Annual General Meeting 2014
Chairman's Presentation

Presentation Outline

- Highlights FY2014
- Review of Financial Performance
- Dividends
- Review of Food Operations
- Review of Property Investments
- Growth Strategy
  - Food Operations
  - Property Investments
- Conclusion

Highlights FY2014

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FY 2014 – A difficult but successful year for FFI

- Net profit after tax attributable to members up 12.5% to $3.22 million (earnings per share 36.2 cents)
- Strong balance sheet: Equity up 10% to $29 million, net debt = $2.1 million, Debt to equity gearing = 7.2%
- Long term lease income commenced on new property development
- Dividends paid = Special 25 cps (fully franked)
  = Ordinary 17.5 cps (fully franked)
- Net tangible assets per share steady at $3.02

Review of Financial Performance

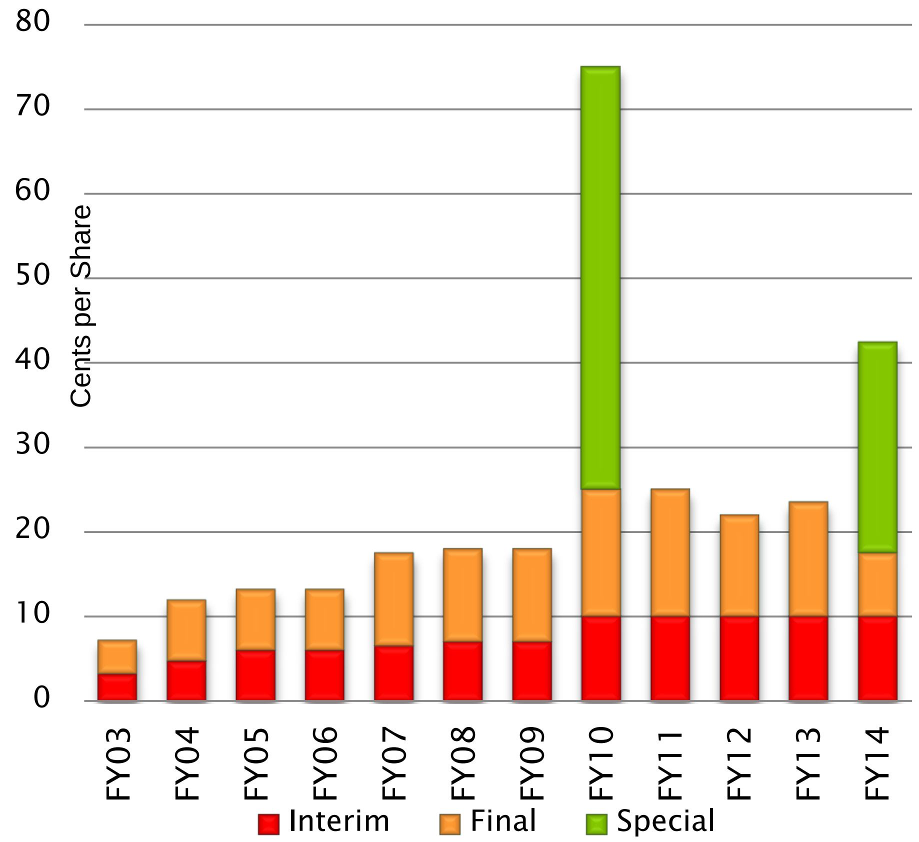
Key financial metrics

Year ended 30 June	2014 $'000	2013 $'000	% change
Sales	30,254	30,038	Steady
Earnings before interest and tax:			
– food operations	2,210	3,307	down 33%
– property income	179	–	n/a
– property revaluations	2,279	–	n/a
– property sales	–	885	n/a
Total EBIT	4,668	4,192	up 11.4%
Profit after tax attributable to members	3,220	2,862	up 12.5%
Summary of equity:			
– invested in food operations	16,728	14,770	
– invested in land investments	14,412	8,720	
– net cash (debt)	(2,123)	2,916	
Total equity	29,017	26,406	
Return on equity invested in food operations – pre tax	13%	22%	

Dividends

Maximising long term shareholder return is FFI's key objective and drives all strategies, performance goals and management processes

- Final ordinary dividend of 7.5 cps fully franked – full year ordinary dividends of 17.5 cps fully franked (23.5 cps previously)
- A disciplined and conservative approach to capital management
- Dividend reinvestment plan (DRP) in operation
- Maintains solid dividend record over 12 years
- High level of importance placed on maintaining dividend growth



Review of Food Operations

Chocolate Products of Australia

Products: chocolate – cake toppings – confectionery – fudge – candy inclusions and decorations

Markets: food service – wholesale – private label – retail – industrial

Fresh Foods Industries – Bakery Products

Products: bakers jams – fruit fillings

Markets: food service – wholesale – industrial

Prepact

Products: home cooking needs – blending and packing

Markets: industrial – private label – retail

Tradition Smallgoods

Products: sausages – bacon – ham – manufactured meat products

Markets: retail – food service – industrial

Review of Food Operations

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Key Business Fundamentals

- Diverse manufacturing capabilities
  - in terms of both equipment and technical knowhow
- Quality products
  - supported by innovation and new product development
- Extensive distribution network
  - Australia wide, industrial, food service, retail
- Extensive industry experience
  - anticipating customer needs and satisfying their needs

Review of Food Operations

Summary of Performance

- The financial results from food operations are disappointing
- Significant costs incurred in the development, manufacture and distribution of new range of sports nutrition retail products – written off
- The issues that resulted in the decline in profit have been identified and are being addressed
- Business fundamentals remain sound
- All food divisions remain profitable with sound growth opportunities

Review of Property Investments

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Outstanding progress in development of property

- A further $4.1 million was invested in the investment properties
- Increase investment was applied to:
  - The servicing and subdivision of land held for investment
  - The development of a property for long term rental income
- Investment property values up from $12.1 to $18.5 million
- Pre tax gain on property revaluation = $2.3 million

Review of Property Investments

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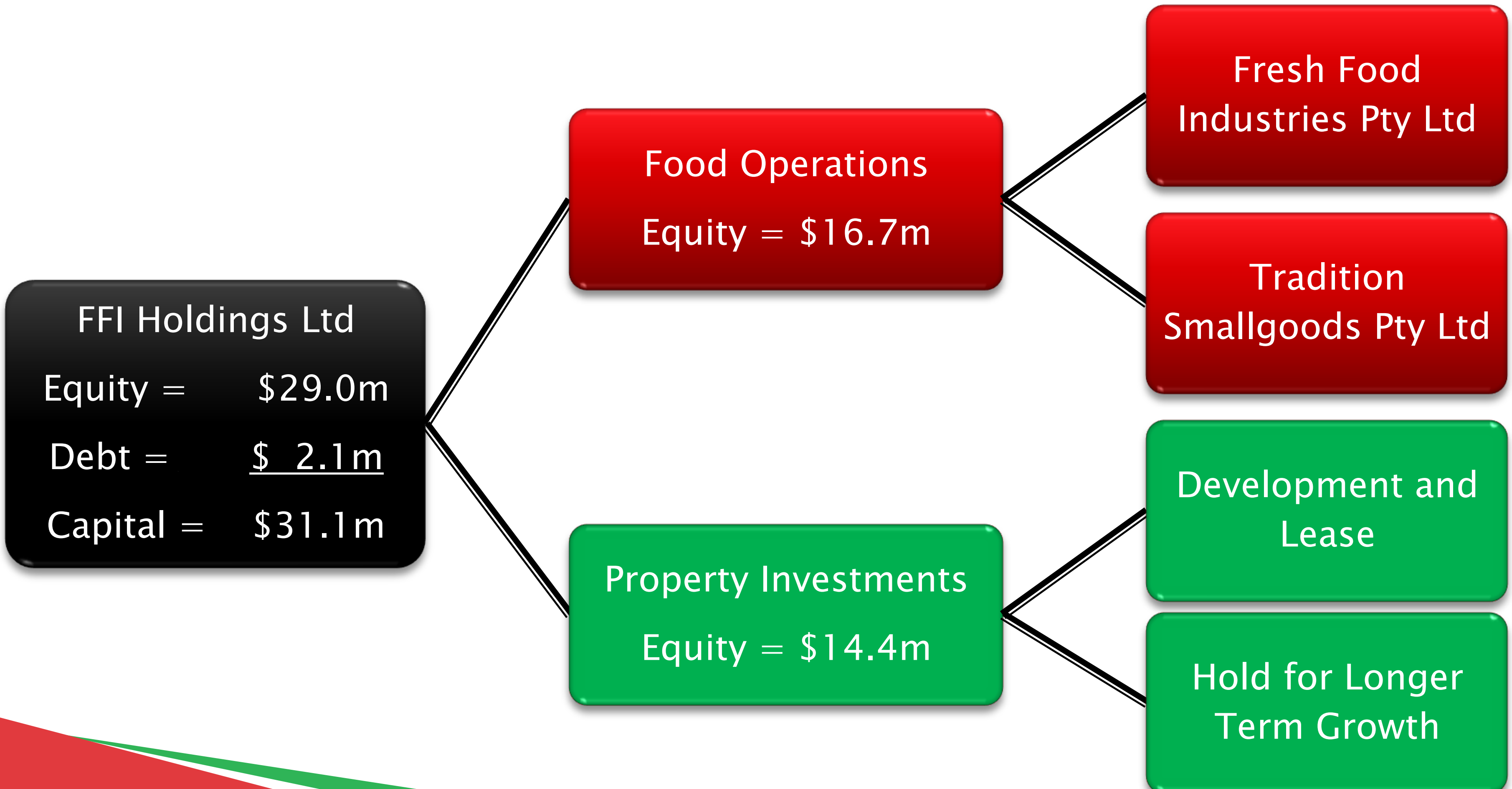
Rental income commenced from property held for investment

- Rental income commenced April 2014
- 10 year lease with initial rental of $741,000 per annum
- Minimum annual rent increases 3.5%
- Secure lease with successful multinational company

Growth Strategy

Ongoing organic growth opportunities



Growth Strategy – Food Operations

Organic growth is " low risk / high return" strategy and together with acquisition opportunities remains an important focus for FFI

- Upgrade production / reduce costs
- Develop new products and processes
- Increase market penetration – existing and new products

"Core competences"
Existing skills and knowhow

"Privileged assets"
Existing plant, equipment, supply channels etc

"Special relationships"
Major customers, goodwill etc

Growth Strategy – Property Investments

The key priority is to maximize long term capital value and increase cash flow from this valuable asset

- Current equity investment

  At current value = $18.5m

  less deferred tax = $ 4.1m

  Equity invested = $14.4m

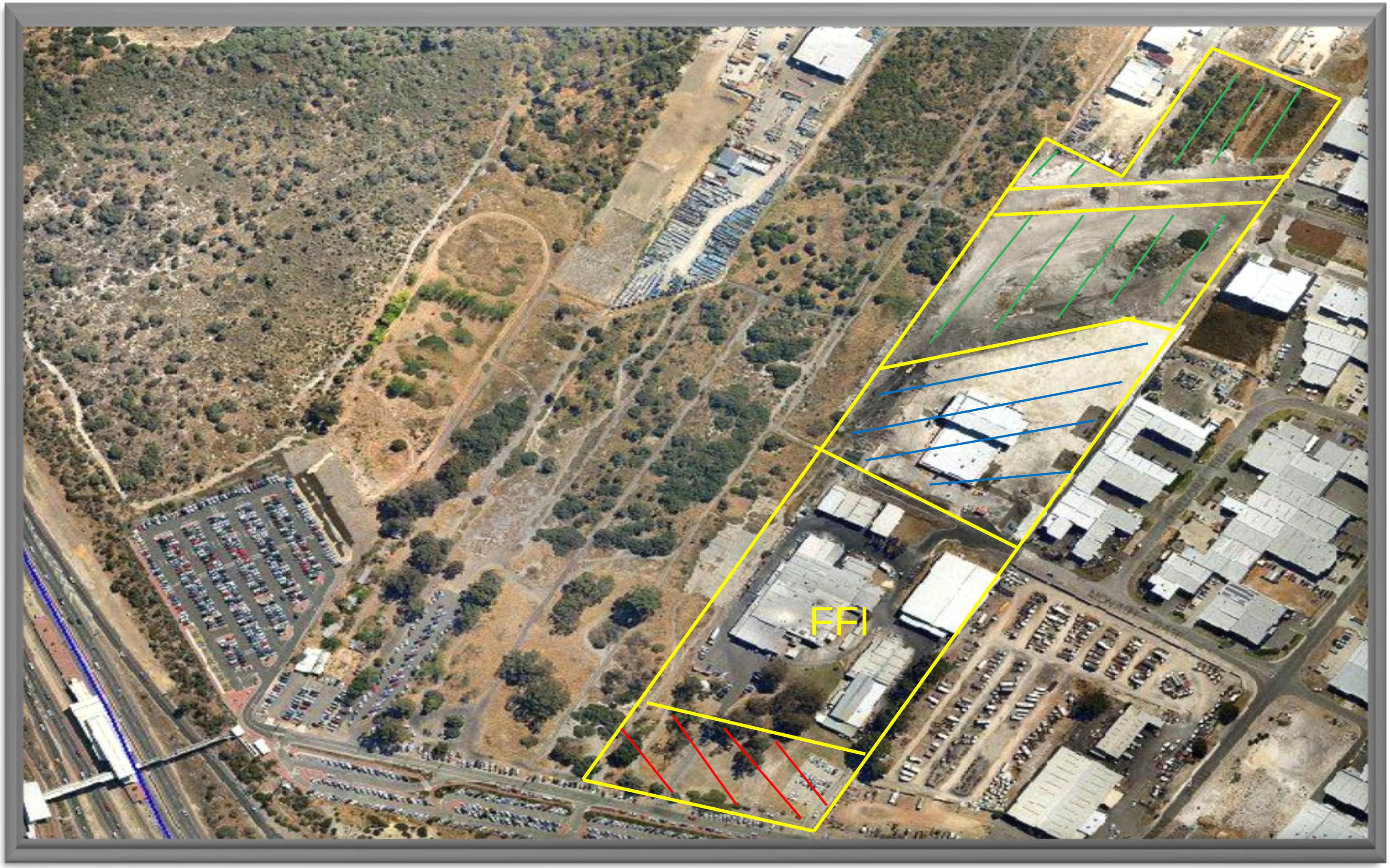
- Property investments currently held:

  – Fully developed and leased (18,000 m2 approx)

  – Vacant land – serviced and subdivided (22,000 m2 approx)

  – Vacant land – serviced but not subdivided (10,000 m2 approx)

Growth Strategy – Property Investments (Cont.)



Growth Strategy – Property Investments (Cont.)

- FFI has a three tiered growth strategy depending on the position and potential development value of the land

1) Hold fully developed and leased property for rental income and long term capital gain

2) Pursue opportunities for further development and lease income

3) Hold land for long term value increases from structural changes, road access etc. and/or further subdivision

Conclusion

FFI is well positioned in its key market segments

- Profitable, well established business units, with many opportunities for growth
- Strong financial position with low debts, quality assets and strong cash flows
- Significant property investments that will contribute to group profitability and generate an increase in recurring cash flows going forward
- Experienced and proven management team
- Well defined growth strategy focused on both organic growth and acquisition opportunities to deliver maximum long term, total shareholder returns

Your Board and management look to the future with confidence and enthusiasm

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