



F.F.I. HOLDINGS LIMITED
ABN 32 009 155 328
AND CONTROLLED ENTITIES

INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31st DECEMBER 2020

F.F.I. HOLDINGS LIMITED AND CONTROLLED ENTITIES

(ABN 32 009 155 328)

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2020

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APPENDIX 4D

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Movement from the previous corresponding period (6 months ended 31 December 2019) for:

Revenue from ordinary activities	down	2.2%	to	\$19,890,187
Net profit from ordinary activities after tax attributable to members	up	11.6%	to	\$2,005,737

Note: The results in the previous corresponding period included revenue and profit from the Company's discontinued Tradition Smallgoods operation which was divested on 20 September 2019. Excluding the impact of Tradition Smallgoods, total revenue from continuing operations increased by 8.5% to \$19,890,187 and profit after tax from continuing operations increased by 20.8% to \$2,005,737.

DIVIDENDS

	Amount per security	Franked amount per security
Interim dividend	12.0 cents	12.0 cents
Interim dividend previous corresponding period	11.0 cents	11.0 cents
Record date for determining entitlements to the dividend		16 th March 2021
Payment date for the dividend		26 th March 2021

The Company's Dividend Reinvestment Plan (DRP) has been suspended and will not be in operation for the interim dividend payable on 26 March 2021. There is no foreign sourced dividend.

NET TANGIBLE ASSETS

	Current period 31/12/2020	Previous corresponding period 31/12/2019
Net tangible assets per security	\$3.50	\$3.34

This report has been reviewed by Moore Australia Audit (WA).

It is recommended that this report be read in conjunction with the annual financial report of the Company for the year ended 30 June 2020.

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INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2020

CHAIRMAN'S REVIEW

On behalf of the Directors, I am pleased to report that the half year under review has been a very successful period for our Company.

The Company has reported a net profit after tax of \$2.0 million up 11.6% on the \$1.8 million in the previous corresponding half year. The Company divested its Tradition Smallgoods business in the previous corresponding period. It was pleasing that the income and contribution to overheads previously received from the divested business have been offset by strong growth in the continuing operations. Excluding Tradition Smallgoods, the net profit after tax of \$2.0 million this half represents a substantial 20.8% increase.

The key financial highlights are summarised as follows:

- Net profit after tax from continuing operations up 20.8% to \$2.0 million
- Net profit before tax from continuing operations up 19.9% to \$2.7 million
- Revenue from continuing operations up 8.5% to \$19.9 million
- Rental income from investment property up 2.8% to \$0.6 million
- Declared interim fully franked dividend up 9% to 12.0 cents per share

The improvement in net profit before tax from continuing operations is very pleasing given it builds on the 23.1% increase in the 2020 financial year and the 23.7% increase in the 2019 financial year.

The Company continues to be in a very strong financial position with net assets of \$38.3 million (representing net tangible asset backing of \$3.50 per share), no debt and cash reserves of \$2.3 million.

Food Operations

The sound performance of the food operations was achieved on an 8.2% increase in bakery segment sales revenue to \$19.2 million from \$17.8 million previously.

As a leading Australian food company, certified to a range of high quality food manufacturing standards, COVID-19 has had a minimal impact on the Company apart from the implementation of some additional operating safeguards.

The Company has continued to increase its investment in and focus on operational performance. During the half year under review, major extensions to the chocolate factory were completed. The extensions were required to increase production capacity and improve operational efficiency of the existing business. In addition, the factory extensions enabled the Company to expand its manufacturing capability by installing a new world class chocolate block production line. The commissioning of the plant is well advanced and is expected to be completed in the current financial year.

Property Investment

Rental income from the property investment continues to make a significant contribution to operating profits. While rental income increased by 2.8%, a reduction in finance costs resulted in the net profit contribution from property increasing by 15.5% to \$0.59 million compared with \$0.51 million in the previous corresponding period.

The property investment comprises industrial and commercial properties that adjoin the Company's existing food factories. The properties are in close proximity to the Cockburn Central Town Centre and have direct access to the Perth Metro rail system, major regional roads, and freeways. The continuing rapid development of the Cockburn Central Town Centre, together with a major road and freeway improvement project currently being undertaken by the State Government in the area, is expected to deliver further opportunities to grow shareholder value from this important asset.

The asset values for the Company's investment properties as at 31st December 2020 remain unchanged from the valuations used in the 30th June 2020 annual accounts.

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CHAIRMAN'S REVIEW (continued)

Compulsory Land Acquisition

As previously reported, during the last financial year the Main Roads of Western Australia compulsorily resumed an area of the Company's land holdings. The Company's entitlement to compensation for the financial loss resulting from the land taking continues to be negotiated with the Main Roads of Western Australia. Independent experts have been engaged by the Company to assist in resolving this matter. While the expert reports are expected to be completed in the current financial year, at this time it is not known when the matter will be finalised.

Dividend

In view of the improved financial results, the Directors have resolved to increase the interim dividend to 12.0 cents per share, up 9% from the previous corresponding period. The interim dividend is fully franked at the 26% company tax rate.

Outlook

The outlook remains very positive. COVID-19 and other international trade disruptions have highlighted the importance and potential of the Australian food industry. The Company, from the niche markets in which it operates, is in an ideal position to capitalise on the expected growth of Australian made food products.

With a diverse product and customer base, a strong financial position and an experienced and enthusiastic management team, the Board believes FFI will continue to deliver long term growth for shareholders.



Rodney Moonen
Chairman of Directors
11th February 2021

F.F.I. HOLDINGS LIMITED AND CONTROLLED ENTITIES

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DIRECTORS' REPORT

Your Directors submit the financial report of the consolidated group for the half year ended 31 December 2020.

DIRECTORS

The names of the Directors of the Company in office at any time during the financial period and up to the date of this report are:

Mr Rodney G Moonen
Mr Geoffrey W Nicholson
Mr Robert D Fraser


REVIEW OF OPERATIONS

A review of operations is contained in the accompanying Chairman's Review on page 4.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 7 for the half year ended 31 December 2020.

This report is signed in accordance with a resolution of the Board of Directors.



Rodney G Moonen
Director

Dated this 11th day of February 2021

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INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2020



MOORE

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**AUDITOR'S INDEPENDENCE DECLARATION UNDER
S307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF F.F.I. HOLDINGS LIMITED**

I declare that, to the best of my knowledge and belief, during the half year ended 31 December 2020, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

SUAN-LEE TAN
PARTNER

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 11th day of February 2021.

F.F.I. HOLDINGS LIMITED AND CONTROLLED ENTITIES

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2020

		Consolidated Group	
	Note	31.12.2020	31.12.2019
		\$	\$
Revenue from continuing operations		19,890,187	18,338,618
Changes in inventories of finished goods and work in progress		424,237	268,395
Raw materials and consumables used		(10,178,460)	(8,757,392)
Employee benefits expense		(4,179,895)	(4,149,739)
Depreciation and amortisation expense		(382,970)	(361,976)
Repairs and maintenance expense		(420,314)	(539,200)
Freight expense		(702,405)	(741,946)
Finance costs		-	(63,503)
Other expenses		(1,739,924)	(1,731,972)
Profit before income tax from continuing operations		2,710,456	2,261,285
Income tax expense		(704,719)	(601,244)
Profit after tax from continuing operations		2,005,737	1,660,041
Discontinued operations			
Profit/(loss) from discontinued operations after tax	6	-	137,107
Profit for the period		2,005,737	1,797,148
Other comprehensive income for the period		-	-
Total comprehensive income for the period attributable to members of the parent entity		2,005,737	1,797,148
Earnings per share			
From continuing and discontinued operations:			
Basic earnings per share (cents per share)		18.6	16.7
From continuing operations:			
Basic earnings per share (cents per share)		18.6	15.4
From discontinued operations:			
Basic earnings per share (cents per share)		N/A	1.3

The accompanying notes form part of these financial statements.

F.F.I. HOLDINGS LIMITED AND CONTROLLED ENTITIES

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INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

		Consolidated Group	
	Note	31.12.2020	30.06.2020
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		2,281,396	2,182,169
Trade and other receivables		5,253,703	5,492,284
Inventories		6,207,664	6,737,651
Other current assets		244,950	299,778
TOTAL CURRENT ASSETS		13,987,713	14,711,882
NON-CURRENT ASSETS			
Trade and other receivables		235,304	249,495
Financial assets	9	71,536	71,536
Property, plant and equipment		13,825,706	13,363,073
Investment property	9	20,478,906	20,478,906
Intangible assets		552,762	552,762
Deferred tax assets		340,509	340,509
TOTAL NON-CURRENT ASSETS		35,504,723	35,056,281
TOTAL ASSETS		49,492,436	49,768,163
CURRENT LIABILITIES			
Trade and other payables		3,120,340	4,182,610
Advanced received		1,467,029	1,467,029
Current tax liabilities		276,414	290,008
Short-term provisions		862,615	779,369
TOTAL CURRENT LIABILITIES		5,726,398	6,719,016
NON-CURRENT LIABILITIES			
Trade and other payables		41,564	41,564
Deferred tax liabilities		5,403,152	5,403,152
TOTAL NON-CURRENT LIABILITIES		5,444,716	5,444,716
TOTAL LIABILITIES		11,171,114	12,163,732
NET ASSETS		38,321,322	37,604,431
EQUITY			
Contributed equity	3	19,939,268	19,829,268
Reserves		4,252,623	4,252,623
Retained earnings		14,129,431	13,522,540
TOTAL EQUITY		38,321,322	37,604,431

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Note	Ordinary Share Capital \$	Retained Earnings \$	Reserves \$	Total \$
Balance at 1.7.2020		19,829,268	13,522,540	4,252,623	37,604,431
Comprehensive income:					
Profit attributable to members of parent entity		-	2,005,737	-	2,005,737
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	2,005,737	-	2,005,737
Transactions with owners, in their capacity as owners, and other transfers		-	-	-	-
Shares issued during the period		110,000	-	-	110,000
Dividends recognised for the period	2	-	(1,398,846)	-	(1,398,846)
Total transactions with owners and other transfers		110,000	(1,398,846)	-	(1,288,846)
Balance at 31.12.2020		19,939,268	14,129,431	4,252,623	38,321,322
Balance at 1.7.2019		19,829,268	12,422,140	3,773,592	36,025,000
Comprehensive income:					
Profit attributable to members of parent entity		-	1,797,148	-	1,797,148
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	1,797,148	-	1,797,148
Transactions with owners, in their capacity as owners, and other transfers		-	-	-	-
Shares issued during the period		-	-	-	-
Dividends recognised for the period	2	-	(1,291,244)	-	(1,291,244)
Total transactions with owners and other transfers		-	(1,291,244)	-	(1,291,244)
Balance at 31.12.2019		19,829,268	12,928,044	3,773,592	36,530,904

The accompanying notes form part of these financial statements.

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INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2020

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Consolidated Group	
	31.12.2020	31.12.2019
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	20,127,346	19,954,939
Payments to suppliers and employees	(17,093,471)	(17,433,135)
Dividends received	1,422	1,422
Interest received	-	9,373
Finance costs	-	(63,503)
Income tax refunded/(paid)	(718,313)	(717,545)
Net cash provided by (used in) operating activities	2,316,984	1,751,551
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	-	1,266,951
Purchase of property, plant and equipment	(845,603)	(343,010)
Investment property development costs	-	(4,380)
Net cash provided by (used in) investing activities	(845,603)	919,561
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	12,501	-
Repayment of employee share loans	14,191	13,100
Dividends paid by parent entity	(1,398,846)	(1,291,244)
Net cash provided by (used in) financing activities	(1,372,154)	(1,278,144)
Net increase (decrease) in cash held	99,227	1,392,968
Cash at beginning of period	2,182,169	2,100,534
Cash at end of period	2,281,396	3,493,502

The accompanying notes form part of these financial statements.

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INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

These general purpose interim financial statements for the half year reporting period ended 31 December 2020 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of F.F.I. Holdings Limited and its controlled entities (referred to as the "consolidated group" or "Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2020, together with any public announcements made during the following half year.

These interim financial statements were authorised for issue on 11th February 2021 by the directors of the Company.

b. Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The Group has considered the implications of new or amended Accounting Standards, but determined that their application to the financial statements is either not relevant or not material.

c. Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent F.F.I. Holdings Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 8.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation.

Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interest's proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income.

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d. Fair Value of Assets and Liabilities

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- *Market approach*: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- *Income approach*: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- *Cost approach*: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

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Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level into which an input that is significant to the measurement can be categorised as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

- (i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- (ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

e. Critical Accounting Estimates and Significant Judgements Used in Applying Accounting Policies

The critical estimates and judgements are consistent with those applied and disclosed in the annual financial statements of the Group for the year ended 30 June 2020.

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Consolidated Group

31.12.2020	31.12.2019
\$	\$

NOTE 2: DIVIDENDS

Declared interim fully franked ordinary dividend of 12.0 cents (2019: 11.0 cents) per share franked at the tax rate of 26.0% (2019: 27.5%)

1,293,644	1,183,640
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Final fully franked ordinary dividend of 13.0 cents per share paid during the half year period (2019: 12.0 cents)

1,398,846	1,291,244
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31.12.2020	31.12.2019
\$	\$

NOTE 3: ISSUED CAPITAL

Issued and Paid Up Capital

10,780,367 (2019: 10,760,367) fully paid ordinary shares

19,939,268	19,829,268
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(a) Ordinary shares

No.	No.
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At the beginning of reporting period

10,760,367	10,760,367
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Shares issued during half year:

13 November 2020 – Shares issued for employee entitlements

17,727	-
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13 November 2020 – Shares issued for employee purchase

2,273	-
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Shares bought back during year

-	-
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At reporting date

10,780,367	10,760,367
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NOTE 4: CONTINGENT LIABILITIES

The Company is not aware of any significant commitments, contingent liabilities or contingent assets as at reporting date.

NOTE 5: EVENTS AFTER THE END OF THE INTERIM PERIOD

The directors are not aware of any significant events since the end of the interim period.

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NOTE 6: DISCONTINUED OPERATIONS

	Consolidated Group	
	31.12.2020	31.12.2019
	\$	\$
<p>On 2 September 2019, the Consolidated Group announced its decision to dispose of Tradition Smallgoods, thereby discontinuing its operations in the smallgoods business segment.</p> <p>The business was sold on 20 September 2019.</p> <p>Financial information relating to the discontinued operation is set out below.</p> <p>The financial performance of the discontinued operation is included in profit/(loss) from discontinued operations per the consolidated statement of profit or loss and other comprehensive income and is as follows:</p>		
Revenue	-	2,008,661
Expenses	-	(1,819,613)
Profit before income tax	-	189,048
Profit attributable to owners of the Parent Entity	-	189,048
Profit on discontinued operations before income tax	-	189,048
Income tax expense	-	(51,941)
Profit/(loss) on discontinued operations after income tax	-	137,107
Total profit/(loss) after tax attributable to the discontinued operation	-	137,107
<p>The net cash flows of the discontinued business which have been incorporated into the statement of cash flows are as follows:</p>		
Net cash inflow/(outflow) from operating activities	-	259,626
Net cash inflow from investing activities	-	1,266,952
Net cash (outflow)/inflow from financing activities	-	33,734
Net increase in cash generated by the discontinued business	-	1,560,312
Gain on disposal of the business included in gain from discontinued operations per the statement of profit or loss and other comprehensive income.	-	137,107

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NOTE 7: OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold;
- the manufacturing process; and
- the type or class of customer for the products.

Types of products and services by segment

(i) *Bakery Segment*

This segment manufactures a wide range of predominantly bakery and home cooking needs food products for distribution to a diverse customer base.

(ii) *Smallgoods Segment*

This segment manufactures a wide range of smallgoods products for distribution to a diverse customer base and was discontinued in September 2019.

(iii) *Investment Property*

This segment manages the Company's industrial/commercial land which is held for investment purposes. This segment does not include land held for the Company's own use.

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NOTE 7: OPERATING SEGMENTS (continued)

(i) Segment performance

	Bakery Segment	Investment Property	Total
	\$	\$	\$
Six months ended 31/12/2020			
Revenue			
External sales	19,206,208	-	19,206,208
Rent	-	593,168	593,168
Inter-segment sales	-	-	-
Other revenue	-	-	-
Total segment revenue	19,206,208	593,168	19,799,376
<i>Reconciliation of segment revenue to Group revenue</i>			
Unallocated revenue			90,811
Total group revenue			19,890,187
Segment net profit before tax	2,486,206	593,168	3,079,374
<i>Reconciliation of segment result to Group net profit/(loss)</i>			
Amounts not included in segment result but reviewed by			
Unallocated items:			
• Other			(368,918)
Net profit before tax from continuing operations			2,710,456
Net profit before tax from discontinuing operations			-
Six months ended 31/12/2019			
Revenue			
External sales	17,755,080	-	17,755,080
Rent	-	577,204	577,204
Inter-segment sales	-	-	-
Other revenue	-	-	-
Total segment revenue	17,755,080	577,204	18,332,284
<i>Reconciliation of segment revenue to Group revenue</i>			
Unallocated revenue			6,334
Total group revenue			18,338,618
Segment net profit before tax	2,397,560	513,700	2,911,260
<i>Reconciliation of segment result to Group net profit/(loss)</i>			
Amounts not included in segment result but reviewed by			
Unallocated items:			
• Other			(649,975)
Net profit before tax from continuing operations			2,261,285
Net profit before tax from discontinuing operations			189,048

F.F.I. HOLDINGS LIMITED AND CONTROLLED ENTITIES

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INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 7: OPERATING SEGMENTS (continued)

(ii) Disaggregation of revenue from contracts with customers

In the following table, segmental revenue from contracts with customers is disaggregated by primary geographical market and timing of revenue recognition.

Continuing operations:

	Bakery Segment \$	Investment Property (\$)	Unallocated \$	Total \$
2020				
Primary geographical market				
Australia	19,206,208	593,168	90,811	19,890,187
Timing of revenue recognition				
At a point in time	19,206,208	-	-	19,206,208
Over time	-	593,168	90,811	683,979
	19,206,208	593,168	90,811	19,890,187
2019				
Primary geographical market				
Australia	17,755,080	577,204	6,334	18,338,618
Timing of revenue recognition				
At a point in time	17,755,080	-	-	17,755,080
Over time	-	577,204	6,334	583,538
	17,755,080	577,204	6,334	18,338,618

In the following table, segmental revenue from contracts with customers is disaggregated by primary geographical market and timing of revenue recognition.

Discontinued operations:

	Smallgoods Segment (\$)	Unallocated \$	Total \$
2020			
Primary geographical market			
Australia	-	-	-
Timing of revenue recognition			
At a point in time	-	-	-
Over time	-	-	-
	-	-	-
2019			
Primary geographical market			
Australia	2,004,200	4,461	2,008,661
Timing of revenue recognition			
At a point in time	2,004,200	-	2,004,200
Over time	-	4,461	4,461
	2,004,200	4,461	2,008,661

F.F.I. HOLDINGS LIMITED AND CONTROLLED ENTITIES

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INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 7: OPERATING SEGMENTS (continued)

(iii) Segment assets

	Bakery Segment	Investment Property	Unallocated	Total
	\$	\$	\$	\$
Six months ended 31/12/2020				
Opening balance 1 July 2020	20,309,435	20,478,906	8,979,822	49,768,163
Segment asset increases for the period:				
• capital expenditure	420,953	-	424,650	845,603
• disposals	-	-	-	-
• other asset movements	(779,894)	-	(341,436)	(1,121,330)
Closing balance 31 December 2020	19,950,494	20,478,906	9,063,036	49,492,436

NOTE 8: INTEREST IN SUBSIDIARIES

Information about Principal Subsidiaries

Set out below are the Group's subsidiaries at 31 December 2020. The subsidiaries listed below 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.

Name of Subsidiary	Principal Place of Business	Ownership Interest held by the Group	
		At 31 December 2020 %	At 30 June 2020 %
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
Danburn Holdings Pty Ltd (formerly 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.

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NOTE 9: 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 31 December 2020 using:

		Quoted Prices in Active Markets for Identical Assets \$ (Level 1)	Significant Observable Inputs Other than Level 1 Inputs \$ (Level 2)	Significant Unobservable Inputs \$ (Level 3)
Description	Note			
Recurring fair value measurements				
Investments in shares of unlisted corporations		-	71,536	-
Investments in shares of listed corporations		-	-	-
Investment property	(i)	-	20,478,906	-
Property, plant and equipment (at revalued amounts):				
Freehold land	(ii)	-	5,212,500	-
Buildings		-	1,517,575	-
Non-recurring fair value measurements				

Fair Value Measurements at 30 June 2020 using:

		Quoted Prices in Active Markets for Identical Assets \$ (Level 1)	Significant Observable Inputs Other than Level 1 Inputs \$ (Level 2)	Significant Unobservable Inputs \$ (Level 3)
Description	Note			
Recurring fair value measurements				
Investments in shares of unlisted corporations		-	71,536	-
Investments in shares of listed corporations		-	-	-
Investment property	(i)	-	20,478,906	-
Property, plant and equipment (at revalued amounts):				
Freehold land	(ii)	-	5,212,500	-
Buildings		-	1,115,874	-
Non-recurring fair value measurements				
		-	-	-

F.F.I. HOLDINGS LIMITED AND CONTROLLED ENTITIES

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INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 9: FAIR VALUE MEASUREMENT (continued)

b. Valuation Techniques and Inputs Used to Determine Level 2 Fair Values

- (i) The value of the Group's investment property as at 31 December 2020 remains unchanged from the valuations used in the 30 June 2020 annual accounts. The value of the Group's investment property was reviewed at 30 June 2020 by the Directors. The value adopted as at 30 June 2020 is based on a valuation performed as at 30 June 2018 by a licensed independent valuer as well as consideration of other current relevant factors.
- (ii) The value of the Group's freehold land as at 31 December 2020 remains unchanged from the valuations used in the 30 June 2020 annual accounts. The value of the Group's freehold land was reviewed at 30 June 2020 by the Directors. The value adopted as at 30 June 2020 is based on an assessment by Directors of the property's current active open market value.

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.

F.F.I. HOLDINGS LIMITED AND CONTROLLED ENTITIES

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INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2020

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. the financial statements and notes, as set out on pages 8 to 22 are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half year ended on that date; and
2. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors of F.F.I. Holdings Limited.



R G Moonen

Dated this 11th day of February 2021.

F.F.I. HOLDINGS LIMITED AND CONTROLLED ENTITIES

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INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2020



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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF F.F.I. HOLDINGS LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of F.F.I. Holdings Limited (the company) and its controlled entities (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the company is not in accordance with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- b. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410: *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including:

- a. giving a true and fair view of the company's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and
- b. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

F.F.I. HOLDINGS LIMITED AND CONTROLLED ENTITIES

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INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2020



MOORE

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS
OF F.F.I. HOLDINGS LIMITED (CONTINUED)**

Report on the Half-Year Financial Report (continued)

Auditor's Responsibility (continued)

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if provided to the directors as at the time of this auditor's review report.

SUAN-LEE TAN
PARTNER

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 11th day of February 2021.