FFI HOLDINGS LIMITED
ABN 32 009 155 328

ASX PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017
(APPENDIX 4E)

CONTENTS

F.F.I. HOLDINGS LIMITED

(ABN 32 009 155 328)

APPENDIX 4E AND PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Movement from the previous corresponding period (12 months ended 30 June 2016) for:

Revenue from ordinary activities	up	7.6%	to	$34,197,189
Profit/(loss) from ordinary activities after tax attributable to members	up	5.2%	to	$2,227,145
Net profit/(loss) attributable to members	up	5.2%	to	$2,227,145

DIVIDENDS

	Amount per security	Franked amount per security
Final dividend this period	10.0 cents	10.0 cents
Final dividend previous corresponding period	11.0 cents	11.0 cents
Interim dividend – paid 31 March 2017	10.0 cents	10.0 cents
Interim dividend previous corresponding period	8.0 cents	8.0 cents
Record date for determining entitlements to the dividend	19 September 2017	
Payment date for the dividend	29 September 2017	

The Company's Dividend Reinvestment Plan (DRP) is currently in operation and will be in operation for the final dividend payable on 29 September 2017. 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 22 September 2017. There is no foreign sourced dividend.

NET TANGIBLE ASSETS

	Current period 30/6/2017	Previous corresponding period 30/6/2016
Net tangible assets per security	$3.15	$3.14

COMMENTARY ON FINANCIAL RESULTS AND CHAIRMAN'S REVIEW

On behalf of the Directors, I am pleased to report that the Company has delivered a solid financial result for the year ended 30th June 2017.

There were a number of highlights achieved during the year under review –

- Net profit after tax up 5.2% to $2.2 million
- Revenue up 7.6% to $34.2 million
- Net assets up 5.2% to $33.6 million
- Successful completion of "Orchard Icing" business acquisition
- Full year fully franked dividends up 5.3% to 20 cents per share

Financial results

While the Company achieved a very satisfactory financial result in the first half of the financial year, a dramatic increase in the costs of our major raw materials in the second half significantly affected the overall results. Nonetheless, strong sales growth and improvements in productivity reduced the impact of the record cost increases and resulted in a net profit attributable to shareholders of $2.2 million, up 5.2% on the previous corresponding year.

Fortunately, by the end of the financial year raw material prices had commenced to return to historically normal levels. The reduction in raw material costs, together with the benefits from continuing sales growth and operational improvements, are expected to improve profit margins in the current 2018 financial year.

The Company's already strong financial position further improved with net assets increasing by 5.2 % to $33.6 million, resulting in a marginal increase in net tangible asset backing per share to $3.15.

The sound financial performance has resulted in the net debt decreasing to $2.1 miliion. The debt gearing ratio of 6.2 % remains at a very conservative level.

Food operations

The Company achieved sales growth in its food operations of 7.4% to $33.2 million during the 2017 financial year. However, growth in pre tax contribution to profits from food operations was constrained to 1.3% at $2.97 million for the year due to the impact of the raw material cost increases referred to previously.

The strong sales growth that was achieved during the year in the Company's chocolate and cake decoration business units is expected to continue with the successful acquisition of the new "Orchard Icing" business. The settlement of the business was not finalised until June 2017 and therefore did not have any material impact on the Company's sales or earnings in the reported results.

The Orchard Icing business is well established in the niche cake decorating market sector and previously operated as part of Orchard Manufacturing Co Pty Ltd. It specialises in the manufacture, packaging and distribution of a range of retail and food service "ready to use" rolled icing cake decoration products.

The Company is currently in the process of restructuring the newly acquired business and merging the operations with our existing cake decorations product division, "Nemar Cake Toppings". The restructure and relocation of the business to the Company's existing factory at Jandakot, Western Australia is expected to be completed during the first half of the current 2018 financial year.

The purchase together with working capital and restructure costs will require an investment of approximately $850,000 which is being funded from the Company's existing cash resources. Gross revenue from the new business is expected to exceed $1 million per annum and provides many opportunities for further sales growth.

Strategically the acquisition is an important development for the Company. The new business has many synergies with the existing "Nemar" cake decoration business in the areas of manufacturing, marketing and distribution. Orchard Icing's products complement the Company's current product portfolio and will assist in improving market share.

The Directors are confident that this acquisition will enhance the Company's food operations and improve the long term profitability of the cake decorations division.

Property investment

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.

Pre tax contribution to profits from rental income increased by 17.9% to $0.83 million compared with the previous corresponding period. The full year income received from the property acquired in the previous corresponding period was the main reason for the increased rental income.

During the year under review, the Company further improved the vacant industrial land it holds for investment purposes by constructing a new road to provide for improved access and allow for future investment opportunities. The access road, known as Verde Drive, has been the subject of a bank guarantee previously provided by the Company to the City of Cockburn for future road construction costs.

The completion of these works will significantly enhance the opportunities to increase further the Company's long term returns from its property assets.

Unrelated to the above development, in June 2017 the City of Cockburn released the "Proposed Cockburn Central East Structure Plan". The precinct which the Plan covers includes the Company's existing property holdings. The adoption and implementation of the Structure Plan will require the compulsory resumption by the Western Australian State Government of approximately 10,500 square metres of the Company's total land holding of 82,000 square metres. The area subject to the proposed resumption includes land currently used for car parking and access roadways in the Company's food operations, together with land held for investment purposes and future development.

The Directors believe that if the proposed Structure Plan proceeds the Company will be entitled to full compensation for any financial loss resulting from the compulsory acquisition. Ths Directors also understand the time frame for the implementation of the Plan is over the next three years. At this time no negotiations have commenced between the Company and the appropiate Government authority regarding compensation.

Excluding the land improvement development costs incurred during the year, the asset value for the Company's investment property as at 30th June 2017 remains unchanged from the valuation reported in the 30th June 2016 annual accounts.

Dividend

The Directors have declared a fully franked final dividend of 10 cents per share. Together with the interim dividend of 10 cents per share this brings the total ordinary dividend for the year to 20 cents per share fully franked, up 5.3% from the previous corresponding period.

Conclusion

The Company has many opportunities for future growth and is in excellent financial shape with low debts, solid cash flows, quality assets and experienced management. From this position of strength the Company is well positioned to deliver increased shareholder returns over the longer term.

Rodney Moonen
Chairman of Directors
8th August 2017

F.F.I. HOLDINGS LIMITED

(ABN 32 009 155 328)

APPENDIX 4E AND PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017	2016
		$	$
Revenue	2	34,197,189	31,794,888
Other income	2	(4,169)	(1,559)
Changes in inventories of finished goods and work in progress		153,893	308,233
Raw materials and consumables used		(17,831,820)	(16,071,828)
Employee benefits expense		(7,253,515)	(7,129,770)
Depreciation and amortisation expense	3	(668,213)	(611,863)
Repairs and maintenance expense		(849,045)	(777,503)
Freight expense		(1,504,863)	(1,465,362)
Finance costs	3	(155,580)	(151,598)
Other expenses		(2,977,917)	(2,939,210)
Profit before income tax from continuing operations		3,105,960	2,954,428
Income tax expense	4	(878,815)	(837,156)
Profit after tax from continuing operations		2,227,145	2,117,272
Profit for the period		2,227,145	2,117,272
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		2,227,145	2,117,272
Net profit attributable to:			
Members of the parent entity		2,227,145	2,117,272
Non-controlling interest		-	-
		2,227,145	2,117,272
Total comprehensive income attributable to:			
Members of the parent entity		2,227,145	2,117,272
Non-controlling interest		-	-
		2,227,145	2,117,272
Basic earnings per share (cents per share)	5	21.7	21.4
Basic earnings per share from continuing operations (cents per share)	5	21.7	21.4

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	2017 $	2016 $
CURRENT ASSETS			
Cash and cash equivalents	24	2,407,748	1,589,820
Trade and other receivables	7	3,846,577	3,977,704
Inventories	8	4,922,363	4,322,291
Other current assets	9	220,413	221,992
TOTAL CURRENT ASSETS		11,397,101	10,111,807
NON-CURRENT ASSETS			
Trade and other receivables	7	125,386	146,546
Financial assets	12	71,536	71,536
Property, plant and equipment	10	13,294,971	13,014,392
Investment property	11	22,329,984	22,031,346
Intangible assets	13	552,762	402,762
Deferred tax assets	14	336,131	321,111
TOTAL NON-CURRENT ASSETS		36,710,770	35,987,693
TOTAL ASSETS		48,107,871	46,099,500
CURRENT LIABILITIES			
Trade and other payables	15	3,062,140	2,695,050
Current tax liabilities	17	94,428	195,302
Short-term provisions	18	1,010,439	960,370
TOTAL CURRENT LIABILITIES		4,167,007	3,850,722
NON-CURRENT LIABILITIES			
Trade and other payables	15	47,992	47,992
Long-term borrowings	16	4,500,000	4,500,000
Deferred tax liabilities	17	5,801,988	5,762,275
TOTAL NON-CURRENT LIABILITIES		10,349,980	10,310,267
TOTAL LIABILITIES		14,516,987	14,160,989
NET ASSETS		33,590,884	31,938,511
EQUITY			
Contributed equity	19	18,864,187	17,304,455
Reserves	20	3,655,500	3,655,500
Retained earnings	21	11,071,197	10,978,556
Parent interest		33,590,884	31,938,511
TOTAL EQUITY		33,590,884	31,938,511

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Note	Ordinary Share Capital $	Retained Earnings $	Reserves $	Non-controlling Interests $	Total $
Balance at 1.7.2016		17,304,455	10,978,556	3,655,500	-	31,938,511
Comprehensive income:						
Profit attributable to members of parent entity		-	2,227,145	-	-	2,227,145
Profit attributable to minority shareholders		-	-	-	-	-
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the period		-	2,227,145	-	-	2,227,145
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		1,559,732	-	-	-	1,559,732
Dividends recognised for the period		-	(2,134,504)	-	-	(2,134,504)
Total transactions with owners and other transfers		1,559,732	(2,134,504)	-	-	(574,772)
Balance at 30.6.2017		18,864,187	11,071,197	3,655,500	-	33,590,884
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

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		34,296,460	31,490,200
Payments to suppliers and employees		(30,444,598)	(28,481,563)
Dividends received		3,556	1,422
Interest received		28,299	39,023
Finance costs		(155,580)	(151,598)
Income tax refunded/(paid)		(954,999)	(803,894)
Net cash provided by (used in) operating activities	23	2,773,138	2,093,590
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		3,194	92,733
Purchase of property, plant and equipment		(956,155)	(610,717)
Purchase of investment property		-	(3,377,290)
Investment property development costs		(298,638)	(15,106)
Proceeds from sale of financial assets		-	-
Purchase of investments – Orchard Icing		(150,000)	-
Net cash provided by (used in) investing activities		(1,401,599)	(3,910,380)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	1,500,000
Repayment of borrowings		-	-
Repayment of employee share loans		21,161	19,145
Dividends paid by parent entity		(574,772)	(623,590)
Net cash provided by (used in) financing activities		(553,611)	895,555
Net increase (decrease) in cash held		817,928	(921,235)
Cash at 1 July 2016		1,589,820	2,511,055
Cash at 30 June 2017	24	2,407,748	1,589,820

The accompanying notes form part of these financial statements.

NOTES TO THE PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

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 2017

		Note	2017 $	2016 $
NOTE 2: REVENUE AND OTHER INCOME				
Revenue				
—	Sale of goods		33,183,910	30,902,089
—	Dividends received		3,556	1,422
—	Interest received		28,299	39,023
—	Rent received		981,424	852,354
—	Other revenue		-	-
Total revenue			34,197,189	31,794,888
(a)	Dividend revenue from:			
—	Other corporations		3,556	1,422
Total dividend revenue			3,556	1,422
(b)	Interest revenue from:			
—	Other corporations		28,299	39,023
Total interest revenue			28,299	39,023
(c)	Rental revenue from:			
—	Other corporations		981,424	852,354
Total rental revenue			981,424	852,354
Other income				
—	Gain on revaluation of investment property		-	-
—	Gain on sale of investment property		-	-
—	Gain/(Loss) on disposal of non-current assets		(4,169)	(1,559)
Total other income			(4,169)	(1,559)

NOTE 3: PROFIT/(LOSS) FOR THE YEAR

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

Expenses

		2017	2016
—	Cost of sales	26,394,794	24,407,922
—	Finance costs - external	155,580	151,598
—	Depreciation of buildings	44,096	44,097
—	Depreciation of plant and equipment	624,117	567,766
—	Bad and doubtful debts – trade receivables	(7,495)	57,254
—	Rental expense on operating leases	58,868	63,107
—	Employee benefits - superannuation	499,113	485,266

NOTES TO THE PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $	2016 $
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		3,105,960	2,954,428
Prima facie tax payable on profit from ordinary activities before income tax at 30%		931,788	886,328
Add:			
Tax effect of:			
Non-deductible depreciation and amortisation		14,035	13,750
Other non-allowable items		2,027	1,429
Under provision for income tax in prior year		-	-
		947,850	901,507
Less:			
Tax effect of:			
Rebateable fully franked dividends		1,146	610
Other tax benefits		57,613	63,741
Over provision for income tax in prior year		10,276	-
		878,815	837,156

NOTE 5: EARNINGS PER SHARE

		2017	2016
Basic earnings per share (cents per share)		21.7	21.4
Basic earnings per share from continuing operations (cents per share)		21.7	21.4
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		10,284,006	9,871,663

(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 2017.

NOTES TO THE PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

	2017 $	2016 $
NOTE 6: DIVIDENDS		
Final fully franked ordinary dividend of 11.0 cents per share franked at the rate of 30% paid on 30 September 2016	1,105,056	1,063,984
Interim fully franked ordinary dividend of 10.0 cents per share franked at the rate of 30% paid on 31 March 2017	1,029,448	791,749
	2,134,504	1,855,733
Proposed final fully franked ordinary dividend of 10.0 cents per share franked at 30% payable on 29 September 2017	1,050,371	1,105,056

	2017 $	2016 $
NOTE 7 RECEIVABLES		
CURRENT		
Trade receivables	3,846,577	3,977,704
Provision for impairment of receivables	-	-
	3,846,577	3,977,704
NON-CURRENT		
F.F.I. Holdings Ltd – Employee Share plan	125,386	146,546
	125,386	146,546

	2017 $	2016 $
NOTE 8: INVENTORIES		
CURRENT		
Raw materials and stores	3,177,301	2,731,122
Finished goods	1,745,062	1,591,169
	4,922,363	4,322,291

	2017 $	2016 $
NOTE 9: OTHER ASSETS		
CURRENT		
Prepayments	220,413	221,992

NOTES TO THE PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

NOTE 10: PROPERTY, PLANT AND EQUIPMENT	2017 $	2016 $
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	(750,220)	(706,124)
TOTAL BUILDINGS	1,016,735	1,060,831
TOTAL LAND AND BUILDINGS	6,169,235	6,213,331
PLANT AND EQUIPMENT		
At cost	14,355,436	13,457,011
Accumulated depreciation	(7,229,700)	(6,655,950)
TOTAL PLANT AND EQUIPMENT	7,125,736	6,801,061
TOTAL PROPERTY PLANT AND EQUIPMENT	13,294,971	13,014,392

The value of the Group's land was reviewed at 30 June 2017 by the Directors. The value adopted as at 30 June 2017 is based 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	1,060,831	6,801,061	13,014,392
Additions	-	-	956,155	956,155
Disposals	-	-	(7,363)	(7,363)
Depreciation expense	-	(44,096)	(624,117)	(668,213)
Carrying amount at the end of year	5,152,500	1,016,735	7,125,736	13,294,971

NOTES TO THE PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

NOTE 11: INVESTMENT PROPERTY	2017 $	2016 $
Balance at beginning of year	22,031,346	18,638,950
Land sold	-	-
Property acquired	-	3,377,290
Fair value adjustments	-	-
Property development costs	298,638	15,106
Provision for depreciation	-	-
Balance at end of year	22,329,984	22,031,346

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 2017 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	552,762	402,762
	552,762	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	336,131	321,111
	336,131	321,111

NOTE 15: TRADE AND OTHER PAYABLES

CURRENT		
Unsecured liabilities	3,062,140	2,695,050
	3,062,140	2,695,050
NON CURRENT		
Security bond – lease property	47,992	47,992
	47,992	47,992

NOTES TO THE PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

NOTE 16: INTEREST BEARING LIABILITIES	2017 $	2016 $
CURRENT		
Unsecured liabilities:		
Bank overdraft	-	-
NON-CURRENT		
Secured liabilities:		
Bank loans	4,500,000	4,500,000

All bank borrowings are reviewed annually by the Company's management and the Company's bank. The next review date is 31 October 2017. 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	94,428	195,302
NON-CURRENT		
Deferred tax liabilities	5,801,988	5,762,275

NOTE 18: SHORT TERM PROVISIONS

CURRENT		
Employee benefits	1,010,439	960,370
	1,010,439	960,370

NOTE 19: CONTRIBUTED EQUITY

10,503,710 (2016: 10,045,962) fully paid ordinary shares	18,864,187	17,304,455

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 2017

NOTE 21: RETAINED EARNINGS	2017 $	2016 $
Retained earnings at the beginning of the financial year	10,978,556	10,717,017
Net profit attributable to members of the parent entity	2,227,145	2,117,272
Dividends provided for or paid	(2,134,504)	(1,855,733)
Retained earnings at the end of the financial year	11,071,197	10,978,556

NOTE 22: 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	2,227,145	2,117,272
Non-cash flows in profit from ordinary activities		
Depreciation	668,213	611,863
Increases in provisions	50,069	80,287
(Profit)/Loss on sale of property, plant and equipment	4,169	1,559
Gain on revaluation of investment property	-	-
(Profit)/Loss on sale of investment land	-	-
Decrease/(Increase) in trade and other receivables	131,126	(264,244)
Decrease/(Increase) in prepayments	1,579	(8,708)
Decrease/(Increase) in inventories	(600,072)	(631,446)
Increase/(Decrease) in creditors and accruals	367,093	153,745
Decrease/(Increase) in deferred tax asset	(15,020)	(15,686)
Increase/(Decrease) in income tax payable	(100,876)	7,528
Increase/(Decrease) in deferred tax payable	39,712	41,420
Cash flow from operations	2,773,138	2,093,590

NOTE 23: RECONCILIATION OF CASH

Cash at bank and in hand	2,407,748	1,589,820
Overdrafts	-	-
	2,407,748	1,589,820

NOTE 24: 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 2017

NOTE 25: FINANCIAL REPORTING BY SEGMENTS

	Bakery Segment	Smallgoods Segment	Investment Property	Total
	$	$	$	$
2017				
Revenue				
Sales revenue	25,468,968	7,714,942	-	33,183,910
Rental revenue	-	-	981,424	981,424
Unallocated revenue				31,855
Total segment revenue				34,197,189
Other Income	(7,363)	3,194	-	(4,169)
Result				
Segment net profit before tax	2,497,641	470,296	825,844	3,793,781
Unallocated items				(687,821)
Net profit before tax from continuing operations				3,105,960
Assets				
Segment assets	15,474,517	2,958,711	22,329,985	40,763,213
Unallocated assets				7,344,658
Total group assets				48,107,871
Liabilities				
Segment liabilities	14,916,315	2,744,216	8,811,728	26,472,259
Inter-segment eliminations				(11,955,272)
Total group liabilities				14,516,987

NOTES TO THE PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

NOTE 25: FINANCIAL REPORTING BY SEGMENTS (continued)

	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

NOTE 26: BUSINESS COMBINATIONS

On 22 May 2017, the Company acquired the business of Ocrhard Icing. Goodwill and trademarks were acquired for $150,000 and this has been recognised in intangibles. The business has been merged into the Bakery segment.

NOTE 27: INTEREST IN SUBSIDIARIES

Set out on the following page are the Group’s subsidiaries at 30 June 2017. 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 2017

NOTE 27: INTEREST IN SUBSIDIARIES (continued)

Name of Subsidiary	Principal Place of Business	Ownership Interest held by the Group	
		2017 %	2016 %
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 28: 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 2017 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)	-	22,329,984	-
Property, plant and equipment (at revalued amounts):				
Freehold land	(ii)	-	5,152,500	-
Buildings		-	1,016,735	-
Non-recurring fair value measurements		-	-	-

NOTES TO THE PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

NOTE 28: FAIR VALUE MEASUREMENT (continued)

		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		-	-	-

(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.