

# **F.F.I. HOLDINGS LIMITED**

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## **ASX ANNOUNCEMENT**

### **Divestment – Olympic Fine Foods / Acquisition – Snowflake Icing Sugar**

FFI Holdings Ltd (FFI) is pleased to announce that it has entered into a number of agreements with respect to the future direction and growth of the Company. These important initiatives result from the strategic review by the Board of the Company's operations and assets to ensure the maximum long term return on shareholders equity.

#### **Olympic Fine Foods**

FFI has reached an agreement to sell its Olympic Fine Foods business division. The Olympic Fine Foods business is mainly concerned with the retail sale and distribution of dried fruits, nuts and snack foods in Western Australia. The agreement provides for the sale and relocation of the business to Stirling Foods and the formation of a strategic alliance between Stirling Foods and FFI. Stirling Foods is the leader in this market category in Western Australia and has an extensive selling and distribution network throughout the state. The objective of the strategic alliance is for the parties to the agreement to work together to utilize FFI's extensive food manufacturing capabilities with Stirling Foods marketing, selling and distribution resources.

The consideration for the sale of the business of \$1.83 million (including stock), exceeds the book carrying value of the assets sold and after providing for transaction and income tax expenses FFI expects to record a profit of \$400,000 on the transaction.

The net result of this transaction is not expected to have any material negative effect on the current profitability of FFI.

This important strategic initiative will deliver a number of benefits to FFI –

- increase the management focus on the Company's other core national business operations.
- provide the capital and factory space necessary for these rapidly expanding existing operations.
- provide access to a more extensive and focused sales and distribution network in Western Australia for FFI's other manufactured products.

This proposal satisfies our objective of maximizing the long term return on shareholders equity by achieving growth through forming effective strategic alliances to optimise the resources of the Group.

### **Snowflake Icing Sugar**

FFI has entered into a contract to acquire the “Snowflake” icing sugar brand. Snowflake is a premium quality retail icing sugar brand, owned by Anchor Foods Pty Ltd, based in Western Australia and available from leading supermarkets and retail outlets. The brand which is being acquired is an ideal fit and will complement the Company’s existing “Softa” icing sugar brand.

The purchase together with working capital requirements will require an investment of \$250,000 and will be funded from cash reserves.

While the sales of the “Snowflake” branded product is not expected to significantly effect current revenue or profit levels, the acquisition does further strengthen FFI’s position in the icing sugar market and the “home cooking needs” retail category and will provide opportunities for further growth.

FFI is West Australia’s leading manufacturer of icing sugar with current production exceeding 2,500 tonnes per annum, mainly for industrial use.

### **About FFI Holdings Ltd**

F.F.I. Holdings Ltd is a West Australian based food company with manufacturing, processing and packing operations covering the following areas –

- ◆ “Chocolate Products of Australia” – industrial supply of chocolate and chocolate compounds.
- ◆ “Nemar Cake Toppings” – cake toppings and confectionery products.
- ◆ “Prepact”- contract packing and blending.
- ◆ “Golden Popcorn”– popcorn snack foods.
- ◆ “Fresh Food Industries” – bakers jams and fruit fillings.
- ◆ “Tradition Smallgoods” – fresh sausages, bacon and processed meat products.

**Rodney Moonen**  
**Chairman**  
**21 September 2010**