

F.F.I. HOLDINGS LIMITED

a.b.n. 32 009 155 328

ASX PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30TH JUNE 2014 (APPENDIX 4E)

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F.F.I. HOLDINGS LIMITED
(ABN 32 009 155 328)

ASX APPENDIX 4E DISCLOSURE
FOR THE YEAR ENDED 30 JUNE 2014

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Movement from the previous corresponding period (12 months ended 30 June 2013) for:

Revenue from ordinary activities	up	1.2%	to	\$30,469,433
Profit / (loss) from ordinary activities after tax attributable to members	up	12.5%	to	\$3,219,640
Net profit/(loss) attributable to members	up	12.5%	to	\$3,219,640

<u>DIVIDENDS</u>	Amount per <u>security</u>	Franked amount per security
Final dividend this period	7.5 cents	7.5 cents
Final dividend previous corresponding period	13.5 cents	13.5 cents
Interim dividend - paid 24th April 2014	10.0 cents	10.0 cents
Interim dividend previous corresponding period	10.0 cents	10.0 cents
Record date for determining entitlements to the dividend		5th November 2014
Payment date for the dividend		14th November 2014

The Company's Dividend Reinvestment Plan (DRP) is currently in operation and will be in operation for the final dividend payable on the 14th November 2014. A discount of 5.0% has been set by the Board and will apply to the DRP for the final dividend. Previously lodged elections to participate in the DRP remain valid, however should shareholders wish to change their participation details, new Notice of Election forms may be obtained by contacting the Company's share register. The last date for receipt of election notices is 7th November 2014. There is no foreign sourced dividend.

<u>NET TANGIBLE ASSETS</u>	Current period 30/6/2014	Previous corresponding period 30/6/2013
Net tangible assets per security	\$3.02	\$3.06

CONTROL GAINED OR LOST OVER ENTITIES DURING THE YEAR

During the period under review the Group formed the company Prepect Australia Pty Ltd. The company is a wholly owned subsidiary of the parent company, F.F.I. Holdings Ltd.

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FOR THE YEAR ENDED 30 JUNE 2014

COMMENTARY ON FINANCIAL RESULTS

F.F.I. Holdings Limited reported a net profit after tax for the financial year ended 30 June 2014 of \$3,219,640 (up 12.5% on the previous year). The improved result was achieved as a result of an after tax increase in the value of the Company's investment properties of \$1,595,743. Net profit from the food and other operations declined by 27% to \$1,652,633, and was in line with the Company's previously announced profit guidance.

The material factors that affected the financial results were as follows;

Food Operations

During the year the Company incurred significant costs in the development, manufacture, marketing and distribution of a new range of sports nutritional retail products. The sales and gross profit contributions from the new lines were significantly below the Company expectations and the resulting inventory and manufacturing losses substantially reduced the results from food operations. The cost of the project was brought fully to account in the year under review and is not expected to have any affect on the future earnings or growth opportunities of the Company.

The result was achieved on the back of sales that were steady when compared to the previous year of \$30.3 million.

The strength of our other divisions, notably the chocolate and cake topping business, enabled the Company to absorb the financial impact of the above mentioned matters and maintain a sound rate of return on our share capital.

Property Investment

The Company has continued to make excellent progress in the development of its property investment assets during the year under review. As previously reported, the Company entered into an agreement to develop and lease out a significant area of the property held for investment purposes. The development, which comprises a transport depot and associated offices on a 1.8 hectares site, is now completed and is leased to a multi-national environmental services company for an initial period of 10 years at a commencing rental of \$741,000 per annum.

In addition to the building and construction work required under the lease, extensive civil works, including roads, sewerage, drainage, water and power supplies relating to the balance of the investment land was completed during the year. The completion of these works and the subsequent sub division of a further two prime industrial / commercial lots has resulted in a pre tax gain on revaluation of investment property of \$2,279,633 being brought to account during the year. While the gain should be considered a "one off, non cash item" the improvement places the Company in a sound position to pursue further opportunities to increase income from this valuable asset.

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COMMENTARY ON FINANCIAL RESULTS - Continued

Dividend

Consistent with the Company's policy of paying dividends in line with the cash earnings from operations, the directors have resolved to reduce the final dividend to 7.5 cents per share (previously 13.5 cents per share). Together with the interim dividend of 10 cents, this brings total ordinary dividends for the year to 17.5 cents per share fully franked (down 26% on the previous year).

In addition to the ordinary dividends of 17.5 cents per share, the Company also paid a special dividend of 25 cents fully franked during the year, bringing the total dividends for the year of 42.5 cents.

The directors are aware of the importance many shareholders place on dividend returns and will remain focused on returning to dividend growth.

Outlook

While the directors are disappointed with the decline in earnings from the food operations, excellent progress was made with the Company's property investments. The Board is confident that the factors affecting the financial results have been addressed and that the Company's proven strategy of investing for growth through innovation and productivity will continue to provide long term growth in shareholders returns.



Rodney Moonen

Chairman

29th August 2014

F.F.I. HOLDINGS LIMITED - PRELIMINARY FINAL REPORT 30 JUNE 2014
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 30th June 2014

	Note	Consolidated Group	
		2014 \$	2013 \$
Revenue	2	30,469,433	30,115,693
Other income	2	2,271,766	937,641
Changes in inventories of finished goods and work in progress		(83,918)	134,540
Raw materials and consumables used		(15,572,915)	(14,665,890)
Employee benefits expense		(6,879,406)	(7,019,942)
Depreciation and amortisation expense	3	(556,075)	(500,225)
Repairs and maintenance expense		(776,781)	(809,880)
Freight expense		(1,459,197)	(1,417,661)
Finance costs	3	(37,265)	(81,180)
Other expenses		<u>(2,744,286)</u>	<u>(2,582,112)</u>
Profit before income tax expense from continuing operations	3	4,631,356	4,110,984
Income tax expense	4	<u>(1,382,980)</u>	<u>(1,216,650)</u>
Profit after tax from continuing operations		<u>3,248,376</u>	<u>2,894,334</u>
Profit for the period		<u>3,248,376</u>	<u>2,894,334</u>
Other comprehensive income for the period		-	-
Items that will not be reclassified to profit or loss:			
Net gain on revaluation of land and buildings		-	-
Share of other comprehensive income of investments accounted for using the equity method		-	-
Income tax relating to items that will not be reclassified		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		<u>3,248,376</u>	<u>2,894,334</u>
Profit attributable to:			
Members of the Parent Entity		3,219,640	2,862,189
Non-controlling interest		<u>28,736</u>	<u>32,145</u>
		<u>3,248,376</u>	<u>2,894,334</u>
Total comprehensive income attributable to:			
Members of the Parent Entity		3,219,640	2,862,189
Non-controlling interest		<u>28,736</u>	<u>32,145</u>
		<u>3,248,376</u>	<u>2,894,334</u>
Basic earnings per share (cents per share)	5	36.2	34.7
Basic earnings per share from continuing operations (cents per share)	5	36.2	34.7

The accompanying notes form part of these accounts.

F.F.I. HOLDINGS LIMITED - PRELIMINARY FINAL REPORT 30 JUNE 2014
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at the 30th June 2014

	Note	Consolidated Group	
		2014 \$	2013 \$
CURRENT ASSETS			
Cash and cash equivalents	24	876,391	2,916,395
Trade and other receivables	7	3,956,579	4,058,970
Inventories	8	3,938,442	3,808,999
Other current assets	9	270,748	203,257
TOTAL CURRENT ASSETS		9,042,160	10,987,621
NON-CURRENT ASSETS			
Trade and other receivables	7	181,255	157,906
Financial assets	12	73,514	73,514
Property, plant and equipment	10	12,591,834	12,153,530
Investment property	11	18,519,700	12,143,058
Intangibles assets	13	402,762	402,762
Deferred tax asset	14	299,391	291,791
TOTAL NON-CURRENT ASSETS		32,068,456	25,222,561
TOTAL ASSETS		41,110,616	36,210,182
CURRENT LIABILITIES			
Trade and other payables	15	2,530,092	3,119,958
Current tax liabilities	17	(1,874)	853,200
Short-term provisions	18	859,971	834,638
TOTAL CURRENT LIABILITIES		3,388,189	4,807,796
NON-CURRENT LIABILITIES			
Long-term borrowings	16	3,000,000	-
Deferred tax liabilities	17	5,705,650	4,996,406
TOTAL NON-CURRENT LIABILITIES		8,705,650	4,996,406
TOTAL LIABILITIES		12,093,839	9,804,202
NET ASSETS		29,016,777	26,405,980
EQUITY			
Issued capital	19	15,059,211	11,482,953
Reserves	20	3,655,500	3,655,500
Retained earnings	21	10,029,626	11,023,823
Parent equity interest		28,744,337	26,162,276
Non-controlling interest	22	272,440	243,704
TOTAL EQUITY		29,016,777	26,405,980

The accompanying notes form part of these accounts.

F.F.I. HOLDINGS LIMITED - PRELIMINARY FINAL REPORT 30 JUNE 2014
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30th June 2014

	\$	\$	\$	\$	\$
Consolidated Group	Ordinary Share Capital	Retained Earnings	Reserves	Non- controlling Interests	Total
Balance at 1 July 2012	10,337,282	9,962,288	3,655,500	211,559	24,166,629
Comprehensive income					
Profit attributable to members of parent entity	-	2,862,189	-	-	2,862,189
Profit attributable to minority shareholders	-	-	-	32,145	32,145
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	2,862,189	-	32,145	2,894,334
Transactions with owners, in their capacity as owners, and other transfers	-	-	-	-	-
Shares issued during the period	1,145,671	-	-	-	1,145,671
Dividends recognised for the period	-	(1,800,654)	-	-	(1,800,654)
Total transactions with owners and other transfers	1,145,671	(1,800,654)	-	-	(654,983)
Balance at 30 June 2013	11,482,953	11,023,823	3,655,500	243,704	26,405,980
Balance at 1 July 2013	11,482,953	11,023,823	3,655,500	243,704	26,405,980
Comprehensive income					
Profit attributable to members of parent entity	-	3,219,640	-	-	3,219,640
Profit attributable to minority shareholders	-	-	-	28,736	28,736
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	3,219,640	-	28,736	3,248,376
Transactions with owners, in their capacity as owners, and other transfers	-	-	-	-	-
Shares issued during the period	3,576,258	-	-	-	3,576,258
Dividends recognised for the period	-	(4,213,837)	-	-	(4,213,837)
Total transactions with owners and other transfers	3,576,258	(4,213,837)	-	-	(637,579)
Balance at 30 June 2014	15,059,211	10,029,626	3,655,500	272,440	29,016,777

The accompanying notes form part of these accounts.

F.F.I. HOLDINGS LIMITED - PRELIMINARY FINAL REPORT 30 JUNE 2014
CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 30th June 2014

		Consolidated Group	
		2014	2013
Note		\$	\$
CASH FLOW FROM OPERATING ACTIVITIES			
	Receipts from customers	30,531,969	31,098,198
	Payments to suppliers and employees	(28,274,265)	(27,145,518)
	Dividends received	171	3,329
	Interest received	35,979	42,778
	Finance costs	(37,265)	(81,180)
	Income tax paid	(1,536,410)	(818,923)
	Net cash provided by (used in) operating activities	<u>720,179</u>	<u>3,098,684</u>
23			
CASH FLOW FROM INVESTING ACTIVITIES			
	Purchase of property, plant and equipment	(991,621)	(1,478,292)
	Proceeds from sale of property, plant and equipment	5,000	63,735
	Proceeds from sale of investment properties	-	3,129,549
	Investment property development costs	(4,112,634)	(327,377)
	Net cash provided by (used in) investing activities	<u>(5,099,255)</u>	<u>1,387,615</u>
CASH FLOW FROM FINANCING ACTIVITIES			
	Proceeds from borrowings	3,000,000	-
	Repayment of borrowings	-	(1,500,000)
	Repayment of employee share loans	46,652	57,776
	Dividend paid by parent entity	(707,580)	(654,983)
	Net cash provided by (used in) financing activities	<u>2,339,072</u>	<u>(2,097,207)</u>
	Net increase (decrease) in cash held	(2,040,004)	2,389,092
	Cash at beginning of financial year	<u>2,916,395</u>	<u>527,303</u>
	Cash at end of financial year	<u>876,391</u>	<u>2,916,395</u>
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The accompanying notes form part of these accounts.

F.F.I. HOLDINGS LIMITED
NOTES TO THE PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30th JUNE 2014

1. BASIS OF PREPARATION OF THE PRELIMINARY FINAL REPORT

This financial report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E. The accounting policies have been consistently applied, unless otherwise stated.

The financial report covers the economic entity of F.F.I. Holdings Limited and controlled entities.

F.F.I. Holdings Limited is a listed public company, incorporated and domiciled in Australia.

F.F.I. HOLDINGS LIMITED
NOTES TO THE PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30th JUNE 2014

	Consolidated Group	
	2014	2013
	\$	\$
2. REVENUE		
Sales Revenue		
Sales of goods	30,254,020	30,037,978
Dividends received	171	34,937
Interest received	35,979	42,778
Rent received	156,463	-
Other revenue	22,800	-
Total Revenue	30,469,433	30,115,693
(a) Dividend revenue from Other corporations	171	34,937
Total dividend revenue	171	34,937
(b) Interest revenue from Other corporations	35,979	42,778
Total interest revenue	35,979	42,778
(c) Rental revenue from Other corporations	156,463	-
Total rental revenue	156,463	-
Other Income		
Gain on revaluation of investment property	2,279,633	-
Gain on sale of investment property	-	885,274
Gain/(Loss) on disposal of plant and equipment	(7,867)	52,367
Total Other Income	2,271,766	937,641
3. PROFIT FOR THE YEAR		
Operating profit from ordinary activities before income tax has been determined after:		
Expenses :		
Cost of sales	24,752,499	23,656,213
Finance costs - external	37,265	81,180
Depreciation of non - current assets:		
Buildings	59,722	44,097
Plant and equipment	496,353	456,128
Bad and doubtful debts - trade receivables	3,705	20,398
Rental expenses on operating leases	47,751	43,317
Employee benefits:		
Superannuation	467,294	436,647

F.F.I. HOLDINGS LIMITED
NOTES TO THE PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30th JUNE 2014

	Consolidated Group	
	2014	2013
	\$	\$
4. INCOME TAX		
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows :		
Prima facie tax payable on profit from ordinary activities before income tax at 30 %	1,389,407	1,233,295
Add tax effect of :		
Non-deductible depreciation and amortisation	17,917	13,229
Other non-allowable items	1,411	1,249
Under provision for income tax in prior year	-	-
	<u>1,408,735</u>	<u>1,247,773</u>
Less tax effect of :		
Rebatable fully franked dividends	73	10,481
Over provision for income tax in prior year	-	-
Other tax benefits	25,682	20,642
	<u>25,682</u>	<u>20,642</u>
Income tax expense applicable to operating profit from ordinary activities before tax	<u>1,382,980</u>	<u>1,216,650</u>
5. EARNINGS PER SHARE		
Basic earnings per share (cents per share)	36.2	34.7
Basic earnings per share from continuing operations (cents per share)	36.2	34.7
Basic earnings per share from discontinued operations (cents per share)	-	-
(a) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	8,902,743	8,242,417
(b) Classification of securities		
Diluted earnings per share is calculated after classifying all options on issue (if any) at balance date as potential ordinary shares.		
There were no options outstanding as at 30th June 2014.		

F.F.I. HOLDINGS LIMITED
NOTES TO THE PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30th JUNE 2014

	Consolidated Group	
	2014	2013
	\$	\$
6. DIVIDENDS PAID AND PROPOSED		
Final ordinary dividend of 13.5 cents per share (fully franked) paid on the 24th October 2013	1,137,856	972,046
Special dividend of 25.0 cents per share (fully franked) paid on the 20th December 2013	2,154,759	-
Interim ordinary dividend of 10.0 cents per share (fully franked) paid on the 24th April 2014	921,222	828,608
	<u>4,213,837</u>	<u>1,800,654</u>
Final ordinary dividend of 7.5 cents per share (fully franked) payable on the 14th November 2014	<u>703,883</u>	<u>1,137,856</u>
7. RECEIVABLES		
CURRENT		
Trade debtors	3,984,579	4,086,970
Less : Provision for doubtful debtors	(28,000)	(28,000)
	<u>3,956,579</u>	<u>4,058,970</u>
NON-CURRENT		
F.F.I. Holdings Ltd -Employee share plan	<u>181,255</u>	<u>157,906</u>
	<u>181,255</u>	<u>157,906</u>
8. INVENTORIES		
CURRENT		
Raw materials and stores	2,543,574	2,330,213
Finished goods	1,394,868	1,478,786
	<u>3,938,442</u>	<u>3,808,999</u>
9. OTHER ASSETS		
CURRENT		
Prepayments	270,748	203,257
	<u>270,748</u>	<u>203,257</u>

F.F.I. HOLDINGS LIMITED
NOTES TO THE PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30th JUNE 2014

	Consolidated Group	
	2014	2013
	\$	\$
10. PROPERTY, PLANT AND EQUIPMENT		
Freehold land at fair value	5,152,500	5,152,500
Total freehold land	<u>5,152,500</u>	<u>5,152,500</u>
Buildings at fair value	1,766,955	1,766,955
Less provision for depreciation	(617,930)	(573,833)
Total freehold land and buildings	<u>1,149,025</u>	<u>1,193,122</u>
Plant and equipment at cost	11,916,563	10,962,442
Less provision for depreciation	(5,626,254)	(5,154,534)
Total plant and equipment	<u>6,290,309</u>	<u>5,807,908</u>
Total property, plant and equipment	<u>12,591,834</u>	<u>12,153,530</u>

The Group's land was revalued at 30th June 2014 by directors. The value adopted as at 30th June 2014 is based on an assessment by directors of the property's fair market value. The methodology used for the assessment incorporated a valuation performed at 30th June 2014 by a licensed independent valuer as well as consideration of other current relevant factors and market conditions. Fair market value was supported by market evidence and makes use of assumptions that a market participant would anticipate based on highest and best use of the property.

Movements in Carrying Amounts -

Freehold land		
Balance at the beginning of year	5,152,500	5,152,500
Additions	-	-
Revaluation increments	-	-
	<u>5,152,500</u>	<u>5,152,500</u>
Buildings		
Balance at the beginning of year	1,193,122	1,237,219
Buildings additions at cost	-	-
Depreciation	(44,097)	(44,097)
Carrying amount at end of year	<u>1,149,025</u>	<u>1,193,122</u>
Plant and equipment		
Balance at the beginning of year	5,807,908	4,797,112
Additions	991,621	1,478,292
Disposals	(12,867)	(11,368)
Depreciation expense	(496,353)	(456,128)
Carrying amount at end of year	<u>6,290,309</u>	<u>5,807,908</u>
Total carrying amount at end of year	<u>12,591,834</u>	<u>12,153,530</u>

11. INVESTMENT PROPERTY

Balance at beginning of year	12,143,058	14,059,956
Fair value adjustments	2,279,633	-
Property development costs	4,112,634	327,377
Land sold	-	(2,244,275)
Provision for depreciation	(15,625)	-
Balance at end of year	<u>18,519,700</u>	<u>12,143,058</u>

The fair value model is applied to all investment properties. Investment properties are valued annually by directors at each balance date. The value as at 30th June 2014 is based on an assessment by directors of the properties' current active open market value. The methodology used for the assessment incorporated a valuation performed on the 30th June 2014 by a licensed independent valuer as well as consideration by the directors of relevant current factors and market conditions. As at 30th June 2014 the directors adopted the value assessed by the independent valuer.

F.F.I. HOLDINGS LIMITED
NOTES TO THE PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30th JUNE 2014

	Consolidated Group	
	2014	2013
	\$	\$
12. FINANCIAL ASSETS		
Available for sale financial assets comprise:		
Shares in unlisted corporations at cost	71,534	71,534
Shares in corporations listed on a prescribed stock exchange	1,980	1,980
	<u>73,514</u>	<u>73,514</u>
13. INTANGIBLE ASSETS		
Trademarks and Goodwill	402,762	402,762
	<u>402,762</u>	<u>402,762</u>
14. DEFERRED TAX ASSETS		
The future income tax benefit is made up of the following estimated tax benefits :-		
Tax losses	-	-
Timing differences	299,391	291,791
	<u>299,391</u>	<u>291,791</u>
15. PAYABLES		
CURRENT		
Trade and other payables	2,530,092	3,119,958
	<u>2,530,092</u>	<u>3,119,958</u>
16. INTEREST BEARING LIABILITIES		
CURRENT		
Bank Overdraft	-	-
NON-CURRENT		
Bank Loan	3,000,000	-
	<u>3,000,000</u>	<u>-</u>
All bank borrowings are reviewed annually by the company's management and the company's bank. The next review date is 29 October 2014. The company is comfortably within its financial covenants and all bank borrowings have been consistently kept in place in prior financial years after the completion of the annual review. At the date of this report the directors of the company fully expect all bank facilities to be continued at the next review date, and on this basis the facilities have been classified as non-current.		
17. TAX LIABILITIES		
CURRENT		
Income tax	(1,874)	853,200
NON-CURRENT		
Deferred tax liabilities	5,705,650	4,996,406
	<u>5,705,650</u>	<u>4,996,406</u>

F.F.I. HOLDINGS LIMITED
NOTES TO THE PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30th JUNE 2014

	Consolidated Group	
	2014	2013
	\$	\$
18. SHORT TERM PROVISIONS		
CURRENT		
Employee benefits	859,971	834,638
	<u>859,971</u>	<u>834,638</u>
19. ISSUED CAPITAL		
9,385,111 (2013: 8,428,561) fully paid ordinary shares	15,059,211	11,482,953
	<u>15,059,211</u>	<u>11,482,953</u>
20. RESERVES		
Asset Revaluation Reserve		
Movements during the year		
Opening balance	3,655,500	3,655,500
Movement during the year	-	-
Closing balance	<u>3,655,500</u>	<u>3,655,500</u>
21. RETAINED EARNINGS		
Retained earnings at the beginning of the financial year	11,023,823	9,962,288
Net profit attributable to members of the parent entity	3,219,640	2,862,189
Dividends provided for or paid	<u>(4,213,837)</u>	<u>(1,800,654)</u>
Retained earnings at the end of the financial year	<u>10,029,626</u>	<u>11,023,823</u>
22. NON-CONTROLLING INTEREST		
Outside equity interest comprises		
Issued capital (a)	23,200	23,200
Retained earnings (b)	249,240	220,504
	<u>272,440</u>	<u>243,704</u>
(a) Non-controlling interest in issued and paid-up capital of controlled entities		
Issued ordinary shares of \$1 each fully paid Tradition Smallgoods Pty Ltd (number of shares)	2,250	2,250
(b) Retained profits		
Opening balance of retained profits	220,504	188,359
Share of operating profit	28,736	32,145
Dividend paid or provided	-	-
	<u>249,240</u>	<u>220,504</u>

F.F.I. HOLDINGS LIMITED
NOTES TO THE PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30th JUNE 2014

	Consolidated Group	
	2014	2013
	\$	\$
23. CASH FLOW INFORMATION		
Reconciliation of cash flow from operations with operating profit from ordinary activities after income tax		
Profit from ordinary activities after income tax	3,248,376	2,894,334
Non-cash flows in profit from ordinary activities		
Gain on revaluation of investment property	(2,279,633)	-
Depreciation	556,075	500,225
Increases in provisions	25,333	24,084
(Profit) / loss on sale of property, plant and equipment	7,867	(52,367)
(Profit) / loss on sale of investment land	-	(885,274)
Decrease / (increase) in trade and other receivables	102,391	1,080,618
Decrease / (increase) in prepayments	(67,491)	(103,038)
Decrease / (increase) in inventories	(129,443)	112,617
Decrease / (increase) in financial assets	-	(31,608)
Increase / (decrease) in creditors and accruals	(589,866)	(838,634)
Decrease / (increase) in deferred tax asset	(7,600)	127,771
Increase / (decrease) in income tax payable	(855,074)	811,633
Increase / (decrease) in deferred tax payable	709,244	(541,677)
Cash flow from operations	<u>720,179</u>	<u>3,098,684</u>

24. RECONCILIATION OF CASH

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the balance sheet as follows -

Cash at bank	876,391	916,395
Short-term bank deposits	-	2,000,000
Overdrafts	-	-
	<u>876,391</u>	<u>2,916,395</u>

25. AUDIT STATUS

This report is based on accounts which are in the process of being audited.

At the date of this report, the directors are not aware of any matter that will result in a qualification of the audit report.

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26. FINANCIAL REPORTING BY SEGMENTS

	<u>2014</u>	Bakery Segment \$	Smallgoods Segment \$	Investment Property \$	Total \$
REVENUE					
Sales revenue		22,945,750	7,308,270	-	30,254,020
Rental revenue		-	-	156,463	156,463
Unallocated revenue		-	-	-	58,950
Total segment revenue					<u>30,469,433</u>
Other Income		(3,055)	(4,812)	2,279,633	<u>2,271,766</u>
RESULT					
Segment net profit before tax		1,909,248	204,756	2,383,206	4,497,210
Unallocated Items					<u>134,146</u>
					<u>4,631,356</u>
ASSETS					
Segment assets		13,133,021	2,618,709	18,519,700	34,271,430
Unallocated assets					6,839,186
Total group assets					<u>41,110,616</u>
LIABILITIES					
Segment liabilities		13,026,771	1,256,509	7,263,736	21,547,016
Inter-segment eliminations					<u>(9,453,177)</u>
Total group liabilities					<u>12,093,839</u>
	<u>2013</u>				
REVENUE					
Sales revenue		22,312,322	7,725,656	-	30,037,978
Unallocated revenue		-	-	-	77,715
Total segment revenue					<u>30,115,693</u>
Other Income		52,367	-	885,274	<u>937,641</u>
RESULT					
Segment net profit before tax		2,950,784	217,904	885,274	4,053,962
Unallocated Items					<u>57,022</u>
					<u>4,110,984</u>
ASSETS					
Segment assets		12,600,650	2,513,755	12,143,058	27,257,463
Unallocated assets					8,952,719
Total group assets					<u>36,210,182</u>
LIABILITIES					
Segment liabilities		11,830,874	1,295,233	3,579,846	16,705,953
Inter-segment eliminations					<u>(6,901,751)</u>
Total group liabilities					<u>9,804,202</u>

27. BUSINESS COMBINATIONS

During the period under review the Group formed the company Prepact Australia Pty Ltd. The company is a wholly owned subsidiary of the parent company, F.F.I. Holdings Ltd.

Prepact Australia Pty Ltd has a share capital of \$100 and was established to improve customer sales information and management within the Group.

28. INTEREST IN SUBSIDIARIES

Information about Principal Subsidiaries

Set out below are the Group's subsidiaries at 30 June 2014. The subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the Group and the proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's country of incorporation or registration is also its principal place of business.

Name of Subsidiary	Principal Place of Business	Ownership Interest Held by the Group		Proportion of Non-controlling Interests	
		At 30 June 2014	At 30 June 2013	At 30 June 2014	At 30 June 2013
Fresh Food Industries Pty Ltd	Perth, Australia	100%	100%	-	-
Chocolate Products of Australia Pty Ltd	Perth, Australia	100%	100%	-	-
Prepact Australia Pty Ltd	Perth, Australia	100%	-	-	-
Tradition Smallgoods Pty Ltd	Perth, Australia	80%	80%	20%	20%

Subsidiaries' financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

29. FAIR VALUE MEASUREMENT

a. Recurring and Non-recurring Fair Value Measurement Amounts and the Level of the Fair Value Hierarchy within which the Fair Value Measurements are Categorised.

		Fair Value Measurements at 30 June 2014 Using:		
Description	Note	Quoted Prices in Active Markets for Identical Assets \$ (Level 1)	Significant Observable Inputs Other than Level 1 Inputs \$ (Level 2)	Significant Unobservable Inputs \$ (Level 3)
Recurring fair value measurements				
Investments in shares of unlisted corporations		-	71,534	-
Investments in shares of listed corporations		1,980	-	-
Investment Property	(i)	-	18,519,700	-
Property, plant and equipment (at revalued amounts):				
Freehold land	(ii)	-	5,152,500	-
Buildings		-	1,149,025	-
Non-recurring fair value measurements		-	-	-

		Fair Value Measurements at 30 June 2013 Using:		
Description	Note	Quoted Prices in Active Markets for Identical Assets \$ (Level 1)	Significant Observable Inputs Other than Level 1 Inputs \$ (Level 2)	Significant Unobservable Inputs \$ (Level 3)
Recurring fair value measurements				
Investments in shares of unlisted corporations		-	71,534	-
Investments in shares of listed corporations		1,980	-	-
Investment Property	(i)	-	12,143,058	-
Property, plant and equipment (at revalued amounts):				
Freehold land	(ii)	-	5,152,500	-
Buildings		-	1,193,122	-
Non-recurring fair value measurements		-	-	-

29. FAIR VALUE MEASUREMENT (continued)

b. Valuation Techniques and Inputs Used to Determine Level 2 Fair Values

- (i) The fair value measurement amounts of investment property is based on an assessment by the directors of the properties' fair market value. The methodology used for the assessment incorporated a valuation performed at 30 June 2014 by a licensed independent valuer as well as consideration of other current relevant factors and market conditions. Fair market value was supported by market evidence and makes use of assumptions that a market participant would anticipate based on highest and best use of the property.

- (ii) The fair value measurement amounts of freehold land is based on an assessment by the directors of the property's fair market value. The methodology used for the assessment incorporated a valuation performed at 30 June 2014 by a licensed independent valuer as well as consideration of other current relevant factors and market conditions. Fair market value was supported by market evidence and makes use of assumptions that a market participant would anticipate based on highest and best use of the property.

There were no changes during the reporting period in the valuation techniques used by the Group to determine Level 1, Level 2 and Level 3 fair values.

There were no transfers between Level 1, Level 2 and Level 3 during the reporting period.