

## Natural Harmony Foods Update- October 2007

**Annual Shareholders' Meeting.** The Annual Shareholders' Meeting was held in Fort Lauderdale on August 30, 2007. Of the 110,000,000 shares outstanding, 85,667,449 shares were represented. I'm very gratified that shareholders holding 16,125,000 shares took the time to mail, fax or e-mail me authorization to vote their shares. After a business update from me we discussed obtaining the \$1,000,000 bridge loan. Pier Bjorklund of NAS Financial, who is trying to get this loan in place, presented. This effort will continue next week as Pier and I will meet with potential investors at the Freidland Conference in Las Vegas next Monday-Tuesday.

We did elect Directors at the meeting. Manny Schapiro and I were reelected. We also elected Daniel A. Carr as an outside Director.

At the conclusion of the business meeting, the sandwiches were served, Needless to say, they were well liked.

**Retail Sales.** We did experience a very slow period from March thru September. We transitioned from direct sales to sales thru Tree Of Life for Publix. This took months. We are just now stocking the Tree Of Life distribution centers and our announcement ad just came out in the October issue of the Tree Monthly Marketing magazine. We expect to rebuild our Publix distribution and open hundreds of regular Tree Of Life natural foods store customers in the coming weeks.

Kroger opted to put the sandwiches in in place of the patties. This meant we stopped shipping patties to them to allow the sell thru before starting to ship the sandwiches. That is now complete and we'll be filling orders for the sandwiches next week. We expect this rollout to continue thru November and we should be shipping them at least 400 cases a week during that period. We'll also be opening up the Texas area for Kroger.

**New Breakfast Items.** We presented at Target in late August. The Breakfast Foods Buyer loved our products and asked that we come back with 2-3 additional breakfast items for their upcoming review. Breakfast "Grab N' Go" is really hot now both in grocery and quick serve restaurants. We have the only healthy and natural options.

**Natural Products Expo East.** We or should I say "I" exhibited at Natural Expo East in Baltimore last week. Because we are very tight on cash, I opted to do the show alone. That being the case I limited the serving of samples to "meaningful" visitors. Great reaction for retailers (HEB-Central Markets) consumer publication (Prevention) and many more.

**Food Service.** After several sets of samples, business with Disney has not materialized. We will address the large food service opportunity as soon as we can afford to retain a sales representative for this business.

**Authorized Shares.** The board increased the authorized shares from 110,000,000 to 150,000,000. We will issue these very judiciously as we don't like dilution either.

**Additional Funding.** We continue to feel good about our prospects. Every step forward just takes much longer than we'd like. We clearly need additional funding. Some limited slotting funds are needed, then it's necessary to do some promotions and advertising to gain awareness and trial.

Thank you for your continued support.

Sam Dewar