange contracts for the purchase of inventory denominated in \$USD at an average rate of \$0.75 and for the purchase of inventory denominated in \$CDN at an average rate of \$0.90. The contracts are for highly probable forecasted transactions between July 2009 and June 2010.

The Group has foreign exchange contracts for approximately 75% of its highly probable forecasted transactions between July 2009 and June 2010.

The Group also has foreign exchange contracts for the purchase of assets denominated in \$USD at an average rate of \$0.62. The contracts are for highly probable forecasted transactions relating to the purchase of manufacturing equipment for the Freedom Foods Leeton site.

As the Group does not utilise hedge accounting, derivative financial instruments held by the Group are required under the Australian Accounting Standards to be valued at fair value as at balance date. A valuation at fair value assumes that the Group would settle the contracts at a specific date and recognise a gain or loss depending on the prevailing spot rate at value date, even though the intention of the Group is to settle the contract at contract expiry in relation to the purchase of inventory or an asset required for manufacturing.

The gain or loss value at fair value is required by Australian Accounting Standards to be recognised in the income statement. Due to the significant volatility in the prevailing currencies against the \$AUD, a valuation at fair value of foreign exchange contracts held at balance date reflected a loss of \$706,000(\$AUD). The impact is non cash and has been excluded from all calculations in relation to underlying earnings of operations and bank covenants.

(ii) Operating EBITDA (being EBITDA adjusted for corporate development costs, redundancies, equity settled share based payments, share of profits under equity accounting, unrealised exchange losses and fair value mark to market of derivative financial instruments) was \$4,568,000 (2008: \$3,824,000).

3 Earnings per share

Basic earnings per share
Diluted earnings per share

Consolidated	
2009	2008
Cents per share	
2.4	2.0
2.4	2.0

The earnings and weighed average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

- (a) Earnings used in the calculation of basic EPS
(b) Earnings used in the calculation of diluted EPS

\$000	
1,320	956
1,320	956

(c) Weighted average number of ordinary shares outstanding during the year used in the calculation of basic EPS
Add weighted average number of options outstanding
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted EPS

Number '000	
54,635	46,765
-	84
54,635	46,849

During 2009 no options were issued over ordinary shares by the Parent.

4 Borrowings

	Consolidated	
	\$'000	
	2009	2008
Secured - at amortised cost		
Current		
Bank overdrafts (i)	1,433	860
Loan payable (i)	3,073	2,591
Finance leases (ii) (iii)	552	69
Due to related parties	4,500	-
Non-current		
Loan payable (i)	11,050	12,200
Finance leases (ii) (iii)	2,692	86
	<u>23,300</u>	<u>15,806</u>
Disclosed in the financial statements as:		
Current borrowings	9,558	3,520
Non-current borrowings	13,742	12,286
	<u>23,300</u>	<u>15,806</u>

(i) Secured by a first registered mortgage over all the Group's property, excluding items specifically discharged under the Freedom Foods equipment finance arrangement, and a first equitable mortgage over the whole of the Group's assets and undertakings including uncalled capital.

(ii) Secured by the lessor's title to the leased assets.

(iii) Included as part of the 2009 finance leases is the Equipment Financing utilised to purchase equipment for Leeton.

	Effective weighted average interest rate
Bank overdrafts	8%
Loan payable	5%
Finance leases	7%
Due to related parties	12%

5 Dividends

	2009	
	Cents per share	Total \$'000
Recognised amounts		
<u>Fully paid ordinary shares</u>		
Final dividend in relation to 30 June 2008: fully franked at a 30% tax rate	1.0	545
Unrecognised amounts		
<u>Fully paid ordinary shares</u>		
Final dividend in relation to 30 June 2008: fully franked at a 30% tax rate	-	-

On 27 August 2009, the directors declared that there will be no fully franked final dividend paid in respect of the financial year 2009.

	\$'000	
	2009	2008
Adjusted franking account balance	481	343
Impact on franking account balance of dividends not recognised	-	(234)

6 Notes to the cash flow statement

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and funds held in cash management and cheque accounts net of bank overdrafts. Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	Consolidated	
	\$000	
	2009	2008
Cash	762	1,111
Overdraft	(1,433)	(860)
	<u>(671)</u>	<u>251</u>

(b)

Reconciliation of profit for the period to net cash flows from operating activities

Profit for the year	1,320	956
Depreciation	453	331
Movement in provision for employee entitlements	(154)	214
Write off of inventory	2	37
(Gain) / loss on disposal of assets	15	-
Foreign currency revaluation	(151)	151
Unrealised fair value mark-to-market of derivative financial instruments	706	-
Share based payments	127	126
Interest received	(10)	(195)
Interest capitalised	(322)	-
Non cash interest expensed	252	-
Intercompany dividends received	-	-
(Gain) / Loss in jointly controlled entity	(212)	355
Changes in Assets and Liabilities		
(Increase) / Decrease in receivables	1,546	(969)
(Increase) / Decrease in inventory	735	3,054
(Increase) / Decrease in other assets	(349)	461
(Increase) / Decrease in deferred tax assets	100	35
Increase / (Decrease) in accounts payable	(606)	(2,653)
Increase / (Decrease) in provision for income tax	(119)	(150)
Increase / (Decrease) in provision for deferred income tax	15	(33)
Net cash from operating activities	<u>3,348</u>	<u>1,720</u>

(c) Non-cash financing and investing activities

During the current financial year, the Group acquired \$nil (2008:\$48,000) of motor vehicles under finance leases. These acquisitions will be reflected in the cash flow statement over the term of the finance lease via lease repayments. During the 30 June 2008 financial year, the group acquired land and buildings which included deferred purchase consideration of \$3,156,000.

(d) Business Acquired

During the 2009 financial year contingent consideration was finalised in respect of the purchase of Norganics Foods (Australia) Pty Limited business assets.

During the 2008 financial year consideration was paid for the acquisition of Norganic Foods (Australia) Pty Limited business assets. Also, consideration was finalised in respect of the Cookie Man baking assets.

	Consolidated	
	\$000	
	2009	2008
Details of these transaction are:		
Purchase consideration	1,000	4,500
Incidental costs - Cookie man	-	56
Incidental costs - Norganic Foods (Australia)	62	618
Cash consideration	<u>1,062</u>	<u>5,174</u>

Assets and liabilities held at acquisition date:

Inventories	-	492
Brands (Intellectual property)	1,062	4,626
	1,062	5,118
Goodwill on acquisition	-	56
	1,062	5,174

7 Contingent liabilities

	Consolidated	
	(\$000)	
	2009	2008
Bank guarantee given to a supplier arising out of the normal course of business. No liability is expected to accrue.	17	17

8 Jointly controlled operations and assets

The Group is a venturer in the following jointly controlled operations and assets

Name of venture	Country of incorporation	Principal activity	Output interest	
			%	
			2009	2008
CBPA	Australia	Contract beverage packing services	50	50
A2DP	Australia	Sale of a2 milk	50	1

Reconciliation of movement in investments accounted for using the equity method:

	CBPA		A2DP	
	(\$000)		(\$000)	
	2009	2008	2009	2008
Balance at 1 July	601	768	913	329
Share of profits/(losses) for the year	75	(317)	137	(38)
	676	451	1,050	291
Dividends	-	-	-	-
Additions (i)	-	150	1,809	622
Balance at 30 June	676	601	2,859	913

(i) The Groups holding of non-listed unsecured convertible notes in A2DP were converted at par value on 1 May 2009.

Summarised financial information in respect of Freedom Nutritional Products Limited's share in the joint venture is set out below:

	CBPA		A2DP	
	(\$000)		(\$000)	
	2009	2008	2009	2008
Current assets	4,205	3,202	2,829	42
Non current assets	4,600	4,894	645	13
Total assets	8,805	8,096	3,474	55
Current liabilities	4,369	3,168	929	28
Non current liabilities	4,232	4,799	1,540	65
Total Liabilities	8,601	7,967	2,469	93
Net assets	204	129	1,005	(38)
Shareholder funds	204	129	1,005	(38)
Revenue	11,452	5,451	1,942	109
Profit / (loss) after income tax	75	(317)	137	(38)