F.F.I. HOLDINGS LTD

a.b.n. 32 009 155 328

ASX PRELIMINARY FINAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

(APPENDIX 4E)

Contents:

FFI HOLDINGS LTD

FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2006

CHAIRMANS REVIEW

On behalf of the directors I am pleased to report that our company has recorded a record profit after tax of $ 1,551,000 for the year ended 30 June 2006.

Notwithstanding that it was a difficult year for our company in the Australian food industry we have again been able to deliver significant growth to our shareholder's equity.

Total shareholders equity increased by 10% to $9.5 million after payments of dividends of $816,000, a further 9% return on total equity.

Your directors are pleased with the overall result, however there is still considerable improvements to be achieved in our food operations in the current year.

Financial Results – New Reporting Format

The year under review is the first year we are reporting our results under the new international financial reporting standards. On adoption of these standards we have restated the results of the previous financial year to reflect the changes and provide a consistent basis for financial comparative purposes.

The most significant effect of these new standards is the reclassification of our land held as an investment as a separate item. This asset was previously recorded with the land occupied by our factories under the "property plant and equipment" classification. Under the new standards the increase in value of this property investment is now brought to account as income on an annual basis.

Financial Results – Overview

Net profit after tax attributable to shareholders increased 29% to $1.5 million during the year. Earnings per share have increased from 19.2 to 24.0 cents per share an increase of 25%, while dividends have been maintained at 13.25 cents in order to provide for further growth opportunities. This result was achieved despite a significant fall in the underlying profitability of our food manufacturing operations when compared with the previous year.

Strong growth from our investment properties more than offset the decline in profits from the food operations and enabled us to achieve another record result for our company.

Food Operations

Trading conditions in the Australian food industry remained difficult throughout the year. Flat sales and reduced profit margins significantly effected our profits from food operations. While generally our various food business units performed well and enjoyed sound growth overall sales were held flat by the rationalisation of a number of product lines by the major retail chains and increased competition from imported products. In addition the record high raw material costs of sugar and increases in other input costs reduced profit margins.

Your directors believe the current difficulties in the food industry are only short term issues for our company. Our food operations are made up of a number of quality food businesses that will continue to perform well in the niche markets in which they operate. The planned roll out of new products together with the ongoing process of continual operational improvements will ensure future profit growth in the longer term.

FFI HOLDINGS LTD
FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2006
CHAIRMANS REVIEW (Continued)

Property Investments
Our Company continued to enjoy strong growth in value from our investment properties during the year under review. Unrealised gains (after allowing for deferred income tax) amounted to $657,000 compared with $469,000 in the previous year.

The total value of our investment properties at 30 June 2006 amounted to $4 million and now represents a significant asset of our Group. Your directors have therefore, carefully investigated all aspects of the value of these properties and their potential for further development. Based on these investigations we are confident that these assets will continue to deliver significant profits for our Group over the next five years.

The properties are made up of three titles and, excluding the land occupied for our own use, total 67,000 square meters of prime industrial / commercial land. Subject to the normal statutory approval processes the land can be further developed and subdivided into approximately 22 separate lots. The land is adjacent to the developing Cockburn Central Town Centre and will have immediate access to the new metro rail system. The completion of these regional developments together with the proposed major road improvements in the area will ensure these properties continue to deliver significant long-term value for shareholders.

Dividends
Your directors have recommended a final dividend of 7.25 cents per share (fully franked). This brings the total dividend for the year to 13.25 cents, unchanged from the previous year.

Outlook
The outlook for our company remains very positive. We have a sound financial position with low debts and a strong cashflow from quality businesses. Your Board is focused on continuing to improve our operating performance and are pursuing a number of strategies to achieve further growth.

Rodney G. Moonen

Chairman of Directors

7th September 2006

F.F.I. HOLDINGS LIMITED

(ABN 32 009 155 329)

ASX APPENDIX 4E DISCLOSURE
FOR THE YEAR ENDED 30 JUNE 2006

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Movement from the previous corresponding period (12 months ended 30 June 2005) for;

Revenue from ordinary activities	down	0.1%	to	$20,260,255
Profit / (loss) from ordinary activities after tax attributable to members	up	28.5%	to	$1,480,451
Net profit/(loss) attributable to members	up	28.5%	to	$1,480,451

DIVIDENDS	Amount per security	Franked amount per security
Final dividend this period - proposed	7.25 cents	7.25 cents
Final dividend previous corresponding period	7.25 cents	7.25 cents
Interim dividend - paid 4th July 2006	6.00 cents	6.00 cents
Interim dividend previous corresponding period	6.00 cents	6.00 cents

Record date for determining entitlements to the dividend; 8th December 2006

Payment date for the dividend; 15th December 2006

NET TANGIBLE ASSETS	Current period	Previous corresponding period
Net tangible assets per security	$1.49	$1.38

F.F.I. HOLDINGS LIMITED - PRELIMINARY FINAL REPORT 30 JUNE 2006
CONSOLIDATED INCOME STATEMENT
for the year ended 30th June 2006

		Economic Entity	
	Note	2006 $	2005 $
Revenue	3	20,260,255	20,276,543
Other income	3	939,246	670,890
Changes in inventories of finished goods and work in progress		(88,552)	482,332
Raw materials and consumables used		(11,070,141)	(11,992,659)
Employee benefits expense		(4,349,480)	(4,098,095)
Depreciation and amortisation expense	4	(375,712)	(337,134)
Repairs and maintenenace		(456,017)	(509,754)
Freight		(823,617)	(779,140)
Finance costs	4	(155,679)	(115,146)
Other expenses from ordinary activities		(1,656,060)	(1,877,660)
Profit from ordinary activities before income tax expense	4	2,224,243	1,720,177
Income tax expense relating to ordinary activities	5	(672,589)	(521,698)
Profit from ordinary activities after related income tax expense		1,551,654	1,198,479
Profit for the year		1,551,654	1,198,479
Profit attributable to minority equity interests		(71,203)	(46,725)
Profit attributable to members of the parent entity		1,480,451	1,151,754
Basic earnings per share (cents per share)	7	24.0	19.2
Diluted earnings per share (cents per share)	7	24.0	19.2

The accompanying notes form part of these accounts.

F.F.I. HOLDINGS LIMITED - PRELIMINARY FINAL REPORT 30 JUNE 2006
CONSOLIDATED BALANCE SHEET
as at the 30th June 2006

		Economic Entity	
		2006	**2005**
	Note	**$**	**$**
CURRENT ASSETS			
Cash and cash eqivalents	26	144,606	253,802
Trade and other receivables	9	2,653,171	2,158,696
Inventories	10	2,324,321	2,317,132
Other current assets	11	27,062	129,650
TOTAL CURRENT ASSETS		5,149,160	4,859,280
NON-CURRENT ASSETS			
Trade and other receivables	9	464,203	325,559
Financial assets	14	42,379	42,379
Property plant and equipment	12	5,453,743	5,479,072
Investment property	13	4,025,340	3,086,094
Deferred tax asset	15	238,140	222,536
Intangibles assets	16	130,329	61,681
TOTAL NON-CURRENT ASSETS		10,354,134	9,217,321
TOTAL ASSETS		15,503,294	14,076,601
CURRENT LIABILITIES			
Trade and other payables	17	2,171,759	1,886,494
Short-term borrowings	18	772,095	751,782
Current tax liabilities	19	(12,671)	47,374
Short term provisions	20	816,589	761,876
TOTAL CURRENT LIABILITIES		3,747,772	3,447,526
NON CURRENT LIABILITIES			
Trade and other payables	17	-	20,984
Long-term borrowings	18	911,253	911,253
Deferred tax liabilities	19	1,329,890	1,052,766
TOTAL NON-CURRENT LIABILITIES		2,241,143	1,985,003
TOTAL LIABILITIES		5,988,915	5,432,529
NET ASSETS		9,514,379	8,644,072
EQUITY			
Issued capital	21	4,063,461	3,883,461
Retained earnings	22	4,578,072	3,916,443
Reserves	23	715,290	715,290
Parent equity interest		9,356,823	8,515,194
Outside equity interest	24	157,556	128,878
TOTAL EQUITY		9,514,379	8,644,072

The accompanying notes form part of these accounts.

F.F.I. HOLDINGS LIMITED - PRELIMINARY FINAL REPORT 30 JUNE 2006
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
as at the 30th June 2006

ECONOMIC ENTITY	$	$	$	$
	Share Capital			
	Ordinary	**Retained Profits**	**Reserves**	**Minority Interests**
Balance at *1.7.2004*	3,413,661	3,132,775	353,677	105,554
Shares issued	469,800	-	-	-
Profit attributable to members of parent entity	-	1,151,754	-	-
Movement in asset revaluation reserve			361,613	
Profit attributable to minority shareholders	-	-	-	46,725
Sub-total	3,883,461	4,284,529	715,290	152,279
Dividends paid or provided for	-	(368,086)	-	(23,401)
Balance at *30.6.2005*	3,883,461	3,916,443	715,290	128,878
Balance at *1.7.2005*	3,883,461	3,916,443	715,290	128,878
Shares issued during the year	180,000	-	-	-
Profit attributable to members of parent entity	-	1,480,451	-	-
Profit attributable to minority shareholders	-	-	-	71,203
Revaluation increment	-	-	-	-
Sub-total	4,063,461	5,396,894	715,290	200,081
Dividends paid or provided for	-	-818,822	-	-42,525
Balance at *30.6.2006*	4,063,461	4,578,072	715,290	157,556

The accompanying notes form part of these financial statements.

F.F.I. HOLDINGS LIMITED - PRELIMINARY FINAL REPORT 30 JUNE 2006
CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30th June 2006

	Note	Economic Entity 2006 $	2005 $
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		19,699,359	20,007,198
Payments to suppliers and employees		(17,997,111)	(19,196,942)
Interest received		6,863	6,848
Dividend received		1,449	427
Rent received		-	-
Interest and cost of finance paid		(155,679)	(115,146)
Income tax paid		(493,066)	(438,895)
Net cash provided by operating activities	25	1,061,815	263,490
CASH FLOW FROM INVESTING ACTIVITIES			
Loans to controlled entities		-	-
Purchase of intangible assets		(75,000)	-
Proceeds from sale of property plant and equipment		45,000	130,500
Purchase of property plant and equipment		(344,031)	(970,494)
Net cash provided by (used in) investment activities		(374,031)	(839,994)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	469,800
Repayment of borrowings		-	-
Proceeds from borrowings		-	-
Dividend paid by chief entity		(816,124)	(717,385)
Dividend paid by controlled entities to outside equity interests		(42,525)	(45,900)
Proceeds from repayment of investments		-	-
Proceeds from employee share plan		41,356	34,501
Net cash provided by (used in) financing activities		(817,293)	(258,984)
Net increase (decrease) in cash held		(129,509)	(835,488)
Cash at 1st July 2005		(497,980)	337,508
Cash at 30th June 2006	26	(627,489)	(497,980)

The accompanying notes form part of these accounts.

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.

The financial statements of the economic entity have been prepared in accordance with the Australian equivalents to International Financial Reporting Standards (AIFRS) from 1 July 2005.

In accordance with the requirements of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards, adjustments to the accounts resulting from the introduction of AIFRS have been applied retrospectively to 2005 comparative figures excluding cases where optional exemptions available under AASB 1 have been applied. These consolidated accounts are the first financial statements of the economic entity to be prepared in accordance with Australian equivalents to IFRS.

Reconciliations of the transition from previous Australian GAAP to AIFRS have been included in Note 2 to this report.

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

NOTE 2. FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

NOTE 2: FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS	Note	Economic Entity Previous GAAP at 1.7.2004	Adjustments on introduction of Australian equivalents to IFRS	Australian equivalents to IFRS at 1.7.2004
Reconciliation of Equity at 1 July 2004		$	$	$
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents		337,508	-	337,508
Trade and other receivables		1,972,147	-	1,972,147
Inventories		1,803,122	-	1,803,122
Other current assets		502,666	-	502,666
TOTAL CURRENT ASSETS		4,615,443	-	4,615,443
NON-CURRENT ASSETS				
Trade and other receivables		360,060	-	360,060
Land held as an investment	2a	-	2,415,204	2,415,204
Property, plant and equipment	2a	6,826,300	-2,415,204	4,411,096
Deferred tax assets		218,315	-	218,315
Intangible assets		68,033	-	68,033
Other financial non-current assets		22,358	-	22,358
TOTAL NON-CURRENT ASSETS		7,495,066	-	7,495,066
TOTAL ASSETS		12,110,509	-	12,110,509
CURRENT LIABILITIES				
Trade and other payables		2,194,863	-	2,194,863
Current tax liabilities		138,808	-	138,808
Short-term provisions		1,119,601	-	1,119,601
TOTAL CURRENT LIABILITIES		3,453,272	-	3,453,272
NON-CURRENT LIABILITIES				
Trade and other payables		41,183	-	41,183
Long-term borrowings		911,253	-	911,253
Deferred tax liabilities	2b	161,444	537,688	699,132
TOTAL NON-CURRENT LIABILITIES		1,113,880	537,688	1,651,568
TOTAL LIABILITIES		4,567,152	537,688	5,104,840
NET ASSETS		7,543,357	-537,688	7,005,669
EQUITY				
Issued capital		3,413,661	-	3,413,661
Reserves	2c	1,850,142	-1,496,465	353,677
Retained earnings	2d	2,174,000	958,777	3,132,777
Parent interest		7,473,803	-537,688	6,900,115
Minority equity interest		105,554	-	105,554
TOTAL EQUITY		7,543,357	-537,688	7,005,669

NOTE 2. FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

			Economic Entity	
NOTE 2: FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS	Note	Previous GAAP at 30.6.2005	Adjustments on introduction of Australian equivalents to IFRS	Australian equivalents to IFRS at 30.6.2005
Reconciliation of Equity at 30 June 2005		$	$	$
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents		253,802	-	253,802
Trade and other receivables		2,158,696	-	2,158,696
Inventories		2,317,132	-	2,317,132
Other current assets		129,650	-	129,650
TOTAL CURRENT ASSETS		4,859,280	-	4,859,280
NON-CURRENT ASSETS				
Trade and other receivables		325,559	-	325,559
Land held as an investment	2a	-	3,086,094	3,086,094
Property, plant and equipment	2a	8,565,166	-3,086,094	5,479,072
Deferred tax assets		222,536	-	222,536
Intangible assets		61,681	-	61,681
Other financial non-current assets		42,379	-	42,379
TOTAL NON-CURRENT ASSETS		9,217,321	-	9,217,321
TOTAL ASSETS		14,076,601	-	14,076,601
CURRENT LIABILITIES				
Trade and other payables		1,886,494	-	1,886,494
Short-term borrowings		751,782	-	751,782
Current tax liabilities		47,374	-	47,374
Short-term provisions		761,876	-	761,876
TOTAL CURRENT LIABILITIES		3,447,526	-	3,447,526
NON-CURRENT LIABILITIES				
Trade and other payables		20,984	-	20,984
Long-term borrowings		911,253	-	911,253
Deferred tax liabilities	2b	158,834	893,932	1,052,766
TOTAL NON-CURRENT LIABILITIES		1,091,071	893,932	1,985,003
TOTAL LIABILITIES		4,538,597	893,932	5,432,529
NET ASSETS		9,538,004	-893,932	8,644,072
EQUITY				
Issued capital		3,883,461	-	3,883,461
Reserves	2c	3,037,622	-2,322,332	715,290
Retained earnings	2d	2,488,043	1,428,400	3,916,443
Parent interest		9,409,126	-893,932	8,515,194
Minority equity interest		128,878	-	128,878
TOTAL EQUITY		9,538,004	-893,932	8,644,072

NOTE 2. FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

NOTE 2: FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS	Note	Previous GAAP	Effect of transition to Australian equivalents to IFRS	Australian equivalents to IFRS
Economic Entity		$	$	$
Reconciliation of Profit or Loss for the year to 30 June 2005				
Revenue		20,276,543	-	20,276,543
Changes in inventories of finished goods and		482,332	-	482,332
Raw materials and consumables used		-11,992,659	-	-11,992,659
Employee benefits expense		-4,098,095	-	-4,098,095
Depreciation and amortisation expense		-337,134	-	-337,134
Finance costs		-115,146	-	-115,146
Unrealised gain on land held as an investment	2e	-	670,890	670,890
Other expenses		-3,166,554	-	-3,166,554
Profit before income tax		1,049,287	670,890	1,720,177
Income tax expense	2f	-320,431	-201,267	-521,698
Profit for the year		728,856	469,623	1,198,479
Profit attributable to minority equity interest		-46,725	-	-46,725
Profit attributable to members of the parent		682,131	469,623	1,151,754

NOTE 2. FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Notes to the Reconciliations of Equity and Profit and Loss at 1 July 2004 and 30 June 2005	30 June 2005	1 July 2004
	$	$
(a) Land held as an investment comprise:		
Reclassification of land held as an investment	3,086,094	2,415,204
(b) Deferred tax liabilities comprise:		
Deferred tax on revaluation of non-current	893,932	537,688
(c) Reserves comprise:		
Adjustments to asset revaluation reserve on revaluations on land held as an investment	1,428,400	958,777
Deferred tax adjustments to reserves on revaluations of non-current assets	893,932	537,688
Total	2,322,332	1,496,465
(d) Retained earnings comprise:		
Adjustments to asset revaluation reserve on held as an investment booked to retained	1,428,400	958,777
(e) Profit before tax comprises:		
Unrealised gain on revaluation of land held as	670,890	-
(f) Income tax expense comprises:		
Deferred tax expense on unrealised gain on	201,267	-

F.F.I. HOLDINGS LIMITED

NOTES TO THE PRELIMINARY FINAL REPORT

FOR THE YEAR ENDED 30th JUNE 2006

	Economic Entity	
	2006	2005
	$	$
3. REVENUE		
Operating activities		
Sales of goods	20,206,943	20,118,747
Interest received	6,863	6,848
Dividends received	1,449	20,448
Rental revenue	-	-
Management fees received	-	-
Other revenue	-	-
	20,215,255	20,146,043
Non-operating activities		
Proceeds on sale of non-current assets	45,000	130,500
Total Revenue	20,260,255	20,276,543
(a) Dividend revenue from		
Wholly-owned entities	-	-
Other controlled entities	-	-
Other corporations	1,449	20,448
	1,449	20,448
(b) Interest revenue from		
Partly owned controlled entities	-	-
Other corporations	6,863	6,848
Total interest revenue	6,863	6,848
Other Income		
Unrealised gains on investment property	939,246	670,890
Total Other Income	939,246	670,890

4. OPERATING PROFIT FROM ORDINARY ACTIVITIES

Operating profit from ordinary activities before income tax has been determined after:

	2006	2005
(a) Expenses :		
Cost of sales	16,460,262	16,294,730
Borrowing costs - other persons	155,679	115,146
Depreciation of non - current assets		
Buildings	31,753	18,408
Plant and equipment	337,607	312,374
Amortisation of formation and listing expenses	6,352	6,352
Bad and doubtful debts -trade debtors	14,076	-
Rental expenses on operating leases	55,575	59,369
Write-down of non-current investments to recoverable amount	-	-
(b) Revenue and Net Gains		
Net gain on sale of non-current assets :		
Property plant and equipment	-	117,174

	Economic Entity	
	2006	**2005**
	$	**$**
5. 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 %	667,273	516,054
Add tax effect of :		
Non-deductible depreciation and amortisation	11,431	7,428
Other non-allowable items	1,725	1,473
Under provision for income tax in prior year	-	-
	680,429	524,955
Less tax effect of :		
Rebatable fully franked dividends	-	-
Over provision for income tax in prior year		
Tax benefit from capital expenditure incurred on environmental protection expenditure	-	-
Other tax benefits	7,840	3,257
Income tax expenses applicable to operating profit from ordinary activities before tax	672,589	521,698

6. SIGNIFICANT ITEMS		
Non-recurring costs incurred in the acquisition and relocation of the "Olympic Fine Foods" business.	-	627,909
Income tax benefit applicable	-	188,372
	-	439,537
Total significant expense (profit) items before tax	-	627,909
Total significant expense (profit) items after tax	-	439,537

F.F.I. HOLDINGS LIMITED
NOTES TO THE PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30th JUNE 2006

	Economic Entity 2006 $	Economic Entity 2005 $
7. EARNINGS PER SHARE		
Basis earnings per share (cents per share)	24.00	19.20
Diluted earnings per share (cents per share)	24.00	19.20
(a) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	6,161,067	5,993,223
(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 2006.

	2006 $	2005 $
8. DIVIDENDS PAID AND PROPOSED		
Interim ordinary dividend of 6.00 cents per share (fully franked) payable on the 4th July 2006	370,788	368,088
Proposed final ordinary dividend of 7.25 cents per share (fully franked) payable on the 15th December 2006	448,036	444,774
Under provision for final dividend in previous year	-	-
9. RECEIVABLES		
Current		
Trade debtors	2,701,171	2,206,696
Less : Provision for doubtful debtors	48,000	48,000
	2,653,171	2,158,696
Dividends receivable from controlled entities	-	-
	2,653,171	2,158,696
Non-Current		
F.F.I. Holdings Ltd -Employee share plan	464,203	325,559
Loans to controlled entities	-	-
	464,203	325,559
10. INVENTORIES		
Raw materials and stores	1,556,169	1,460,428
Finished goods	768,152	856,704
	2,324,321	2,317,132
11. OTHER CURRENT ASSETS		
Unexpired expenses	27,062	129,650
	27,062	129,650

	Economic Entity 2006 $	Economic Entity 2005 $
12. PROPERTY, PLANT AND EQUIPMENT		
Freehold land at directors valuation 30th June 2005	952,200	952,200
Improvements at cost	-	-
Buildings at directors valuation 30th June 2005	736,320	736,320
Buildings additions at cost	542,559	533,823
Total freehold land and buildings	2,231,079	2,222,343
Less provision for depreciation	297,001	265,248
	1,934,078	1,957,095
Plant and equipment at cost	6,135,337	5,861,142
Less provision for depreciation	2,615,672	2,339,165
Total plant and equipment	3,519,665	3,521,977
Total property, plant and equipment	5,453,743	5,479,072

A directors valuation of freehold land and buildings was undertaken on 30 June 2005.
The valuation was based on an assessment of the properties current market value.

	2006 $	2005 $
Movements in Carrying Amounts -		
Freehold land		
Balance at the beginning of year	952,200	435,610
Additions	-	-
Revaluation increments	-	516,590
	952,200	952,200
Buildings		
Balance at the beginning of year	1,004,895	623,160
Buildings additions at cost	8,735	400,143
Depreciation	(31,753)	(18,408)
Carrying amount at end of year	981,877	1,004,895
Plant and equipment		
Balance at the beginning of year	3,521,977	3,352,326
Additions	335,296	570,351
Disposals	-	(88,326)
Depreciation expense	(337,607)	(312,374)
Carrying amount at end of year	3,519,666	3,521,977
Total carrying amount at end of year	5,453,743	5,479,072
13. INVESTMENT PROPERTY		
Balance at beginning of year	3,086,094	2,415,204
Fair value adjustments	939,246	670,890
Balance at end of year	4,025,340	3,086,094
14. OTHER FINANCIAL ASSETS		
(a) Financial assets comprise:-		
Shares in unlisted corporations at cost	40,399	40,399
Shares in corporations listed on a prescribed stock exchange at cost	1,980	1,980
Shares in controlled entities	-	-
	42,379	42,379
(b) Market value of investments listed on a prescribed stock exchange	2,208	3,036
The capital gains tax payable if these listed investments were sold at balance date is estimated to be :-	68	317

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	Economic Entity	
	2006	**2005**
	$	**$**
15. DEFERRED TAX ASSETS		
The future income tax benefit is made up of the following estimated tax benefits :-		
Tax losses	90,000	90,000
Timing differences	148,140	132,536
	238,140	222,536
16. INTANGIBLE ASSETS		
Preliminary and listing expenses at cost	129,540	129,540
Less provision for amortisation	124,211	117,859
	5,329	11,681
Other - Trademarks and Goodwill	125,000	50,000
	130,329	61,681
17. PAYABLES		
CURRENT		
Unsecured Trade Creditors	2,171,759	1,886,494
	2,171,759	1,886,494
NON-CURRENT		
Taxation	-	20,984
Minority interests loans	-	-
	-	20,984
18. INTEREST BEARING LIABILITIES		
CURRENT		
Bank Overdraft	772,095	751,782
NON-CURRENT		
Bank Loan	911,253	911,253
19. TAX LIABILITIES		
CURRENT		
Income tax	(12,671)	47,374
NON-CURRENT		
Provision for deferred income tax	1,329,890	1,052,766
20. PROVISIONS		
CURRENT		
Employee benefits	445,801	393,788
Other	-	-
Dividends	370,788	368,088
	816,589	761,876

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	Economic Entity	
	2006	2005
	$	$
21. CONTRIBUTED EQUITY		
6,179,807 (2005: 6,134,807) fully paid ordinary shares	4,063,461	3,883,461
22. RETAINED PROFITS		
Retained profits at the beginning of the financial year	3,916,443	3,132,775
Net profit attributable to members of the parent entity	1,480,451	1,151,754
Dividends provided for or paid	(818,822)	(368,086)
Retained profits at the end of the financial year	4,578,072	3,916,443
23. RESERVES		
Capital Reserves		
Movements during the year		
Opening balance	657,440	295,827
Movement	-	361,613
	657,440	657,440
General Reserve		
Premium on contributed equity attributable to members of the parent entity, resulting from the issue of shares in controlled entity	57,850	57,850
	715,290	715,290
24. OUTSIDE EQUITY INTEREST IN CONTROLLED ENTITIES		
Outside equity interest comprises		
Share capital (a)	23,200	23,200
Retained profits (b)	134,356	105,678
	157,556	128,878
(a) Outside equity interest in issued and paid-up capital of controlled entities		
Issued ordinary shares of $1 each fully paid		
Tradition Smallgoods Pty Ltd.	2,250	2,250
(b) Retained profits		
Opening balance of retained profits	105,678	82,354
Share of retained profits acquired by outside equity interest on issue of shares	-	-
Share of operating profit	71,203	46,725
Dividend paid or provided	(42,525)	(23,401)
	134,356	105,678

	Economic Entity 2006 $	2005 $
25. 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	1,551,654	1,198,479
Non-cash flows in profit from ordinary activities		
Unrealised gains on investments	(939,246)	(670,890)
Amortisation	6,352	6,352
Depreciation	369,360	330,782
Increases in provisions	52,013	14,072
Profit on sale of property, plant and equipment	-	(117,174)
Loss on write-off of investment	-	-
Dividend income reinvested	-	(20,021)
Decrease (increase) in trade debtors	(539,475)	(111,549)
Decrease (increase) in unexpired expenses	102,588	373,016
Decrease (increase) in inventories	(7,189)	(891,150)
Increase (decrease) in creditors and accruals	285,267	68,769
Increase in deferred tax asset	(15,604)	(4,220)
Movements in income tax payable	(81,029)	(111,633)
Movements in deferred tax payable	277,124	198,657
Cash flow from operations	1,061,815	263,490
26. 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	144,606	253,802
Overdrafts	(772,095)	(751,782)
	(627,489)	(497,980)

27. 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.

28. FINANCIAL REPORTING BY SEGMENTS

2006	Bakery Segment $	Smallgoods Segment $	Unall-ocated $	Economic Entity $
REVENUE				
Sales Revenue	14,064,360	6,187,583	-	20,251,943
Unallocated Revenue	-	-	8,312	8,312
Total Revenue from Ordinary Activities				20,260,255
Other Income - Unrealised Gains on Investment Property	-	-	939,246	939,246
RESULT				
Profit from Ordinary Activities before Income Tax Expense	768,863	508,093	1,722,887	2,999,843
Less Eliminations				-775,600
				2,224,243
Income Tax expense				-672,589
Profit from Ordinary Activities after Income Tax Expense				1,551,654
ASSETS				
Segment Assets	7,244,998	1,596,763	10,658,763	19,500,524
Less Eliminations				-3,997,230
Total Assets				15,503,294
LIABILITIES				
Segment Liabilities	6,377,922	808,983	1,612,074	8,798,979
Less Eliminations				-2,810,064
Total Liabilities				5,988,915
2005				
REVENUE				
Sales Revenue	14,700,311	5,418,436	-	20,118,747
Unallocated Revenue	-	-	157,796	157,796
Total Revenue from Ordinary Activities				20,276,543
Other Income - Unrealised Gains on Investment Property	-	-	670,890	670,890
RESULT				
Profit from Ordinary Activities before Income Tax Expense	809,866	333,249	1,279,162	2,422,277
Less Eliminations				-702,100
				1,720,177
Income Tax expense				-521,698
Profit from Ordinary Activities after Income Tax Expense				1,198,479
ASSETS				
Segment Assets	7,026,437	1,360,277	8,959,673	17,346,387
Less Eliminations				-3,269,786
Total Assets				14,076,601
LIABILITIES				
Segment Liabilities	6,697,658	789,011	876,538	8,363,207
Less Eliminations				-2,930,680
Total Liabilities				5,432,527