fresh food industries

FFI HOLDINGS LIMITED

ANNUAL GENERAL MEETING 2008

FRESH FOOD INDUSTRIES

TRADITION SMALLGOODS

Chocolate Products OF AUSTRALIA

Prepact

OLYMPIC FINE FOODS™

GOLDEN POPCORN

Presentation Outline

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- Financial Summary Review
- Factors Affecting Financial Performance
- Priorities for 2009
- Review of Operations
- Capital Management
- Future Outlook

FINANCIAL SUMMARY REVIEW

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- Net profit after tax up 2% to $2.9 million.
- Sales revenue up 6% to $23.7 million.
- EBIT contribution from food operations down 21% to $1.6 million.
- EBIT contribution from property investment up 23% to $2.8 million.
- Full year dividend up 3% to 18 cents per share (fully franked).
- Shareholders equity up 13.5% to $15.9 million.
- Net tangible assets per share up 13% to $2.42.

FACTORS AFFECTING FINANCIAL PERFORMANCE

- **Food Operations**
  - Record increases in the cost of raw ingredients.
  - A tight labour market in Western Australia resulted in substantial increases in labour costs.
  - Record fuel prices impacted on our distribution costs.
  - Substantial increases in fixed costs.

FACTORS AFFECTING FINANCIAL PERFORMANCE

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- **Property Investment**
  - Unrealized gains in land values amounted to $2.9 million ($1.9 million after tax).
  - Cashflow now expected to commence in 2009.
  - Total value of properties held for investment now totals $9.2 million.
  - Land held at very conservative carrying values.
  - Values continue to be supported by the rapid development in the area.

Priorities for 2009

Strategic objective – “maximise longterm shareholder value”

Profitability → Dividends → Capital Growth

- Increase productivity/reduce costs.
  - *Plant & equipment upgrades*
    - *labour - repairs - reliability*
- Growth sales revenue.
  - *New products → Market penetration*
- Improve profitability.
  - *Customers / suppliers*

OPERATIONS SUMMARY

- Despite difficult market conditions all business units remain profitable.
- Continuing improvement in the value of our retail brands.
- Diverse income source both by products and markets :
  - Industrial and food service
  - Retail
    - Private labels
    - Our brands- Nemar, Olympic, Prepact, Golden Popcorn, Tradition

Capital Management

Strategic Objective – "manage the company's capital to deliver maximum long term value to shareholders".

- Difficult and volatile capital and equity markets.
- Significant capital initiatives indefinitely deferred.
- Franking account balance totals $3.4 million.
- Share liquidity /shareholder spread.
- Share purchase plan – current.
- Dividend reinvestment plan – reintroduced.

Future Outlook

- Current market conditions remain difficult.
- Well positioned to deal with the expected economic downturn.
  - *reduced consumer discretionary spend*
  - *increased home cooking needs*
  - *basic food price inflation to continue*
- Our business operations remain highly profitable with positive short and long term outlooks.
- Strong balance sheet with low debts.
  - *debt to equity = 16%*
  - *interest cover = 11 times*
- Volatile markets and difficult economic conditions may create opportunities for growth.

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