



Freedom Foods Group Limited

ABN 41 002 814 235

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM TO SHAREHOLDERS

Date of Meeting

Thursday 24th November 2016

Time of Meeting

12.00 noon

Place of Meeting

DLA Piper Australia, Level 22, 1 Martin Place Sydney NSW

A Proxy Form is enclosed

Please read this Notice and Explanatory Memorandum carefully.

If you are unable to attend the Annual General Meeting please complete and return the enclosed Proxy Form in accordance with the specified directions.



Freedom Foods Group Limited
ABN 41 002 814 235

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of Freedom Foods Group Limited ABN 41 002 814 235 ("Company") will be held at 12.00 noon on Thursday 24th November 2016 at offices of DLA Piper Australia, Level 22, 1 Martin Place Sydney NSW for the purpose of transacting the following business referred to in this Notice of Annual General Meeting.

AGENDA

ITEMS OF BUSINESS

Financial Reports

To receive and consider the Financial Report of the Company for the year ended 30 June 2016, together with the Directors Report and the Auditor's Report as set out in the Annual Report.

1. Resolution 1 – Non Binding Resolution to adopt Remuneration Report

To consider and if thought fit, pass the following as an **advisory resolution**:

"That the Remuneration Report as set out in the Annual Report for the year ended 30 June 2016 be adopted."

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company. Shareholders are encouraged to read the Explanatory Memorandum for further details on the consequences of voting on this Resolution.

The Company will disregard any votes cast on Resolution 1 by or on behalf of a Restricted Voter. However, the Company need not disregard a vote by a Restricted Voter as a proxy if the vote is not cast on behalf of a Restricted Voter and either:

- (a) it is cast by the Restricted Voter as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; or
- (b) it is cast by the Chairman of the meeting and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on the resolution and expressly authorises the Chairman to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chairman intends to vote any undirected proxies in favour of Resolution 1. Shareholders may also choose to direct the Chairman to vote against Resolution 1 or to abstain from voting.

2. Resolution 2 – Re-election of Anthony Perich as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, A. Perich, who retires in accordance with clause 93(3) of the Constitution and, being eligible for re-election, be re-elected as a Director."

3. Resolution 3 – Re-election of Perry Gunner as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, P. Gunner, who retires in accordance with clause 93(3) of the Constitution and, being eligible for re-election, be re-elected as a Director."

4. Resolution 4 – Directors' remuneration pool

To consider and if thought fit, to pass the following resolution as an **ordinary resolution**:

"For the purposes of ASX Listing Rule 10.17 and clause 94(1) of the Company's Constitution and for all other purposes, the maximum aggregate fees that may be paid to non-executive directors of the Company be increased from \$500,000 to \$750,000 per annum (inclusive of statutory entitlements)."

Voting Exclusion:

The Company will disregard any votes cast on this resolution by a director or by an associate of a director.

However, the Company will not disregard a vote if:

- it is cast by a director (including the Chairman of the meeting) or an associate of a director, as a proxy for a person entitled to vote, in accordance with the directions on the proxy form, or
- it is cast by the Chairman of the meeting, as a proxy for a person entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Further, in accordance with the Corporations Act, a Restricted Voter who is appointed as a proxy will not vote on this resolution unless:

- the appointment specifies the way the proxy is to vote on this resolution; or
- the proxy is the Chairman of the Meeting and the appointment expressly authorises the Chairman to exercise the proxy even if the resolution is connected, directly or indirectly, with remuneration of a member of the Key Management Personnel.

Shareholders should note that the Chairman intends to vote any undirected proxies in favour of Resolution 4. Shareholders may also choose to direct the Chairman to vote against Resolution 4 or to abstain from voting.

5. Resolution 5 – Freedom Foods Equity Incentive Plan (EIP) Approval

To consider and if thought fit, to pass the following resolution as an **ordinary resolution**:

"That approval be given for the adoption and establishment of the Freedom Foods Equity Incentive Plan (EIP), as described in the Explanatory Memorandum, and issues of securities under the EIP for all purposes under the Corporations Act and ASX listing rules, including for the purpose of ASX listing rule 7.2 exception 9."

Voting Exclusion

The Company will disregard any votes cast by P Gunner, T Allen and R.J.F. Macleod, Directors of the Company who are eligible to participate in any employee incentive scheme and any of their associates.

However, the Company will not disregard a vote if:

- a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- b) it is cast by the person Chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Chairman intends to vote all undirected proxies in favour of this resolution. To authorise the Chairman to vote as your proxy in accordance with his intentions, please follow the instructions on the proxy form carefully and mark the appropriate box.

Further, in accordance with the Corporations Act, a Restricted Voter who is appointed as a proxy will not vote on this resolution unless:

- the appointment specifies the way the proxy is to vote on this resolution; or
- the proxy is the Chairman of the Meeting and the appointment expressly authorises the Chairman to exercise the proxy even if the resolution is connected, directly or indirectly, with remuneration of a member of the Key Management Personnel.

Shareholders should note that the Chairman intends to vote any undirected proxies in favour of Resolution 5. Shareholders may also choose to direct the Chairman to vote against Resolution 5 or to abstain from voting.

OTHER BUSINESS

To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act.

For the purposes of Resolutions 1 – 5, the following definitions apply:

Annual Report means the Annual Report of the Company for the year ended 30 June 2016.

Associate has the meaning given in sections 12 and 16 of the Corporations Act. Section 12 is to be applied as if paragraph 12(1)(a) included a reference to the Listing Rules and on the basis that the Company is the "designated body" for the purposes of that section. A related party of a director or officer of the Company or of

a Child Entity of the Company is to be taken to be an associate of the director or officer unless the contrary is established.

ASX means ASX Limited (ACN 008 624 691).

ASX Listing Rule means the listing rules of the ASX.

Child Entity has the meaning given to that term in ASX Listing Rule 19.12.

Closely Related Party has the meaning given to that term in the Corporations Act.

Company means Freedom Foods Group Limited ABN 41 002 814 235.

Constitution means the Company's constitution, as amended from time to time.

Corporations Act means *Corporations Act 2001* (Cth).

Explanatory Memorandum means the explanatory memorandum accompanying this Notice.

Directors means the directors of the Company.

Key Management Personnel has the meaning given in the accounting standards as that term is defined in the Corporations Act.

Notice means this Notice of Annual General Meeting.

Resolution means a resolution contained in this Notice.

Restricted Voter means Key Management Personnel and their Closely Related Parties.

By order of the Board



Campbell Nicholas
Company Secretary
21st October 2016

How to vote

Shareholders can vote by either:

- attending the meeting and voting in person or by attorney or, in the case of corporate shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the proxy form accompanying this Notice of Meeting and by submitting their proxy appointment and voting instructions in person, by post or by facsimile.

Voting in person (or by attorney)

Shareholders, or their attorneys, who plan to attend the meeting are asked to arrive at the venue 15 minutes prior to the time designated for the meeting, if possible, so that their holding may be checked against the Company's share register and attendance recorded. Attorneys should bring with them an original or certified copy of the power of attorney under which they have been authorised to attend and vote at the meeting.

Voting by a Corporation

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment, including any authority under which it is signed.

Voting by proxy

- A Shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the meeting.
- The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes).
- A proxy need not be a shareholder.
- The proxy can be either an individual or a body corporate.
- If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit.
- However, where a Restricted Voter is appointed as a proxy, the proxy may only vote on Resolutions 1, 4 and 5, if the proxy is the Chairman of the Meeting and the appointment expressly authorises the Chairman to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.
- Should any resolution, other than those specified in this Notice, be proposed at the meeting, a proxy may vote on that resolution as they think fit.
- If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the shareholder's behalf on the poll and the shares that are

the subject of the proxy appointment will not be counted in calculating the required majority.

- Shareholders who return their proxy forms with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the meeting as their proxy to vote on their behalf. If a proxy form is returned but the nominated proxy does not attend the meeting, the Chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chairman of the meeting, the secretary or any Director that do not contain a direction how to vote will be used where possible to support each of the resolutions proposed in this Notice, provided they are entitled to cast votes as a proxy under the voting exclusion rules which apply to some of the proposed resolutions. These rules are explained in this Notice.
- To be effective, proxies must be received by the Company Secretary no later than 48 hours before the time for holding the meeting.
- Proxies may be lodged using any of the following methods:
 - by returning a completed proxy form in person or by post using the pre-addressed envelope provided with this Notice to:

Company Secretary
80 Box Road,
Taren Point, NSW 2229; or
 - by faxing a completed proxy form to
(02) 9525 5406

The proxy form must be signed by the shareholder or the shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the power of attorney, or the power itself, must be received by the Company at the above address, or by facsimile, and by 6pm (Sydney time) on [22 November 2016]. If facsimile transmission is used, the power of attorney must be certified.

Shareholders who are entitled to vote

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001, the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the Register of Shareholders as at 6pm on 22 November 2016.

PROXY FORM
Freedom Foods Group Limited ("Freedom")
ABN 41 002 814 235

Name Address 1
 Name Address 2
 Name Address 3
 Name Address 4

Appointment of Proxy

If appointing a proxy to attend the Annual General Meeting on your behalf, please complete the form and submit it in accordance with the directions on the reverse of the page.

I/We _____ of _____ being a shareholder/shareholders of Freedom pursuant to my/our right to appoint not more than two proxies, appoint:

<input style="width: 40px; height: 20px;" type="checkbox"/>	The Chairman of the Meeting OR (mark with an "X")		Write here the name of the person you are appointing if this person is someone other than the Chairman of the Meeting.
			Write here the name of the person you are appointing as a second proxy (if any).

or failing him/her, (if no proxy is specified above), the Chairman of the meeting, as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting to be held at on **Thursday 24th November 2016** at 12.00pm in offices of DLA Piper Australia, Level 22, 1 Martin Place Sydney NSW and at any adjournment of that meeting.

This proxy is to be used in respect of _____% of the ordinary shares I/we hold.

Important for Resolutions - If the Chairman of the Meeting is your proxy or is appointed as your proxy by default

Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Resolutions 1, 2, 3, 4 and 5 (except where I/we have indicated a different voting intention) even though Resolutions 1, 4 and 5 are connected directly or indirectly with the remuneration of a member of Key Management Personnel, which includes the Chairman of the Meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolutions 1, 2, 3, 4 and 5.

Voting directions to your proxy – please mark to indicate your directions

RESOLUTION	For	Against	Abstain *
1. Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of A. Perich	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Re-election of P. Gunner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Directors' remuneration pool	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Equity Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

**If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.*

PLEASE SIGN HERE

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Executed in accordance with section 127 of the Corporations Act:

Individual or Shareholder 1	Joint Shareholder 2	Joint Shareholder 3
Sole Director & Sole Company Secretary	Director	Director/ Company Secretary

Dated this _____ day of _____ 2016

 Contact Name Contact Business Telephone / Mobile

INSTRUCTIONS FOR COMPLETING PROXY FORM

1. Completion of a proxy form will not prevent individual shareholders from attending the Annual General Meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Annual General Meeting.
2. A shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes.
3. A proxy need not be a shareholder of the Company.
4. If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.
5. Should any resolution, other than those specified in this Notice, be proposed at the meeting, a proxy may vote on that resolution as they think fit.
6. If a representative of a company shareholder is to attend the Meeting, a properly executed original (or certified copy) of evidence of appointment is required. The appointment must comply with section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment to the Meeting, including any authority under which it is signed.
7. If a representative of a shareholder is appointed under a power of attorney to attend the meeting, a properly executed original (or certified copy) of the power of attorney under which they have been authorised should be produced for admission to the Annual General Meeting.

8. **Signing Instructions**

You must sign this form as follows in the spaces provided:

Individual: Where the holding is in one name, the holder must sign.

Joint Holding: Where the holding is in more than one name, all of the shareholders should sign.

Power of Attorney: If you are signing under a Power of Attorney, you must lodge an original or certified photocopy of the appropriate Power of Attorney with your completed Proxy Form.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary this form must be signed by that person.

If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone.

Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

9. **Lodgement of a Proxy**

This Proxy Form (and any power of attorney under which it is signed) must be received at the address below not later than 6pm on 22 November 2016 (48 hours before the commencement of the Meeting).

Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Postal address: Company Secretary
80 Box Road,
Taren Point, NSW 2229

Email Address: companysecretary@ffgl.com.au

Fax number: (02) 9525 5406

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting of Freedom Foods Group Limited (the "**Company**").

Certain abbreviations and other defined terms are used throughout this Explanatory Memorandum. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations are set out in the Glossary to the Explanatory Memorandum.

FINANCIAL REPORT

The first item of the Notice of Annual General Meeting (**AGM**) deals with the presentation of the consolidated annual financial report of the Company for the financial year ended 30 June 2016 together with the Directors' declaration and report in relation to that financial year and the auditor's report on those financial statements. Shareholders should consider these documents and raise any matters of interest with the Directors when this item is being considered. The Company's Annual Report 2016 is available on the ASX's website at www.asx.com.au.

No resolution is required to be moved in respect of this item.

Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on the accounts and on the business, operations and management of the Company.

The Chairman will also provide shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- the conduct of the audit;
- the preparation and content of the independent audit report;
- the accounting policies adopted by the Company in relation to the preparation of accounts; and
- the independence of the auditor in relation to the conduct of the audit.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

In accordance with section 250R(2) of the Corporations Act the Company is required to present to its shareholders the Remuneration Report as disclosed in the Company's 2016 Annual Report for consideration and adoption.

The vote on the Resolution is advisory only and does not bind the Directors or the Company. The Remuneration Report is set out in the Company's Annual Report 2016 and is also available on the ASX's website at www.asx.com.au.

However, if at least 25% of the votes cast are against adoption of the Remuneration Report at the 2016 AGM, and then again at the 2017 AGM, the Company will be required to put a resolution to the Shareholders at the 2017 AGM, to

approve calling an extraordinary general meeting (**spill resolution**). If more than 50% of Shareholders vote in favour of the spill resolution, the Company must convene an extraordinary general meeting (**spill meeting**) within 90 days of the 2017 AGM. All of the Directors who were in office when the 2017 Directors' Report was approved by the Board, other than the Managing Director, will immediately before the end of the spill meeting cease to hold office and (if desired) will need to stand for re-election at the spill meeting.

It is noted that at the Company's 2015 AGM, the votes cast against the Remuneration Report was less than 25% and accordingly there will be no need for the Company to put a spill resolution to the Shareholders at this AGM even if at least 25% of the votes cast on Resolution 1 are against adoption of the Remuneration Report.

The Remuneration Report explains the Board policies in relation to the nature and level of remuneration paid to Directors, sets out remuneration details for each Director and Key Management Personnel and any service agreements and sets out the details of any share based compensation.

Voting

Please refer to the Notice of Meeting for the voting exclusions that apply to Resolution 1.

Shareholders are urged to carefully read the proxy form and provide a direction to the proxy on how to vote on this Resolution.

RESOLUTION 2 – RE-ELECTION OF ANTHONY PERICH AS A DIRECTOR

Pursuant to Clause 93(3) of the Company's Constitution and ASX Listing Rule 14.4, Anthony Perich, being a Director, retires by way of rotation and, being eligible, offers himself for re-election as a Director.

Anthony was appointed as a Non-executive Director of the Company in July 2006. He is the Deputy Chairman.

Anthony is also a Member of the Order of Australia. He is joint Managing Director of Arrovest Pty Limited, Leppington Pastoral Company, one of Australia's largest dairy producers, and various other entities associated with Perich Enterprises Pty Limited. He is also a property developer, farmer and business entrepreneur. Outside of the Perich Group, Anthony holds a number of other Directorships which include

Greenfields Narellan Holdings, East Coast Woodshavings Pty Limited, Breeders Choice Woodshavings Pty Limited, Austral Malaysian Mining Limited and Inghams Health Research Institute. Memberships include Narellan Chamber of Commerce, Narellan Rotary Club, Urban Development Institute of Australia, Urban Taskforce, Property Council of Australia, past President of Narellan Rotary Club and Past President of Dairy Research at Sydney University.

What majority of votes is required to pass Resolution 2?

Resolution 2 requires an ordinary resolution which requires it to be passed by a simple majority of the votes cast by shareholders entitled to vote on the resolution.

Directors' recommendation

The directors recommend you vote in favour of Resolution 2.

RESOLUTION 3 – RE-ELECTION OF PERRY GUNNER AS A DIRECTOR

Pursuant to Clause 93(3) of the Company's Constitution and ASX Listing Rule 14.4, Perry Gunner, being a Director, retires by way of rotation and, being eligible, offers himself for re-election as a Director.

Perry was appointed as a Non-executive Director of the Company (independent) in April 2003 and then as Chairman in July 2006. He is also Chairman of the Company's Remuneration and Nomination Committee and a member of the Company's Audit, Risk and Compliance Committee.

Perry has a Bachelor of Agricultural Science from Adelaide University. He is the former Chairman and CEO of Orlando Wyndham Wine Group. In 1986 he was responsible for the launch of Jacobs Creek into the UK and USA. He was part of the four man management buy-out of Orlando Wines from Reckitt & Colman prior to the acquisition of Wyndham Estate. Perry has since had wide involvement in the wine industry, including President of the Winemakers Federation of Australia. He has served on several boards, mostly in the agribusiness sector, including McGuigan Simeon Wines, Ausbult Limited and Australian Dairy Corporation.

What majority of votes is required to pass Resolution 3?

Resolution 3 requires an ordinary resolution which requires it to be passed by a simple majority of the votes cast by shareholders entitled to vote on the resolution.

Directors' recommendation

The directors recommend you vote in favour of Resolution 3.

RESOLUTION 4 – DIRECTORS' REMUNERATION POOL

Pursuant to Clause 94(1) of the Company's Constitution and ASX Listing Rule 10.17, the Company is seeking approval from shareholders to increase the maximum aggregate amount available for Non-executive Directors' fees from \$500,000 to \$750,000 per year, an increase of \$250,000 per year. The current maximum aggregate amount of \$500,000 was approved by shareholders at the Extraordinary General Meeting in June 2013. This amount includes statutory superannuation contributions but does not include other payments that may be payable to the Non-executive

Directors as provided for in the constitution such as genuine out of pocket expenses.

Individual Non-executive Director's fees shall be established by the Remuneration and Nomination Committee within the aggregate fees approved by shareholders having regard to the factors including internal factors such as Company's financial performance and external factors such fees paid by other Australian publicly listed companies.

It is not the Company's intention to use the whole of the new maximum aggregate immediately.

The proposed increase in the maximum aggregate amount will provide flexibility to:

- allow for payment of appropriate fees over time, and taking into account the increasing time and responsibilities required of Non-executive Directors generally and in particular with regard to:
 - increasing corporate governance complexity and other regulatory requirements; and
 - the growth in the size, scope and diversity of the Company's businesses as it continues to expand into new markets and new regions;
- continue to attract and retain Directors of the highest calibre to oversee the strategic and operational challenges of the Company as it continues its growth strategy;
- allow for future adjustments in line with market conditions; and
- increase the number of future Board members and allow for transition periods, as part of an active Board renewal and succession planning process. This will ensure that the Company's interests are best served in its next period of growth and development.

The current maximum aggregate cap for Non-executive Directors' fees does not provide sufficient funds for flexibility with regard to the above factors and for any payments to provide for an additional independent non-executive director.

Shareholders should note that the proposed increase in Non-executive Directors' fees does not relate to salary paid to the Managing Director in his capacity as an executive of the Company. The Managing Director does not receive remuneration in the form of Directors' fees in addition to his salary.

No securities have been issued to any non-executive director under rule 10.11 or 10.14 with the approval of Shareholders at any time within the preceding 3 years.

With the Non-executive Directors noting their interest in the matter, the Board unanimously recommends that shareholders approve the increase in the maximum aggregate amount of Non-executive Director fees.

What majority of votes is required to pass Resolution 4?

Resolution 4 requires an ordinary resolution which requires it to be passed by a simple majority of the votes cast by shareholders entitled to vote on the resolution.

Voting Exclusion:

Please refer to the Notice of Meeting for the voting exclusions that apply to Resolution 4.

RESOLUTION 5 – FREEDOM FOODS EQUITY INCENTIVE PLAN (EIP) APPROVAL

The Company has introduced a new employee share scheme which is presented to Shareholders for approval at the Meeting. The EIP incorporates both broad based equity participation for eligible Australian employees as well as key executive incentive schemes.

Background

A summary of the key terms of the EIP is set out below in the Summary of EIP Key Terms and Key Policy Settings, and a copy of the rules of the EIP is available upon request from the Company.

Shareholder approval of the EIP is being sought for all purposes under the Corporations Act and the ASX Listing Rules, including ASX listing rule 7.2 (exception 9), to adopt the EIP and so that shares issued in accordance with the EIP will be excluded from the calculation of the maximum number of new shares that can be issued by the Company in any 12 month period (currently 15% of shares previously on issue) for a period of three years from the date of approval of this Resolution 5.

If this Resolution 5 is approved by Shareholders, it will have the effect of enabling the securities issued by the Company under the EIP to be automatically excluded from the formula to calculate the number of securities which the Company may issue within the 15% in 12 months limit under Listing Rule 7.1 during the next three year period.

Any future issues of securities under the EIP to a related party (including a director) or a person whose relationship with the Company or a related party is, in ASX's opinion, such that approval should be obtained, will require additional Shareholder approval under ASX Listing Rules 10.11 and 10.14 (as applicable) at the relevant time.

Previously, equity incentives have been provided under the Freedom Foods Group Employee Share Option Plan (ESOP), which was last approved by shareholders on 30 November 2006. If the EIP is approved by shareholders at this AGM no further issues will be made under the ESOP which will be terminated once all unexercised options under the ESOP have either exercised or lapsed. At the date of this notice 5,601, 667 options are held unexercised under the ESOP.

As the EIP is a new equity incentive plan to be approved by shareholders at this AGM, this plan has not yet been approved by shareholders and no securities have been issued under this plan.

EIP terms generally

The EIP is a new employee equity plan developed to meet contemporary equity design standards and to provide the greatest possible flexibility in the design and offer choices available in respect of various new equity schemes.

The EIP enables the Company to offer its employees and directors (excluding Anthony Perich and Ronald Perich) a range of different employee share scheme (ESS) interests.

These ESS interests or 'awards' include options, performance rights, service rights, deferred shares, exempt shares, cash rights and stock appreciation rights.

The type of ESS interest that may be offered will be determined by a number of factors, including:

- the remuneration or incentive purpose of the award;
- the tax jurisdiction that the participating employee lives and/or works in;
- the laws governing equity incentives where the participating employee lives and/or works; and
- the logistics and compliance costs associated with offering equity incentives where the participating employee lives and/or works.

Whenever Shares are acquired under the EIP, they may be acquired and held by the Freedom Foods Group Limited Employee Share Scheme Trust (EST). The trust deed (EST Trust Deed) outlines the rules of the EST and the responsibilities of the Trustee, the Company and the participants. A copy of the EST Trust Deed is available upon request from the Company.

Initial Offers

No offers have been made under the EIP at the date of this Meeting.

What majority of votes is required to pass Resolution 5?

Resolution 5 requires an ordinary resolution which requires it to be passed by a simple majority of the votes cast by shareholders entitled to vote on the resolution.

Voting Exclusion:

Please refer to the Notice of Meeting for the voting exclusions that apply to Resolution 5.

Directors' recommendation

The directors (with Perry Gunner, Trevor Allen and Rory Macleod all abstaining as director's eligible to participate in any employee incentive scheme) recommend you vote in favour of Resolution 5. The Chairman intends to vote all undirected proxies in favour of this resolution.

Summary of EIP Key Terms and Key Policy Settings**Eligibility**

The Board has the discretion to determine which employees are eligible to participate in the EIP. The definition of employee under the rules of the EIP includes any full time or permanent part time employee or officer or director (excluding Anthony Perich and Ronald Perich) of the Company or any related body corporate of the Company.

Vesting conditions

The vesting of any securities issued under the EIP, excluding exempt shares, may be conditional on the satisfaction of performance and/or service conditions as determined by the Board and advised to the employee in the individual's offer documents.

Exercise of securities

Vested securities issued under the EIP will not automatically trigger the exercise of the securities, but a participant will be entitled to exercise in accordance with the terms contained in the invitation to the individual.

Price

Securities issued under the EIP may be issued at no cost to the participants. Options may be subject to payment of an exercise price by the participant which is determined by the Board and advised to the participant in the individual's offer documents.

Lapse/forfeiture

Securities issued under the EIP will lapse or be forfeited on the earliest of:

- any expiry date applicable to the securities;
- any date which the Board determines that vesting conditions applicable to the securities are not met or cannot be met;
- the participant dealing in respect of the securities in contravention of the EIP; and
- the Board determining that a participant has committed an act of fraud, is ineligible to hold the office for the purposes of Part 2D.6 of the Corporations Act, or is found to have acted in a manner that the Board considers to constitute gross misconduct.

Board may elect to settle in cash

If the Board determines that it is not appropriate for tax, legal, regulatory or compliance reasons to issue or transfer Shares upon satisfaction of its obligations under the plan, the Company may make a cash payment to the participant in accordance with the terms of the plan for equivalent value.

Waiving the restricted period

The Board may waive or shorten any restriction period applicable to securities issued under the EIP, as contained in the offer to the participant.

Change of Control

On the occurrence of a Change of Control (as defined in the rules of the EIP), the Board will determine, in its sole and absolute discretion, the manner in which vested and unvested securities issued under the EIP shall be dealt with.

Cessation of employment

All unvested securities issued under the EIP lapse immediately on termination of employment unless any Leaver's Policy applies or the Board determines otherwise depending on the circumstances.

No dealing or hedging

Dealing restrictions apply to securities issued under the EIP in accordance with the rules of the EIP and the Company's share trading policy. Participants are prohibited from hedging or otherwise protecting the value of unvested securities issued under the EIP.

Rights attaching to Shares

Shares issued under the plan will rank equally for dividends and other entitlements, be subject to any restrictions imposed under these rules and otherwise rank equally with the existing Shares on issue at the time of allotment.

Company may issue or acquire shares

Company may, in its discretion, either issue new shares or acquire shares already on issue, or a combination of both, to satisfy the Company's obligations under the EIP.

Adjustments

Prior to the allocation of shares to a participant upon vesting or exercise of securities issued under the EIP, the Board may make any adjustment it considers appropriate to the terms of securities in order to minimise or eliminate any material advantage or disadvantage to a participant resulting from a corporate action such as a capital raising or capital reconstruction.

Limits on securities issued

The number of shares that may be issued under the EIP is set with regard to the limits prescribed under ASIC Class Order 14/1000 with respect to employee share scheme offers made without a prospectus. Currently these limits provide that the number of shares that may be issued, when aggregated with a number of shares issued during the previous 3 years from share issues under all employee share schemes established by the Company (including as a result of exercise of options to acquire shares granted to the previous five years under any such employee share scheme), must not exceed 5% of the total number of shares on issue, disregarding certain unregulated offers.

Continued operation of the plan

The plan may be suspended, terminated or amended at any time by the Board, subject to any resolution of the Company required by the listing rules.

GLOSSARY

AGM means Annual General Meeting.

Board means the board of Directors of the Company.

Closely Related Party has the meaning given in the Corporations Act.

Company means Freedom Foods Group Limited ABN 41 002 814 235.

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Group means the related bodies corporate of the Company and the Company.

Group Companies means related bodies corporate of the Company and a body corporate in which the Company has voting power of 20% or more.

Key Management Personnel has the meaning given in the accounting standards.

Meeting means the Annual General Meeting the subject of the Notice.

Notice means the notice of Annual General Meeting which accompanies this Explanatory Memorandum.

Restricted Voter means the Key Management Personnel and their Closely Related Parties.

Resolution means a resolution proposed pursuant to the Notice.