

F.F.I. HOLDINGS LTD.

(A.B.N. 32 009 155 328)

AND CONTROLLED ENTITIES

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31st DECEMBER 2014

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INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31st DECEMBER 2014

ASX APPENDIX 4D DISCLOSURE
RESULTS FOR ANNOUNCEMENT TO THE MARKET

FINANCIAL RESULTS

Movement from the previous corresponding period (6 months ended 31 December 2013) for:

Revenue from ordinary activities	up	0.4%	to	\$16,080,951
Profit / (Loss) from ordinary activities after tax attributable to members	down	1.9%	to	\$1,162,958
Net Profit / (Loss) attributable to members	down	1.9%	to	\$1,162,958

DIVIDENDS

	<u>Amount Per Security</u>	<u>Franked Amount Per Security</u>
Interim dividend	8.0 cents	8.0 cents
Previous corresponding period	10.0 cents	10.0 cents
Record date for determining entitlements to dividend	14 th April 2015	
Payment date for dividend	23 rd April 2015	

The Company's Dividend Reinvestment Plan (DRP) is currently in operation and will be in operation for the interim dividend payable on the 23rd of April 2015. A discount of 5.0% has been set by the Board and will apply to the DRP for the interim 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 16th April 2015. There is no foreign sourced dividend.

NET TANGIBLE ASSETS

	<u>Current Period</u>	<u>Previous Corresponding Period</u>
Net Tangible Assets per Security	\$3.08	\$2.88

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- ***It is recommended that this report be read in conjunction with the annual financial report of the company for the year ended 30 June 2014.***

F.F.I. HOLDINGS LTD. AND CONTROLLED ENTITIES

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31ST DECEMBER 2014

CHAIRMAN'S REVIEW

On behalf of the Directors, I am pleased to report the financial results of the Company for the six month period ended 31st December 2014.

Financial results

During the period under review the Company achieved a net profit after tax attributable to members of \$1.16 million, down by 1.9% on the net profit of \$1.19 million in the previous corresponding half year. The result was achieved on total revenue of \$16.08 million, up 0.4% on total revenue of \$16.02 million in the comparable period last year.

Cash flow from operations of \$1.54 million during the half year was a highlight of the result, mainly due to lower working capital requirements. The Company's already strong financial position further improved with net assets increasing to \$29.7 million, equating to a net tangible asset backing per share of \$3.08. Net debt as at 31st December 2014 stood at \$1.89 million, representing a gearing ratio of only 6.4%.

Food operations

The key issues impacting earnings from the Company's food operations continue to be lack of sales growth and ongoing cost pressures in the Australian food manufacturing industry.

The Company is increasing resources and management focus on sales, marketing and new product development in order to address the first of these issues.

To address the second key issue, the Company continues to invest in new plant and equipment to drive cost reduction and productivity improvements across its food operations. The Company is due to complete an extensive upgrade of its chocolate milling and packing operations in late February 2015. This important project is a major initiative that is expected to deliver significant labour savings over the longer term.

The Company incurred significant non-recurring costs during the half year, including additional repairs and labour costs associated with the re-engineering of the chocolate milling factory. These one-off expenses of approximately \$0.17 million after tax were the major contributing factor to the 20% decline in net profit after tax from the Company's food operations to \$0.95 million. Although this was still an improvement over the performance of the food operations in the June 2014 half year, the Directors are disappointed with the result and are committed to improving profitability by restoring sales growth and improving operating efficiencies.

Property investment

It is pleasing to note that the period under review was the first full half year in which rental income was received on the long term lease of an investment property previously developed by the Company. This rental income of \$0.37 million in the half year represents a secure earnings stream to the Company on an ongoing basis over the long term. It was also the major contributing factor for net profit after tax of \$0.21 million being achieved from property investment during the half year compared with nil in the previous corresponding period.

Asset values for the Company's investment properties as at 31st December 2014 remain unchanged from the valuations used in the 30th June 2014 financial accounts.

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31ST DECEMBER 2014

CHAIRMAN'S REVIEW - CONTINUED

Dividend

The Directors have declared a fully franked interim dividend of 8.0 cents per share (previously 10.0 cents per share). The reduction in the interim dividend adheres to the Company's disciplined and conservative approach to capital management and takes into account the increase in the Company's issued capital as a result of the fully franked Special Dividend payment of 25 cents per share in the December 2013 half year.

The Directors understand the importance of dividends to many shareholders and remain focused on returning to dividend growth.

The Company's DRP will apply to the interim dividend which will be paid to shareholders on 23rd April 2015, with a record date of 14th April 2015.

Outlook

The economic environment remains difficult and soft business and consumer confidence is likely to continue. However, despite this environment, the Company is in a strong financial position with many opportunities for future growth.

The Company's strategy of driving growth by leveraging off its diverse manufacturing capabilities and customer network, whilst maintaining a competitive cost base for its operations, should enhance shareholder returns from food operations. In addition, the Company's long term strategy of maximising the capital value of its property investments and generating a cash flow from this valuable asset continues to progress well.



Rodney Moonen
Chairman of Directors
17th February, 2015

F.F.I. HOLDINGS LTD. AND CONTROLLED ENTITIES
F.F.I. Holdings Limited and Controlled Entities
Interim Financial Report 31st December 2014

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half year ended 31 December 2014.

Directors

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

Mr Rodney Moonen

Mr Geoffrey Nicholson

Mr Robert Fraser

Review of Operations

A review of operations is contained in the accompanying Chairman's Review on page 3.

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 5 for the half year ended 31 December 2014.

This report is signed in accordance with a resolution of the Board of Directors.



Rodney G Moonen
Director

Dated this 17th day of February 2015.

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**AUDITOR'S INDEPENDENCE DECLARATION UNDER
S307C OF THE *CORPORATIONS ACT 2001*
TO THE DIRECTORS OF FFI HOLDINGS LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2014 there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.



Neil Pace
Partner



Moore Stephens
Chartered Accountants

Signed at Perth this 17th day of February 2015

F.F.I. HOLDINGS LTD. AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	Consolidated Group	
	31.12.2014	31.12.2013
	\$	\$
Revenue	16,080,951	16,024,782
Changes in inventories of finished goods and work in progress	(299,682)	713,859
Raw materials and consumables used	(7,521,848)	(8,608,300)
Employee benefits expense	(3,653,870)	(3,663,163)
Depreciation and amortisation expense	(325,548)	(264,048)
Repairs and maintenance expense	(378,173)	(369,553)
Freight expense	(787,401)	(748,623)
Finance costs	(69,412)	-
Other expenses	(1,425,013)	(1,373,231)
Profit before income tax from continuing operations	1,620,004	1,711,723
Income tax expense	(457,046)	(513,517)
Profit after tax from continuing operations	1,162,958	1,198,206
Profit for the period	1,162,958	1,198,206
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	1,162,958	1,198,206
Net profit attributable to:		
Members of the parent entity	1,162,958	1,185,666
Non-controlling interest	-	12,540
	1,162,958	1,198,206
Total comprehensive income attributable to:		
Members of the parent entity	1,162,958	1,185,666
Non-controlling interest	-	12,540
	1,162,958	1,198,206
Basic earnings per share (cents per share)	12.3	13.9
Basic earnings per share from continuing operations (cents per share)	12.3	13.9

The accompanying notes form part of these financial statements.

F.F.I. HOLDINGS LTD. AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Note	Consolidated Group	
		31.12.2014	30.06.2014
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		1,108,800	876,391
Trade and other receivables		4,541,864	3,956,579
Inventories		3,763,815	3,938,442
Other current assets		205,121	270,748
TOTAL CURRENT ASSETS		9,619,600	9,042,160
NON-CURRENT ASSETS			
Trade and other receivables		173,753	181,255
Financial assets		71,534	73,514
Property, plant and equipment		13,048,369	12,591,834
Investment property		18,563,901	18,519,700
Intangible assets		402,762	402,762
Deferred tax assets		299,391	299,391
TOTAL NON-CURRENT ASSETS		32,559,710	32,068,456
TOTAL ASSETS		42,179,310	41,110,616
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		2,923,209	2,530,092
Current tax liabilities		(20,772)	(1,874)
Short-term provisions		876,597	859,971
TOTAL CURRENT LIABILITIES		3,779,034	3,388,189
NON-CURRENT LIABILITIES			
Long-term borrowings		3,000,000	3,000,000
Deferred tax liabilities		5,705,650	5,705,650
TOTAL NON-CURRENT LIABILITIES		8,705,650	8,705,650
TOTAL LIABILITIES		12,484,684	12,093,839
NET ASSETS		29,694,626	29,016,777
EQUITY			
Issued capital	3	15,550,426	15,059,211
Reserves		3,655,500	3,655,500
Retained earnings		10,488,700	10,029,626
Parent entity interest		29,694,626	28,744,337
Non-controlling interest		-	272,440
TOTAL EQUITY		29,694,626	29,016,777

The accompanying notes form part of these financial statements.

F.F.I. HOLDINGS LTD. AND CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

Consolidated Group	Ordinary Share Capital	Retained Earnings	Reserves	Non- controlling Interests	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2014	15,059,211	10,029,626	3,655,500	272,440	29,016,777
Comprehensive income					
Profit attributable to members of parent entity	-	1,162,958	-	-	1,162,958
Profit attributable to minority shareholders	-	-	-	-	-
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	1,162,958	-	-	1,162,958
Transactions with owners, in their capacity as owners, and other transfers	-	-	-	-	-
Derecognition of non-controlling interest upon purchase of interest by parent entity	-	-	-	(272,440)	(272,440)
Shares issued during the period	491,215	-	-	-	491,215
Dividends recognised for the period	-	(703,884)	-	-	(703,884)
Total transactions with owners and other transfers	491,215	(703,884)	-	(272,440)	(485,109)
Balance at 31 December 2014	15,550,426	10,488,700	3,655,500	-	29,694,626
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	-	1,185,666	-	-	1,185,666
Profit attributable to minority shareholders	-	-	-	12,540	12,540
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	1,185,666	-	12,540	1,198,206
Transactions with owners, in their capacity as owners, and other transfers	-	-	-	-	-
Shares issued during the period	2,919,272	-	-	-	2,919,272
Dividends recognised for the period	-	(3,292,615)	-	-	(3,292,615)
Total transactions with owners and other transfers	2,919,272	(3,292,615)	-	-	(373,343)
Balance at 31 December 2013	14,402,225	8,916,874	3,655,500	256,244	27,230,843

The accompanying notes form part of these financial statements.

F.F.I. HOLDINGS LTD. AND CONTROLLED ENTITIES**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

	Note	Consolidated Group	
		31.12.2014	31.12.2013
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		15,481,100	15,243,727
Payments to suppliers and employees		(13,412,331)	(14,706,957)
Dividends received		2,934	84
Interest received		11,010	28,056
Finance costs		(69,412)	-
Income tax paid		(475,944)	(478,462)
		<hr/>	<hr/>
Net cash provided by (used in) operating activities		1,537,357	86,448
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(758,200)	(723,520)
Proceeds from sale of property, plant and equipment		9,800	1,000
Proceeds from sale of financial assets		2,760	-
Purchase of investment in controlled entity	7	(272,440)	-
Investment property development costs		(81,701)	(1,385,430)
		<hr/>	<hr/>
Net cash provided by (used in) investing activities		(1,099,781)	(2,107,950)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of employee share loans		7,502	34,326
Dividend paid by parent entity		(212,669)	(402,942)
		<hr/>	<hr/>
Net cash provided by (used in) financing activities		(205,167)	(368,616)
		<hr/>	<hr/>
Net increase (decrease) in cash held		232,409	(2,390,118)
Cash at beginning of period		876,391	2,916,395
		<hr/>	<hr/>
Cash at end of period		1,108,800	526,277
		<hr/>	<hr/>

The accompanying notes form part of these financial statements.

F.F.I. HOLDINGS LTD. AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

These general purpose interim financial statements for the half year reporting period ended 31 December 2014 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of F.F.I. Holdings Limited and its controlled entities (referred to as the "consolidated group" or "group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2014, together with any public announcements made during the following half year.

These interim financial statements were authorised for issue on 17 February 2015 by the directors of the Company.

b. Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

c. Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent F.F.I. Holdings Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 7.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation.

Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

d. Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

F.F.I. HOLDINGS LTD. AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market,

The most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- *Market approach*: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- *Income approach*: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- *Cost approach*: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

F.F.I. HOLDINGS LTD. AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Measurements based on unobservable inputs for the asset or liability.
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

- (i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- (ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (ie transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

e. **Critical Accounting Estimates and Significant Judgments Used in Applying Accounting Policies**

The critical estimates and judgments are consistent with those applied and disclosed in the June 2014 annual report.

F.F.I. HOLDINGS LTD. AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

Consolidated Group

31.12.2014 31.12.2013

NOTE 2: DIVIDENDS

Declared interim fully franked ordinary dividend of 8.0 cents (2013: 10.0 cents) per share franked at the tax rate of 30% (2013: 30%)	<u>761,635</u>	<u>921,222</u>
Final fully franked ordinary dividend of 7.5 cents per share paid during the half year period (2013: 13.5 cents)	<u>703,883</u>	<u>1,137,855</u>
Special fully franked dividend of 25.0 cents per share paid during the December 2013 half year	<u>-</u>	<u>2,154,760</u>

NOTE 3: ISSUED CAPITAL

9,520,432 (2013: 9,212,220) fully paid ordinary shares	<u>15,550,426</u>	<u>14,402,225</u>
No. of ordinary shares at the beginning of the reporting period	9,385,111	8,428,561
Shares issued during the period –		
14 th November 2014 – DRP shares issued for final (2014) dividend	135,321	-
24 th October 2013 – DRP shares issued for final (2013) dividend	-	190,479
20 th December 2013 – DRP shares issued for special dividend	-	574,513
20 th December 2013 – ESP shares issued	-	18,667
No. of ordinary shares at the end of the reporting period	<u>9,520,432</u>	<u>9,212,220</u>

NOTE 4: CONTINGENT LIABILITIES

During the financial year ended 30 June 2014, F.F.I. Holdings Ltd provided a bank guarantee to the City of Cockburn in the amount of \$371,803 for the purpose of future road construction associated with the Company's investment properties. The bank guarantee was still in place as at 31 December 2014.

NOTE 5: EVENTS AFTER THE END OF THE INTERIM PERIOD

The directors are not aware of any significant events since the end of the interim period.

F.F.I. HOLDINGS LTD. AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

NOTE 6: OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold;
- the manufacturing process; and
- the type or class of customer for the products.

Types of products and services by segment

(i) *Bakery Segment*

The segment manufactures a wide range of predominantly bakery and home cooking needs food products for distribution to a diverse customer base.

(ii) *Smallgoods Segment*

The segment manufactures a wide range of smallgoods products for distribution to a diverse customer base.

(iii) *Investment Property*

The segment manages the Group's industrial/commercial land which is held for investment purposes. This segment does not include land held for the Group's own use.

F.F.I. HOLDINGS LTD. AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

NOTE 6: OPERATING SEGMENTS (continued)

(i) Segment performance

	Bakery Segment	Smallgoods Segment	Investment Property	Unallocated	Total
	\$	\$	\$	\$	\$
Six months ended 31/12/2014					
Revenue					
External sales	11,591,960	4,107,513	-	-	15,699,473
Rent	-	-	370,571	-	370,571
Inter-segment sales	-	-	-	-	-
Other	4,238	5,094	-	1,575	10,907
Total segment revenue	11,596,198	4,112,607	370,571	1,575	16,080,951
<i>Reconciliation of segment revenue to group revenue</i>					
Inter-segment elimination	-	-	-	-	-
Total group revenue	11,596,198	4,112,607	370,571	1,575	16,080,951
Segment net profit before tax	1,160,889	162,666	263,659	32,790	1,620,004
Six months ended 31/12/2013					
Revenue					
External sales	12,269,699	3,731,756	-	-	16,001,455
Inter-segment sales	-	-	-	-	-
Other	4,949	(3,436)	-	21,814	23,327
Total segment revenue	12,274,648	3,728,320	-	21,814	16,024,782
<i>Reconciliation of segment revenue to group revenue</i>					
Inter-segment elimination	-	-	-	-	-
Total group revenue	12,274,648	3,728,320	-	21,814	16,024,782
Segment net profit before tax	1,538,976	89,569	-	83,178	1,711,723
(ii) Segment Assets					
Opening balance 1 July 2014	13,133,021	2,618,709	18,519,700	6,839,186	41,110,616
Additions – capital expenditure	510,221	247,979	81,701	-	839,901
Disposals	(12,859)	(758)	-	-	(13,617)
Other asset movements	(69,143)	156,610	(37,500)	192,443	242,410
Closing balance 31 December 2014	13,561,240	3,022,540	18,563,901	7,031,629	42,179,310

F.F.I. HOLDINGS LTD. AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

NOTE 7: INTEREST IN SUBSIDIARIES

Information about Principal Subsidiaries

Set out below are the Group's subsidiaries at 31 December 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.

Acquisition of Controlled Entity

On 31 December 2014 F.F.I. Holdings Ltd acquired the 20% non-controlling interest in Tradition Smallgoods Pty Ltd. Consideration paid was \$272,440. Effective 31 December 2014 Tradition Smallgoods Pty Ltd is a wholly owned subsidiary of the parent Company, F.F.I. Holdings Ltd.

Name of Subsidiary	Principal Place of Business	Ownership Interest Held by the Group		Proportion of Non-controlling Interests	
		At 31 December 2014	At 30 June 2014	At 31 December 2014	At 30 June 2014
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%	100%	-	-
Tradition Smallgoods Pty Ltd	Perth, Australia	100%	80%	-	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.

F.F.I. HOLDINGS LTD. AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

NOTE 8: 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 31 December 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		-	-	-
Investment Property	(i)	-	18,563,901	-
Property, plant and equipment (at revalued amounts):				
Freehold land	(ii)	-	5,152,500	-
Buildings		-	1,126,977	-
Non-recurring fair value measurements		-	-	-

		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		-	-	-

F.F.I. HOLDINGS LTD. AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

Note 8: FAIR VALUE MEASUREMENT (continued)

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

- (i) The fair value measurement amount of investment properties 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 amount 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.

F.F.I. HOLDINGS LTD. AND CONTROLLED ENTITIES

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 7 to 19, are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half year ended on that date.
2. 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.

This declaration is made in accordance with a resolution of the Board of Directors of F.F.I. Holdings Ltd.



Rodney G Moonen
Director

Dated this 17th day of February 2015.

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF FFI HOLDINGS LTD**

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Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of FFI Holdings Ltd and controlled entities ("the consolidated entity") which comprises the condensed statement of financial position as at 31 December 2014, and the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, the accounting policies, other selected explanatory notes, and the director's declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of FFI Holdings Ltd ("the company") are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*, and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 Australian Auditing Standards on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the financial report is not presented fairly, in all material respects, in accordance with the *Corporations Act 2001*. As the auditor of FFI Holdings Ltd, 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 account 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.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's review report relates to the financial report of FFI Holdings Limited and controlled entities for the period ended 31 December 2014 included on FFI Holdings Limited's website. The company's directors are responsible for the integrity of FFI Holdings Limited's website. We have not been engaged to report on the integrity of the FFI Holdings Limited's website. The auditor's review report refers only to the subject matter described above. It does not conclude on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

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F.F.I. HOLDINGS LTD. AND CONTROLLED ENTITIES

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of FFI Holdings Limited on 25 November 2014, would be in the same terms if provided to the directors as at the date of this auditor's review report.

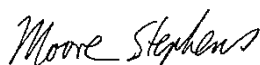
Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of FFI Holdings Limited and controlled entities is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.



Neil Pace
Partner



Moore Stephens
Chartered Accountants

Signed at Perth this 17th day of February 2015