FFI HOLDINGS LIMITED
ABN 32 009 155 328

ASX PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016
(APPENDIX 4E)

F.F.I. HOLDINGS LIMITED

(ABN 32 009 155 328)

APPENDIX 4E AND PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

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APPENDIX 4E AND PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Movement from the previous corresponding period (12 months ended 30 June 2015) for:

Revenue from ordinary activities	up	3.5%	to	$31,794,888
Profit/(loss) from ordinary activities after tax attributable to members	down	1.7%	to	$2,117,272
Net profit/(loss) attributable to members	down	1.7%	to	$2,117,272

DIVIDENDS

	Amount per security	Franked amount per security
Final dividend this period	11.0 cents	11.0 cents
Final dividend previous corresponding period	11.0 cents	11.0 cents
Interim dividend – paid 22 April 2016	8.0 cents	8.0 cents
Interim dividend previous corresponding period	8.0 cents	8.0 cents
Record date for determining entitlements to the dividend	20 September 2016	
Payment date for the dividend	30 September 2016	

The Company's Dividend Reinvestment Plan (DRP) is currently in operation and will be in operation for the final dividend payable on 30 September 2016. A discount of 5.0% has been set by the Board and will apply to the DRP for the final dividend. Previously lodged elections to participate in the DRP remain valid, however should shareholders wish to change their participation details, new Notice of Election forms may be obtained by contacting the Company's share registry. The last date for receipt of DRP election notices is 23 September 2016. There is no foreign sourced dividend.

NET TANGIBLE ASSETS

	Current period 30/6/2016	Previous corresponding period 30/6/2015
Net tangible assets per security	$3.14	$3.11

COMMENTARY ON FINANCIAL RESULTS

During the period under review the Company achieved a net profit after tax attributable to members of $2.12 million, down by 1.7% on the net profit of $2.15 million in the previous corresponding period. The result was achieved on total revenue of $31.8 million, up 3.5% on total revenue of $30.7 million in the previous year.

While improvements in contributions to profit were achieved from both the food operations and property investment income, a substantial increase in property holding and occupancy costs materially affected overall profit growth. Unallocated overhead expenses relating to Government charges for land rates and taxes increased by $0.151 million to $0.268 million during the year.

The Company's already strong financial position further improved with net assets increasing by 4.9 % to $31.9 million, resulting in a marginal increase in net tangible asset backing per share to $3.14.

The purchase of an adjoining industrial property for $3.38 million resulted in the carrying value of the Company's investment property portfoilio increasing to $22 million while net debt increased to $ 2.9 miliion. The debt gearing ratio of 9.1% remains at a very conservative level.

Food operations

The year under review proved to be a period of consolidation for the Company's food operations. Pre tax contribution to profits from the food operations improved marginally by 1.3% to $2.93 million. The results were achieved on sales of $30.9 million, up 3.2% on last year.

While sound growth was achieved in many areas, particularly the chocolate and cake toppings division, overall sales were negatively impacted by the discontinuation of a number of product lines by major customers and the continuing rationalization of the retail lines by the major supermarket chains.

Profit was also affected by higher than expected operating costs resulting from mechanical failures in connection with new equipment in the chocolate division that was commissioned in the previous year.

Given the many challenges faced by the Company during the year, the Directors are satisfied with the improvements that have been achieved. There are however, many opportunities to further grow sales and earnings from the food operations.

Property investment

During the period under review the Directors took advantage of the Company's strong financial position and a weakening in the Perth industrial market by acquiring an investment property adjoining the Company's existing investment properties in Jandakot in Perth. The property totals 9,088 square metres in size and comprises a combination of offices, workshops and hardstand areas zoned for industrial / mixed business use. The adjoining nature of the property greatly enhances the future development potential of the site.

The total cost of the acquisition was $3.38 million and while the property is partially leased it did not have any material impact on the Company's current half year earnings.

Strategically the acquisition is an important development for the Company. The investment property complements the company's existing portfolio, creates a number of development opportunities and is expected to improve significantly long term returns from these valuable assets.

Pre tax contribution to profits from rental income totalled $0.852 million for the year, an increase of 14.3% on the previous corresponding period.

Excluding the new property acquired, asset values for the Company's investment properties as at 30th June 2016 remain unchanged from the carrying values in the previous financial year.

Dividend

The Directors have declared a fully franked final dividend of 11.0 cents per share, unchanged from the previous year. Together with the the interim dividend of 8 cents per share (also unchanged from the previous year), this brings total ordinary dividends for the year to 19 cents per share fully franked.

The Directors understand the importance of dividends to many shareholders and remain focused on returning to dividend growth.

The Company's DRP will apply to the interim dividend which will be paid to shareholders on 30th September 2016, with a record date of 20th September 2016.

Conclusion

The Company is in a sound financial position with strong cashflow, low debt and quality assets.

The Company's growth strategy remains unchanged. Driving growth by leveraging off its diverse manufacturing capabilities and customer network, whilst maintaining a competitive cost base for its operations, should enhance shareholder returns from food operations. In addition, the Company's long term strategy of maximising the capital value of its property investments and generating a cash flow from this valuable asset continues to progress well.

Rodney Moonen
Chairman
3rd August 2016

F.F.I. HOLDINGS LIMITED

(ABN 32 009 155 328)

APPENDIX 4E AND PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
		$	$
Revenue	2	31,794,888	30,723,095
Other income	2	(1,559)	(41,047)
Changes in inventories of finished goods and work in progress		308,233	(111,932)
Raw materials and consumables used		(16,071,828)	(14,896,897)
Employee benefits expense		(7,129,770)	(7,078,581)
Depreciation and amortisation expense	3	(611,863)	(586,554)
Repairs and maintenance expense		(777,503)	(720,704)
Freight expense		(1,465,362)	(1,503,255)
Finance costs	3	(151,598)	(132,846)
Other expenses		(2,939,210)	(2,678,978)
Profit before income tax from continuing operations		2,954,428	2,972,301
Income tax expense	4	(837,156)	(819,392)
Profit after tax from continuing operations		2,117,272	2,152,909
Profit for the period		2,117,272	2,152,909
Other comprehensive income for the period		-	-
Share of other comprehensive income of investments accounted for using the equity method		-	-
Income tax relating to items that will not be reclassified		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		2,117,272	2,152,909
Net profit attributable to:			
Members of the parent entity		2,117,272	2,152,909
Non-controlling interest		-	-
		2,117,272	2,152,909
Total comprehensive income attributable to:			
Members of the parent entity		2,117,272	2,152,909
Non-controlling interest		-	-
		2,117,272	2,152,909
Basic earnings per share (cents per share)	5	21.4	22.7
Basic earnings per share from continuing operations (cents per share)	5	21.4	22.7

The accompanying notes form part of these financial statements.

F.F.I. HOLDINGS LIMITED

(ABN 32 009 155 328)

APPENDIX 4E AND PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Note	2016 $	2015 $
CURRENT ASSETS			
Cash and cash equivalents	24	1,589,820	2,511,055
Trade and other receivables	7	3,977,704	3,713,460
Inventories	8	4,322,291	3,690,845
Other current assets	9	221,992	213,284
TOTAL CURRENT ASSETS		10,111,807	10,128,644
NON-CURRENT ASSETS			
Trade and other receivables	7	146,546	165,691
Financial assets	12	71,536	71,536
Property, plant and equipment	10	13,014,392	13,109,828
Investment property	11	22,031,346	18,638,950
Intangible assets	13	402,762	402,762
Deferred tax assets	14	321,111	305,425
TOTAL NON-CURRENT ASSETS		35,987,693	32,694,192
TOTAL ASSETS		46,099,500	42,822,836
CURRENT LIABILITIES			
Trade and other payables	15	2,695,050	2,589,296
Current tax liabilities	17	195,302	187,774
Short-term provisions	18	960,370	880,083
TOTAL CURRENT LIABILITIES		3,850,722	3,657,153
NON-CURRENT LIABILITIES			
Trade and other payables	15	47,992	-
Long-term borrowings	16	4,500,000	3,000,000
Deferred tax liabilities	17	5,762,275	5,720,855
TOTAL NON-CURRENT LIABILITIES		10,310,267	8,720,855
TOTAL LIABILITIES		14,160,989	12,378,008
NET ASSETS		31,938,511	30,444,828
EQUITY			
Contributed equity	19	17,304,455	16,072,311
Reserves	20	3,655,500	3,655,500
Retained earnings	21	10,978,556	10,717,017
Parent interest		31,938,511	30,444,828
TOTAL EQUITY		31,938,511	30,444,828

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	Note	Ordinary Share Capital $	Retained Earnings $	Reserves $	Non-controlling Interests $	Total $
Balance at 1.7.2015		16,072,311	10,717,017	3,655,500	-	30,444,828
Comprehensive income:						
Profit attributable to members of parent entity		-	2,117,272	-	-	2,117,272
Profit attributable to minority shareholders		-	-	-	-	-
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the period		-	2,117,272	-	-	2,117,272
Derecognition of non-controlling interest upon purchase of interest by parent entity		-	-	-	-	-
Transactions with owners, in their capacity as owners, and other transfers		-	-	-	-	-
Shares issued during the period		1,232,144	-	-	-	1,232,144
Dividends recognised for the period		-	(1,855,733)	-	-	(1,855,733)
Total transactions with owners and other transfers		1,232,144	(1,855,733)	-	-	(623,589)
Balance at 30.6.2016		17,304,455	10,978,556	3,655,500	-	31,938,511
Balance at 1.7.2014		15,059,211	10,029,626	3,655,500	272,440	29,016,777
Comprehensive income:						
Profit attributable to members of parent entity		-	2,152,909	-	-	2,152,909
Profit attributable to minority shareholders		-	-	-	-	-
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the period		-	2,152,909	-	-	2,152,909
Derecognition of non-controlling interest upon purchase of interest by parent entity		-	-	-	(272,440)	(272,440)
Transactions with owners, in their capacity as owners, and other transfers		-	-	-	-	-
Shares issued during the period		1,013,100	-	-	-	1,013,100
Dividends recognised for the period		-	(1,465,518)	-	-	(1,465,518)
Total transactions with owners and other transfers		1,013,100	(1,465,518)	-	-	(724,858)
Balance at 30.6.2015		16,072,311	10,717,017	3,655,500	-	30,444,828

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 $	2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		31,490,200	30,936,707
Payments to suppliers and employees		(28,481,563)	(26,605,970)
Dividends received		1,422	2,935
Interest received		39,023	26,573
Finance costs		(151,598)	(132,846)
Income tax refunded/(paid)		(803,894)	(620,571)
Net cash provided by (used in) operating activities	23	2,093,590	3,606,828
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		92,733	216,624
Purchase of property, plant and equipment		(610,717)	(1,378,628)
Purchase of investment property		(3,377,290)	-
Investment property development costs		(15,106)	(103,625)
Proceeds from sale of financial assets		-	2,760
Purchase of investment in controlled entity		-	(272,440)
Net cash provided by (used in) investing activities		(3,910,380)	(1,535,309)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		1,500,000	-
Repayment of borrowings		-	-
Repayment of employee share loans		19,145	15,563
Dividends paid by parent entity		(623,590)	(452,418)
Net cash provided by (used in) financing activities		895,555	(436,855)
Net increase (decrease) in cash held		(921,235)	1,634,664
Cash at 1 July 2015		2,511,055	876,391
Cash at 30 June 2016	24	1,589,820	2,511,055

The accompanying notes form part of these financial statements.

NOTES TO THE PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: BASIS OF PREPARATION OF THE PRELIMINARY FINAL REPORT

The 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.

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

NOTES TO THE PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

		Note	2016 $	2015 $
NOTE 2: REVENUE AND OTHER INCOME				
Revenue				
—	Sale of goods		30,902,089	29,947,814
—	Dividends received		1,422	2,935
—	Interest received		39,023	26,573
—	Rent received		852,354	745,465
—	Other revenue		-	308
Total revenue			31,794,888	30,723,095
(a)	Dividend revenue from:			
—	Other corporations		1,422	2,935
Total dividend revenue			1,422	2,935
(b)	Interest revenue from:			
—	Other corporations		39,023	26,573
Total interest revenue			39,023	26,573
(c)	Rental revenue from:			
—	Other corporations		852,354	745,465
Total rental revenue			852,354	745,465
Other income				
—	Gain on revaluation of investment property		-	-
—	Gain on sale of investment property		-	-
—	Gain/(Loss) on disposal of non-current assets		(1,559)	(41,047)
Total other income			(1,559)	(41,047)

NOTE 3: PROFIT/(LOSS) FOR THE YEAR

Profit /(loss) from ordinary activities before income tax has been determined after

		2016 $	2015 $
Expenses			
—	Cost of sales	24,407,922	24,176,856
—	Finance costs - external	151,598	132,846
—	Depreciation of buildings	44,097	28,472
—	Depreciation of plant and equipment	567,766	558,082
—	Bad and doubtful debts – trade receivables	57,254	3,669
—	Rental expense on operating leases	63,107	56,312
—	Employee benefits - superannuation	485,266	462,495

NOTES TO THE PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 $	2015 $
NOTE 4: INCOME TAX EXPENSE			
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:			
Operating (loss)/profit before income tax		2,954,428	2,972,301
Prima facie tax payable on profit from ordinary activities before income tax at 30%		886,328	891,690
Add:			
Tax effect of:			
Non-deductible depreciation and amortisation		13,750	8,542
Other non-allowable items		1,429	1,309
Under provision for income tax in prior year		-	-
		901,507	901,541
Less:			
Tax effect of:			
Rebateable fully franked dividends		610	1,257
Other tax benefits		63,741	80,892
Over provision for income tax in prior year		-	-
		837,156	819,392

		2016	2015
NOTE 5: EARNINGS PER SHARE			
Basic earnings per share (cents per share)		21.4	22.7
Basic earnings per share from continuing operations (cents per share)		21.4	22.7
Basic earnings per share from discontinued operations (cents per share)		-	-
(a) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS		9,871,663	9,497,987

(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 30 June 2015.

NOTES TO THE PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

	2016 $	2015 $
NOTE 6: DIVIDENDS		
Final fully franked ordinary dividend of 11.0 cents per share franked at the rate of 30% paid on 25 September 2015	1,063,984	703,883
Interim fully franked ordinary dividend of 8.0 cents per share franked at the rate of 30% paid on 22 April 2016	791,749	761,635
	1,855,733	1,465,518
Proposed final fully franked ordinary dividend of 11.0 cents per share franked at 30% payable on 30 September 2016	1,105,056	1,063,984
NOTE 7 RECEIVABLES		
CURRENT		
Trade receivables	3,977,704	3,741,460
Provision for impairment of receivables	-	(28,000)
	3,977,704	3,713,460
NON-CURRENT		
F.F.I. Holdings Ltd – Employee Share plan	146,546	165,691
	146,546	165,691
NOTE 8: INVENTORIES		
CURRENT		
Raw materials and stores	2,731,122	2,407,909
Finished goods	1,591,169	1,282,936
	4,322,291	3,690,845
NOTE 9: OTHER ASSETS		
CURRENT		
Prepayments	221,992	213,284

NOTES TO THE PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

NOTE 10: PROPERTY, PLANT AND EQUIPMENT	**2016**	**2015**
	$	**$**
LAND AND BUILDINGS		
Freehold land at fair value	5,152,500	5,152,500
TOTAL LAND	5,152,500	5,152,500
BUILDINGS		
Fair value	1,766,955	1,766,955
Accumulated depreciation	(706,124)	(662,027)
TOTAL BUILDINGS	1,060,831	1,104,928
TOTAL LAND AND BUILDINGS	6,213,331	6,257,428
PLANT AND EQUIPMENT		
At cost	13,457,011	12,965,962
Accumulated depreciation	(6,655,950)	(6,113,562)
TOTAL PLANT AND EQUIPMENT	6,801,061	6,852,400
TOTAL PROPERTY PLANT AND EQUIPMENT	13,014,392	13,109,828

The Group's land was revalued at 30 June 2016 by the Directors. The value adopted as at 30 June 2016 is based on an assessment by the Directors of the property's fair market value. The methodology used for the assessment incorporated a valuation performed as at 30 June 2014 by a licensed independent valuer as well as consideration of other current relevant factors and market conditions. As at 30 June 2014 the Directors adopted the value assessed by the independent valuer. Fair market value was supported by market evidence and makes use of assumptions that a market participant would anticipate based on highest and best use of the property.

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and end of the current financial year

	Freehold Land	**Buildings**	**Plant and Equipment**	**Total**
	$	**$**	**$**	**$**
Balance at the beginning of the year	5,152,500	1,104,928	6,852,400	13,109,828
Additions	-	-	610,717	610,717
Disposals	-	-	(94,290)	(94,290)
Depreciation expense	-	(44,097)	(567,766)	(611,863)
Carrying amount at the end of year	5,152,500	1,060,831	6,801,061	13,014,392

NOTES TO THE PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

NOTE 11: INVESTMENT PROPERTY	**2016** **$**	**2015** **$**
Balance at beginning of year	18,638,950	18,519,700
Land sold	-	-
Property acquired	3,377,290	-
Fair value adjustments	-	-
Property development costs	15,106	103,625
Provision for depreciation	-	15,625
Balance at end of year	22,031,346	18,638,950

The fair value model is applied to all investment properties. Investment properties are valued annually by the Directors at each balance date. The value adopted as at 30 June 2016 is based on an assessment by the Directors of the property's fair market value. The methodology used for the assessment incorporated a valuation performed as at 30 June 2014 by a licensed independent valuer as well as consideration of other current relevant factors and market conditions. As at 30 June 2014 the Directors adopted the value assessed by the independent valuer.

NOTE 12: FINANCIAL ASSETS

Available-for-sale financial assets comprise:		
Shares in unlisted corporations at cost	71,536	71,536
	71,536	71,536

NOTE 13: INTANGIBLE ASSETS

Trademarks and goodwill	402,762	402,762
	402,762	402,762

NOTE 14: DEFERRED TAX ASSETS

The future income tax benefit is made up of the following estimated tax benefits:		
Tax losses	-	-
Timing differences	321,111	305,425
	321,111	305,425

NOTE 15: TRADE AND OTHER PAYABLES

CURRENT		
Unsecured liabilities	2,695,050	2,589,296
	2,695,050	2,589,296
NON CURRENT		
Security bond – lease property	47,992	-
	47,992	-

NOTES TO THE PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

NOTE 16: INTEREST BEARING LIABILITIES	**2016 $**	**2015 $**
CURRENT		
Unsecured liabilities:		
Bank overdraft	-	-
NON-CURRENT		
Secured liabilities:		
Bank loans	4,500,000	3,000,000

All bank borrowings are reviewed annually by the Company's management and the Company's bank. The next review date is 31 October 2016. The Company is comfortably within its financial covenants and all banking facilities have been consistently kept in place in prior years after the completion of the annual review. At the date of this report the Directors of the Company fully expect all bank facilities to be continued at the next review date, and on this basis the facilities have been classified as non-current.

NOTE 17: TAX LIABILITIES

(a) Liabilities

CURRENT		
Income tax	195,302	187,774
NON-CURRENT		
Deferred tax liabilities	5,762,275	5,720,855

NOTE 18: SHORT TERM PROVISIONS

CURRENT		
Employee benefits	960,370	880,083
	960,370	880,083

NOTE 19: CONTRIBUTED EQUITY

10,045,962 (2015: 9,672,585) fully paid ordinary shares	17,304,455	16,072,311

NOTE 20: RESERVES

Asset Revaluation Reserve		
Movements during the year		
Opening balance	3,655,500	3,655,500
Movements during the year	-	-
Closing balance	3,655,500	3,655,500

NOTES TO THE PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

NOTE 21: RETAINED EARNINGS

	2016 $	2015 $
Retained earnings at the beginning of the financial year	10,717,017	10,029,626
Net profit attributable to members of the parent entity	2,117,272	2,152,909
Dividends provided for or paid	(1,855,733)	(1,465,518)
Retained earnings at the end of the financial year	10,978,556	10,717,017

NOTE 22: NON-CONTROLLING INTEREST

		2016	2015
Outside equity interest comprises:			
Issued capital	(a)	-	-
Retained earnings	(b)	-	-
		-	-

	2016	2015
(a) Non-controlling interest in controlled entities	No.	No.
Fully paid ordinary shares in Tradition Smallgoods Pty. Ltd.	-	-
(b) Retained profits	$	$
Opening balance of retained profits	-	249,240
Purchase by parent entity of non-controlling interest	-	(249,240)
Share of operating profit	-	-
Dividend paid or provided	-	-
	-	-

On 31 December 2014, F.F.I. Holdings Limited acquired the 20% non-controlling interest in Tradition Smallgoods Pty. Ltd. Consideration paid was $272,440. Effective 31 December 2014 Tradition Smallgoods Pty. Ltd. is a wholly owned subsidiary of the parent company F.F.I. Holdings Limited.

NOTES TO THE PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

NOTE 23: CASH FLOW INFORMATION	**2016 $**	**2015 $**
Reconciliation of cash flow from operations with operating profit from ordinary activities after income tax		
Profit from ordinary activities after income tax	2,117,272	2,152,909
Non-cash flows in profit from ordinary activities		
Depreciation	611,863	586,554
Increases in provisions	80,287	20,113
(Profit)/Loss on sale of property, plant and equipment	1,559	41,047
Gain on revaluation of investment property	-	-
(Profit)/Loss on sale of investment land	-	-
Decrease/(Increase) in trade and other receivables	(264,244)	243,119
Decrease/(Increase) in prepayments	(8,708)	57,464
Decrease/(Increase) in inventories	(631,446)	247,597
Increase/(Decrease) in creditors and accruals	153,745	59,204
Decrease/(Increase) in deferred tax asset	(15,686)	(6,034)
Increase/(Decrease) in income tax payable	7,528	189,650
Increase/(Decrease) in deferred tax payable	41,420	15,205
Cash flow from operations	2,093,590	3,606,828

NOTE 24: RECONCILIATION OF CASH

Cash at bank and in hand	1,589,820	2,511,055
Overdrafts	-	-
	1,589,820	2,511,055

NOTE 25: 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.

NOTES TO THE PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

NOTE 26: FINANCIAL REPORTING BY SEGMENTS

	Bakery Segment	Smallgoods Segment	Investment Property	Total
	$	$	$	$
2016				
Revenue				
Sales revenue	23,097,673	7,804,416	-	30,902,089
Rental revenue	-	-	852,354	852,354
Unallocated revenue				40,445
Total segment revenue				31,794,888
Other Income	(1,559)	-	-	(1,559)
Result				
Segment net profit before tax	2,387,104	543,162	700,756	3,631,022
Unallocated items				(676,594)
Net profit before tax from continuing operations				2,954,428
Assets				
Segment assets	14,588,060	2,682,797	22,031,346	39,302,203
Unallocated assets				6,797,297
Total group assets				46,099,500
Liabilities				
Segment liabilities	14,039,130	2,453,107	8,811,728	25,303,965
Inter-segment eliminations				(11,142,976)
Total group liabilities				14,160,989

NOTES TO THE PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

NOTE 26: FINANCIAL REPORTING BY SEGMENTS (continued)

	Bakery Segment	Smallgoods Segment	Investment Property	Total
	$	$	$	$
2015				
Revenue				
Sales revenue	22,012,240	7,935,574	-	29,947,814
Rental revenue	-	-	745,465	745,465
Unallocated revenue				29,816
Total segment revenue				30,723,095
Other Income	(42,869)	1,042	780	(41,047)
Result				
Segment net profit before tax	2,406,538	485,604	613,683	3,505,825
Unallocated items				(533,524)
Net profit before tax from continuing operations				2,972,301
Assets				
Segment assets	13,824,350	2,675,555	18,638,950	35,138,855
Unallocated assets				7,683,981
Total group assets				42,822,836
Liabilities				
Segment liabilities	13,608,551	2,464,038	7,263,736	23,336,325
Inter-segment eliminations				(10,958,317)
Total group liabilities				12,378,008

NOTE 27: BUSINESS COMBINATIONS

Nil

NOTE 28: INTEREST IN SUBSIDIARIES

Set out on the following page are the Group's subsidiaries at 30 June 2016. The subsidiaries listed on the following page have share capital consisting solely of ordinary shares, which are held directly by the Group and the proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's country of incorporation or registration is also its principal place of business.

NOTES TO THE PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

NOTE 28: INTEREST IN SUBSIDIARIES (continued)

Name of Subsidiary	Principal Place of Business	Ownership Interest held by the Group	
		2016 %	2015 %
Fresh Food Industries Pty Ltd	Perth, Western Australia	100	100
Chocolate Products of Australia Pty Ltd	Perth, Western Australia	100	100
Prepact Australia Pty Ltd	Perth, Western Australia	100	100
Tradition Smallgoods Pty Ltd	Perth, Western Australia	100	100

Subsidiaries' financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same date as the Group's financial statements.

NOTE 29: FAIR VALUE MEASUREMENT

(a) **Recurring and Non-recurring Fair Value Measurement Amounts and the Level of the Fair Value Hierarchy within which the Fair Value Measurements are Categorised**

		Fair Value Measurements at 30 June 2016 using:		
		Quoted Prices in Active Markets for Identical Assets $	Significant Observable Inputs Other than Level 1 Inputs $	Significant Unobservable Inputs $
Description	**Note**	**(Level 1)**	**(Level 2)**	**(Level 3)**
Recurring fair value measurements				
Investments in shares of unlisted corporations		-	71,536	-
Investments in shares of listed corporations		-	-	-
Investment property	(i)	-	22,031,346	-
Property, plant and equipment (at revalued amounts):				
Freehold land	(ii)	-	5,152,500	-
Buildings		-	1,060,831	-
Non-recurring fair value measurements		-	-	-

NOTES TO THE PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

NOTE 29: FAIR VALUE MEASUREMENT (continued)

		Fair Value Measurements at 30 June 2015 using:		
		Quoted Prices in Active Markets for Identical Assets $	Significant Observable Inputs Other than Level 1 Inputs $	Significant Unobservable Inputs $
Description	**Note**	**(Level 1)**	**(Level 2)**	**(Level 3)**
Recurring fair value measurements				
Investments in shares of unlisted corporations		-	71,536	-
Investments in shares of listed corporations		-	-	-
Investment property	(i)	-	18,638,950	-
Property, plant and equipment (at revalued amounts):				
Freehold land	(ii)	-	5,152,500	-
Buildings		-	1,104,928	-
Non-recurring fair value measurements		-	-	-

(b) **Valuation Techniques and Inputs Used to Determine Level 2 Fair Values**

(i) The fair value measurement amounts of investment properties are based on an assessment by the Directors of the property's fair market value. The methodology used for the assessment incorporated a valuation performed at 30 June 2014 by a licensed independent valuer as well as consideration of other current relevant factors and market conditions. Fair market value was supported by market evidence and makes use of assumptions that a market participant would anticipate based on highest and best use of the property.

(ii) The fair value measurement amounts of freehold land are based on an assessment by the Directors of the property's fair market value. The methodology used for the assessment incorporated a valuation performed at 30 June 2014 by a licensed independent valuer as well as consideration of other current relevant factors and market conditions. Fair market value was supported by market evidence and makes use of assumptions that a market participant would anticipate based on highest and best use of the property.

There were no changes during the reporting period in the valuation techniques used by the Group to determine Level 1, Level 2 and Level 3 fair values.

There were no transfers between Level 1, Level 2 and Level 3 during the reporting period.