

Freedom Nutritional Products Limited

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25th February 2010

ASX Announcement Freedom Nutritional Products Limited (ASX:FNP) 2009 Half Year Results

6 months to 31 December	2009 \$'000	2008 \$'000	% Change
Gross Sales Revenues *	30,748	33,043	(7%)
Net Sales Revenues	24,074	26,016	(7%)
Net Profit	1,836	874	110%
Net Debt / Equity	54%	77%	(30%)
EPS (cents per share)	3.2	1.6	100%
Net Tangible Assets per share	20.0	13.0	53.8%

Note: * Gross Sales Revenues excludes Royalty income received from Yakult and does not include revenues from group associate entities, a2 Dairy Products and CBPA.

SUMMARY

Freedom Nutritional Products Limited (FNP) achieved a record **Net Profit of \$1.84 Million** for the 6 months ended 31 December 2009, representing an increase of 110% on the corresponding 6 month period.

The result is after including non operating items that contributed -\$570k to Net Profit. These non operating items included redundancy costs and write down of redundant plant & equipment on closure of a biscuit factory and unrealized losses from the mark to market value of foreign exchange contracts at 31 December. The results included an overall income tax benefit of \$437k largely brought about by the recognition of a prior year tax adjustment for increased allowances for research and development.

While consistent with budget, the result included lower operating earnings for wholly owned businesses compared to the corresponding prior period. This was primarily the result of lower returns from contract manufactured cereal products and from discontinued lines. Conversely, the joint venture businesses showed substantial improvement compared to the prior year. The Company is forecasting improved margins for cereal products in the second half.

Gross sales including 100% of JV associates were \$57.5m representing an increase of 11% on the prior corresponding period which included a number of discontinued low margin lines.

HIGHLIGHTS

Highlights for the period included:

- Successful commissioning of “free from” cereal manufacturing at the Freedom Foods Leeton facility and the closure and relocation of baked products manufacturing from leasehold premises. Lower volumes and margins due to the impact of higher prices for contract manufactured cereal products.
- Seafood contribution above budget and consistent with the corresponding prior period.
- Continued growth in fresh milk sales and significant improvement in profitability of the A2 Dairy Products Australia JV. Planning for the launch of a Jalna A2 yoghurt range in 2010.
- Significant growth in sales and profitability of the CBPA JV.
- Successful capital raising of \$6.2m from existing shareholders.
- Net Debt / Equity down to 53% at June 30 2009.
- Net tangible assets increased to 20 cents per share, primarily from investment in Freedom Food’s Leeton manufacturing facility.

BUSINESS UNITS - WHOLLY OWNED

Freedom Foods

A key focus has been on completion of the dedicated gluten, wheat and nut free manufacturing facility at the company owned premises near Leeton NSW. This facility will manufacture the key shelf stable product range of Freedom Foods “free from” products and provide a platform for growth through improved quality and innovation in existing and new channels and markets.

During the period, commissioning of cereals manufacture was successfully completed. Relocation of baked products from the prior leasehold premises at Hornsby in Sydney was also completed with the new biscuit/breakfast bar line to progressively come on stream during 1st half of calendar 2010.

Sales were generally to plan with growth in proprietary cereals and biscuits resulting from improving quality and product innovation. Volumes and contribution were reduced from passing on higher costs of imported cereal products during the period. The business exited some non core low margin product lines as well as products not able to be manufactured within the Leeton gluten and nut free environment. The majority of previously imported cereal products are now being internally manufactured at the Leeton site which will result in improved margins moving forward.

Soy and rice proprietary beverages performed to plan with strong growth in the Australia’s Own Organic range. New ranging and packaging was introduced across both the So Natural and Australia’s Own range from October.

Specialty Seafood

Paramount salmon and Brunswick sardine and specialty seafood products performed ahead of plan.

Paramount salmon experienced reduced sales volumes primarily from passing on higher purchase costs of pink salmon from the 2008 catch and a lower AUD/ USD exchange rate. Brunswick sardines experienced improved margins on the prior corresponding period in Australia due to a higher proportion of single packs and improved exchange rates. Brunswick sardines performed to budget in New Zealand.

Purchasing of salmon from the 2009 catch has commenced with an improved USD exchange rate likely compared to the prior year.

BUSINESS UNITS - JOINT VENTURES

A2 Dairy Products Australia

A2 Dairy Products Australia (A2DP), 50% owned, continued to grow fresh milk sales and achieved an Operating EBIT of \$1m for the 6 month period which approximates the earnings achieved for the prior 12 month period.

The growth was in response to increased marketing spend, continued support of the grocery trade and an increasing awareness of the potential benefits of a2 milk™. a2 milk™ fresh milk is now available in all Australian states following its recent introduction into Tasmania. New fresh milk packaging designed to improve communication of benefits and differentiation on shelf was introduced during December.

The Company entered into a license and supply agreement with Jalna Dairy Foods Pty Limited for the manufacture and sale of A2 branded yoghourts in Australia, with product planned for launch in supermarkets during 1st half calendar 2010.

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.

Contract Beverages Packers of Australia Pty Ltd

Contract Beverage Packers of Australia (CBPA), 50% owned, continued its improving trend in operating and financial performance. Sales grew 37% on the prior period given growth in dairy milk and soy beverage volumes and the introduction of liquid stocks for a number of grocery customers. EBIT for the 6 months increased to \$860k.

CBPA will continue to broaden its contract packing product and customer base and seek higher value-added dairy products.

Thorpedo Foods (75% owned)

FNP increased its share of the Thorpedo Foods joint venture to 75% in September under a prior option arrangement. There are 4 beverage products now sold under the Thorpedo brand by Yakult Honsha in Japan.

OUTLOOK

In December FNP successfully completed a capital raising by way of an entitlements offer to shareholders which raised approximately \$6.2m.

As a result of this and in consequence of the capital expenditure and growth initiatives undertaken over the past 2 years, the Company is well positioned to improve returns to shareholders over the medium term.

Subject to operating performance continuing to expectation, the Company is planning the resumption of dividend payments following the end of the current financial year.

For further information, please contact:

Geoff Babidge, CEO & Managing Director	(02) 8396 5504
Rory Macleod, Executive Director & CFO	0414 418 939

Freedom Nutritional Products Limited

A.B.N 41 002 814 235

Appendix 4D

Half yearly report
 Half year ended 31 December 2009
 (Previous corresponding reporting period 31 December 2008)

Results for announcement to the market

<i>In thousands of AUD</i>	\$'000	Percentage change over previous corresponding period
Revenues	24,308	(8%) decrease
Net profit	1,836	110% increase
Dividends (distributions)	Amount per security	Franked amount per security
Final dividend paid	Nil	Nil
Interim dividends payable	Nil	Nil
Record date for determining entitlements to the dividends (if any)	N/A	
Record date for determining entitlements to the dividends (if any)	N/A	

Net tangible assets per security

	31 December 2009	30 June 2009
Net tangible assets (in thousands of AUD)	14,814	6,895
Net assets (in thousands of AUD)	38,080	30,161
Total number of shares (in thousands)	75,391	54,660
Net assets per security (in dollars of AUD)	0.51	0.55
Net tangible assets per security (in dollars of AUD)	0.20	0.13

The attached interim financial report has been subject to review.



Mark Gilio
 Company Secretary
 25th February 2010

Directors' Report

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2009. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors who held office during or since the end of the half-year:

P.R. Gunner – Chairman (Non Executive)
G.H. Babidge – Managing Director (Executive)
A.M. Perich – Director (Non Executive)
R.J.F. Macleod – Director (Executive)
R. Perich – Director (Non Executive)
M. Miles - Director (Non Executive)
M.R. Perich – Alternate Director (Non Executive)

Review of operations

Refer to commentary above.

Auditor's independence declaration

The auditor's independence declaration is included on page 18 of the half year report.

Rounding off of amounts

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The report is signed in accordance with a resolution of the Board of Directors made pursuant to s 306 (3) of the Corporations Act 2001.

Signed on behalf of the Directors,



Geoffrey H. Babidge
Director

Dated on this 25th day of February 2010
Sydney

Freedom Nutritional Products Limited
Condensed consolidated statement of comprehensive income
For the half-year ended 31 December 2009

	Note	Consolidated	
		Half-year ended	
		31 Dec 2009	31 Dec 2008
		\$'000	\$'000
Continuing operations			
Revenue from sale of goods	3	24,074	26,016
Cost of sales		(17,102)	(18,376)
Gross profit		6,972	7,640
Other income	3	234	597
Marketing expenses		(958)	(1,145)
Selling expenses		(2,494)	(2,828)
Administrative expenses		(1,492)	(1,680)
Other expenses	4	(565)	(560)
Profit from continuing operations before depreciation, income tax, finance costs, and equity accounted investments		1,697	2,024
Depreciation		(250)	(222)
Profit from continuing operations before income tax, finance costs, and equity accounted investments		1,447	1,802
Finance costs		(333)	(711)
Unrealised fair value mark-to-market of derivative financial instruments		(250)	150
Share of profit/(loss) of jointly controlled entities accounted for using the equity method		535	(34)
Profit before tax		1,399	1,207
Income tax benefit/(expense)		437	(333)
Profit for the period from continuing operations		1,836	874
Other comprehensive income		-	-
Total comprehensive income for the period		1,836	874
Profit attributable to:			
Owners of the parent		1,836	874
Non-controlling interests		-	-
		1,836	874
Total comprehensive income attributable to:			
Owners of the parent		1,836	874
Non-controlling interests		-	-
		1,836	874
Earnings per share			
Basic (cents per share)		3.2	1.6
Diluted (cents per share)		2.9	1.6

Notes to the condensed consolidated statement of comprehensive income are included on pages 10 to 14.

Freedom Nutritional Products Limited
Condensed consolidated statement of financial position
as at 31 December 2009

	Consolidated		
	31 Dec 2009	30 June 2009	
	\$'000	\$'000	
Assets			
Current assets			
Cash and cash equivalents	6	1,273	762
Trade and other receivables		11,105	10,247
Other financial assets		733	1,078
Inventories		5,691	6,853
Prepayments		255	637
Total current assets	7	19,057	19,577
Non-current assets			
Investments accounted for using the equity method		4,520	3,535
Current tax receivable		152	-
Deferred tax assets		2,285	1,958
Property, plant and equipment		19,668	15,323
Goodwill		6,992	6,992
Other intangible assets		16,274	16,274
Total non-current assets		49,891	44,082
Total assets		68,948	63,659
Liabilities			
Current liabilities			
Trade and other payables		6,529	7,493
Borrowings	7	16,422	9,558
Current tax liabilities		-	72
Provisions		781	667
Total current liabilities	7	23,732	17,790
Non-current liabilities			
Trade and other payables		1,686	1,686
Borrowings		5,211	13,742
Deferred tax liabilities		13	17
Provisions		226	263
Total non-current liabilities		7,136	15,708
Total liabilities		30,868	33,498
Net assets		38,080	30,161
Equity			
Issued capital		33,039	27,019
Reserves		855	792
Retained earnings		4,186	2,350
Total equity		38,080	30,161

Notes to the condensed consolidated statement of financial position are included on pages 10 to 14.

Freedom Nutritional Products Limited
Condensed consolidated statement of changes in equity
For the half-year ended 31 December 2009

	Issued capital	Retained earnings	Equity-settled employee benefits reserve	Asset Revaluation reserve	Attributable to owners of the parent	Non- controlling interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2008	26,999	1,575	192	473	29,239	-	29,239
Equity issues	20	-	-	-	20	-	20
Profit for the period	-	874	-	-	874	-	874
Recognition of share-based payments	-	-	63	-	63	-	63
Dividends	-	(544)	-	-	(544)	-	(544)
At 31 December 2008	27,019	1,905	255	473	29,652	-	29,652
At 1 July 2009	27,019	2,350	319	473	30,161	-	30,161
Equity issues	6,020	-	-	-	6,020	-	6,020
Profit for the period	-	1,836	-	-	1,836	-	1,836
Recognition of share-based payments	-	-	63	-	63	-	63
Dividends	-	-	-	-	-	-	-
At 31 December 2009	33,039	4,186	382	473	38,080	-	38,080

Notes to the condensed consolidated statement of changes in equity are included on pages 10 to 14.

Freedom Nutritional Products Limited
Condensed consolidated statement of cash flows
For the half-year ended 31 December 2009

	Consolidated	
	Half-year ended	
	31 Dec 2009	31 Dec 2008
Note	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	23,531	26,353
Payments to suppliers and employees	(22,045)	(25,011)
Interest and other costs of finance paid	(740)	(590)
Income tax paid	(106)	(265)
Net cash provided by operating activities	<u>640</u>	<u>487</u>
Cash flows from investing activities		
Payments for purchase of property, plant and equipment	(4,784)	(3,747)
Loans to jointly controlled entity	-	(410)
Acquisition of business assets	-	(1,092)
Net cash used in investing activities	<u>(4,784)</u>	<u>(5,249)</u>
Cash flows from financing activities		
Proceeds from borrowings	3,167	-
Proceeds from issue of securities	6,219	-
Payment of share issue costs	(47)	(4)
Repayment of borrowings	(5,485)	(891)
Dividends paid	-	(498)
Proceeds from related party	-	4,500
Net financing cash flows	<u>3,854</u>	<u>3,107</u>
Net decrease in cash and cash equivalents	(290)	(1,655)
Cash and cash equivalents at the beginning of the period	<u>(671)</u>	<u>257</u>
Cash and cash equivalents at the end of the period	6 <u>(961)</u>	<u>(1,398)</u>

Notes to the condensed consolidated statement of cash flows are included on pages 10 to 14.

Notes to the condensed consolidated financial statements**1. Significant accounting policies****Statement of Compliance**

The half-year financial report is a general-purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of Preparation

The condensed financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2009 annual financial report for the financial year ended 30 June 2009, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period. New and revised Standards and Interpretations effective for the current reporting period that are relevant to the company include:

- AASB 3 Business Combinations
- AASB 8 Operating Segments
- AASB 101 Presentation of Financial Statements
- AASB 127 Consolidated and Separate Financial Statements

The adoption of these new and revised standards and interpretations has not resulted in any significant changes to the company's accounting policies for the current or prior periods.

2. Segment information

The company has adopted AASB 8 Operating Segments and AASB 2007-3 Amendments to Australia Accounting Standards arising from AASB 8 with effect from 1 January 2009. The operating segments analysed below are those regularly reviewed by the Board of Directors in their capacity as the chief operating decision maker of the company in order to allocate resources to the segments and assess their performance. The segments identified do not represent a significant change from those presented in prior years.

Information regarding these segments is presented below. Amounts reported for the prior period have been restated to conform to the requirements of AASB 8.

The following is an analysis of the Group's revenue and results by reportable operating segment for the periods under review:

Notes to the condensed consolidated financial statements (continued)

	External sales		Other revenue		Total	
	Half-year ended		Half-year ended		Half-year ended	
	31 Dec 2009 \$'000	31 Dec 2008 \$'000	31 Dec 2009 \$'000	31 Dec 2008 \$'000	31 Dec 2009 \$'000	31 Dec 2008 \$'000
<u>Segment revenue</u>						
<i>Continuing operations</i>						
Seafood	10,060	10,772	-	-	10,060	10,772
Freedom Foods	13,910	15,137	-	41	13,910	15,178
Thorpedo Foods	104	107	234	395	338	502
Unallocated	-	-	-	161	-	161
Subtotal					24,308	26,613
Total revenue of equity accounted associates					26,053	12,292
Total revenue of the consolidated group plus equity accounted associates					50,361	38,905
Less: total revenue of equity accounted associates					(26,053)	(12,292)
Total revenue of the consolidated group					24,308	26,613

Revenue generated by equity accounted associates from external sales is not consolidated, instead under the equity method of accounting the carrying amounts of interest in joint venture entities are increased or decreased to recognise the Group's 50% share of post acquisition profits or losses and other changes in net assets of the joint ventures.

97% of total external sales of the consolidated group and equity accounted associated are generated in Australia (2008: 95%).

	Total	
	Half-year ended	
	31 Dec 2009 \$'000	31 Dec 2008 \$'000
<u>Segment result</u>		
<i>Continuing operations</i>		
Seafood	1,884	1,790
Freedom Foods	1,672	2,483
Thorpedo Foods	173	228
FNPL share of equity accounted associates	535	(34)
	4,264	4,467
Share services	(2,032)	(2,477)
Finance costs	(333)	(711)
Depreciation	(250)	(222)
Unrealised fair value mark- to-market of derivative financial instruments	(250)	150
Profit before tax	1,399	1,207
Income tax benefit/(expense)	437	(333)
Profit for the period from continuing operations	1,836	874

Total profit from equity accounted associates for the period totalled \$1,070,000 (2008: \$68,000 loss). The consolidated entities 50% share of these profits was \$535,000 (2008: \$34,000 loss).

Notes to the condensed consolidated financial statements (continued)

3. Income

	Half-year ended	
	31 Dec 2009	31 Dec 2008
	\$'000	\$'000
Revenues are comprised as follows:		
Sales of goods	24,074	26,016
Royalty revenue	209	345
Government grants	25	50
A2 Convertible notes	-	161
Rental income	-	41
	<u>24,308</u>	<u>26,613</u>

4. Other expenses

	Half-year ended	
	31 Dec 2009	31 Dec 2008
	\$'000	\$'000
Redundancies	(315)	(410)
Corporate development costs	-	(150)
Write off of fixed assets relating to closure of Hornsby Baking facility	(250)	-
	<u>(565)</u>	<u>(560)</u>

5. Dividends

	Half-year ended		Half-year ended	
	31 Dec 2009		31 Dec 2008	
	Cents per	Total	Cents per	Total
	Share	\$'000	Share	\$'000
<u>Recognised amounts</u>				
Fully paid ordinary shares				
Interim Dividend	Nil	Nil	1.0	544
	Nil	Nil	1.0	544
<u>Unrecognised amounts</u>				
Fully paid ordinary shares				
Interim Dividend	Nil	Nil	Nil	Nil
	Nil	Nil	Nil	Nil

6. Cash and cash equivalents

	31 Dec 2009	30 Jun 2008	31 Dec 2008
	\$'000	\$'000	\$'000
Cash and cash equivalents	1,273	762	700
Overdraft facility	(2,234)	(1,433)	(2,098)
	<u>(961)</u>	<u>(671)</u>	<u>(1,398)</u>

7. Net current asset deficiency

As at 31 December 2009, the statement of financial position shows a net current asset deficiency of \$4,675,000. This net current asset deficiency results from \$13,227,000 of the entity's borrowings being classified as a current liability as such borrowings mature in October 2010 in accordance with the facility terms. The directors expect that a new financing facility will be negotiated prior to the maturity of these existing facilities, and that the quantum and terms and conditions of the new facility will be sufficient to support the existing operations of the entity. Together with the operating cash flows of the entity, the directors believe that the entity will have sufficient financial accommodation to enable the payment of their debts as and when they fall due for a period of at least 12 months from the date of signing this interim financial report.

Notes to the condensed consolidated financial statements (continued)

8. Business acquired

On the 29th October 2007, the consolidated entity acquired the business assets of Norganic Foods (Australia) Pty Ltd, specialising in the health food category. On the 18th November 2008 deferred consideration of \$1,000,000 plus additional incidental costs were paid associated with the acquisition of the business assets of Norganic Foods (Australia) Pty Ltd. This payment has resulted in an increase to the value of the intangible asset. Details of the acquisition and additional incidental costs are as follows:

	Half-year ended	
	31 Dec 2009	31 Dec 2008
	\$'000	\$'000
Deferred purchase consideration - Norganics	-	1,000
Incidental costs - Norganics	-	92
Cash consideration	-	1,092
Net assets acquired:		
Intangibles assets	-	1,092
	-	1,092

9. Contingent liabilities

	Half-year ended	
	31 Dec 2009	31 Dec 2008
	\$'000	\$'000
Bank guarantee given to a supplier arising out of the normal course of business. No liability expected to accrue.	-	17

10. Standby arrangement and unused credit facilities

	31 Dec 2009	30 Jun 2009
	\$'000	\$'000
Secured bank overdraft facility		
- amount used	2,234	1,433
- amount unused	141	567
	<u>2,375</u>	<u>2,000</u>
Secured loan facilities		
- amount used	13,227	14,140
- amount unused	48	60
	<u>13,275</u>	<u>14,200</u>
Secured finance facilities		
- amount used	6,325	3,159
- amount unused	1,675	4,841
	<u>8,000</u>	<u>8,000</u>
Unused financing facilities	<u>1,864</u>	<u>5,468</u>

Financing facilities

The multi-option facility is arranged with Bankwest with general terms and conditions and is subject to annual review. The bank facilities of the Group are secured by a first registered mortgage over all of 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. The mortgage is held by BankWest.

Freedom Foods equipment finance facility has been arranged with the National Australia Bank. This facility is secured over the assets financed under the facility, which have been specifically discharged from the first registered mortgage held over all of the Group's property. Interest rates are variable and subject to adjustment.

Notes to the condensed consolidated financial statements (continued)

11. Issuances, repurchases and repayment of equity securities

During the half-year reporting period Freedom Nutritional Products Limited did not issue any options under its executive share option plan, however 300,000 options lapsed. During the same period last year nil options were issued, however 450,000 options were cancelled.

During the half-year reporting period, Freedom Nutritional Products Limited issued 20,730,430 ordinary shares pursuant to a non-renounceable pro-rata offer of five new shares for every twelve existing shares at an issue price of \$0.30 per share.

12. Subsequent events

There have been no significant events or transactions since the period end.

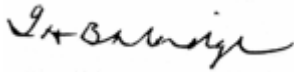
Directors' declaration

The directors declare that:

- (a) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- (b) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the directors



Geoff Babidge
Director

Dated on this 25th day of February 2010
Sydney

Independent Auditor's Review Report to the members of Freedom Nutritional Products Limited

We have reviewed the accompanying half-year financial report of Freedom Nutritional Products Limited, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 6 to 15.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Freedom Nutritional Products Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance

that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Freedom Nutritional Products Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



P A Roberts
Partner
Chartered Accountants
Parramatta, 25 February 2010

The Board of Directors
Freedom Nutritional Products Limited
80 Box Road
TAREN POINT NSW 2229

25 February 2010

Dear Board Members

Auditor's Independence Declaration to Freedom Nutritional Products Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Freedom Nutritional Products Limited.

As lead audit partner for the review of the financial statements of Freedom Nutritional Products Limited for the half year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



P A Roberts
Partner
Chartered Accountants