



28 June 2010

## **SPECIAL DIVIDEND AND DIVIDEND REINVESTMENT PLAN**

The Board of FFI Holdings Limited (“**FFI**” or the “**Company**”) announced some time ago that it was examining capital management initiatives in relation to the Company’s substantial accumulated franking credits. The affect on capital markets of the recent global financial crisis unfortunately resulted in the deferral of these initiatives.

However, the improving outlook for financial markets, the strength of FFI’s financial position and the Company’s favourable trading outlook detailed in its recent profit guidance have enabled the Board to progress these initiatives.

The Board is now pleased to announce that FFI has declared a **special fully franked dividend of \$0.50 per share (“Special Dividend”)** in conjunction with the introduction of a new dividend reinvestment plan. The Record Date for the Special Dividend will be Friday 13 August 2010 and it will be paid to shareholders on Friday 27 August 2010. The Special Dividend represents a total dividend of around \$3.5 million.

The Special Dividend will distribute to shareholders a significant part of FFI’s accumulated franking credits. The Board believes that this capital management initiative will add significant value for shareholders and will assist to improve FFI’s shareholder spread and the liquidity of its shares.

The Board also reviewed the Rules of the existing dividend reinvestment plan. These Rules had not been updated or modified since the plan was introduced 15 years ago, despite circumstances having changed significantly since that time. As a result, the Board concluded that the degree of flexibility for both FFI and its shareholders with respect to the existing plan, to implement the Special Dividend proposal for example, was less than that afforded by more modern plans.

Accordingly, the Board has decided to terminate the existing F.F.I. Holdings Ltd. Dividend Reinvestment Plan (“**previous Plan**”) and to implement a new FFI Holdings Limited Dividend Reinvestment Plan (“**new Plan**”). The termination of the previous Plan will be effective from 4 August 2010.

The key terms of the new Plan, together with the Rules, are contained in the Information Booklet for Shareholders, dated 28<sup>th</sup> June 2010. The new Plan will operate with respect to the Special Dividend. Shareholders should carefully read the Information Booklet in full and seek independent professional advice if necessary.

Participation in the new Plan is voluntary and eligible shareholders (shareholders with registered addresses in Australia and New Zealand only) may elect to take all or part of their Special Dividend in the form of cash or shares in accordance with the Rules of the new Plan. If shareholders choose not to participate in the new Plan they will receive their dividends in cash.

The Board has determined that shares will be issued under the new Plan at a **discount of 10%** to the volume weighted average ASX market price (on an ex-dividend basis) of FFI shares during the five trading days immediately preceding and inclusive of the Record Date for the relevant dividend. The issue price of shares under the new Plan with respect to the Special Dividend will also be subject to a **price cap of \$3.50 per share**.

The Directors of FFI intend to participate in the new Plan in respect of FFI shares held by them or on their behalf and together representing approximately \$1.25 million of the total Special Dividend. FFI has also entered into an Underwriting Agreement with Taylor Collison Limited stockbrokers to underwrite the new Plan to the extent of any shortfall up to \$1.75 million under the Special Dividend.

The effect of the underwriting, combined with the intended participation of the Directors and the likely participation of other shareholders in the new Plan, should be that the Special Dividend will involve minimal net cash outlay for the Company, other than underwriting and associated costs. Accordingly, FFI's gearing and capital ratios essentially should not be affected by the Special Dividend.

The timetable for the Special Dividend is as follows:

Event	Date
Ex-dividend trading commences	Monday 9 August 2010
Record Date for Special Dividend	5pm (Perth time) Friday 13 August 2010
Payment Date and Issue of Shareholding Statements	Friday 27 August 2010

Please note that any previous participation shareholders may have had in the previous Plan is no longer operative. Accordingly, **if shareholders wish to participate in the new Plan, they must complete the Election Form (which will be enclosed with the Information Booklet to be mailed to shareholders shortly) according to the instructions on the form and return it to the share registry. The form must be received at the share registry on or before the Record Date for the Special Dividend of Friday 13 August 2010.**

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