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fresh food industries

FFI HOLDINGS LIMITED

ABN 32 009 155 328



annual report 2023

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Corporate Directory

COMPANY ABN

32 009 155 328

DIRECTORS

Rodney G Moonen
Geoffrey W Nicholson
Robert D Fraser

COMPANY SECRETARY

Rodney G Moonen

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

15 Monash Gate,
Jandakot, Western Australia 6164
Tel: +61 8 9417 6111
Fax: +61 8 9417 3063
Website: www.ffiholdings.com.au

AUDITORS

Moore Australia Audit (WA)
Level 15, Exchange Tower,
2 The Esplanade, Perth WA 6000

LOCATION OF REGISTER OF SECURITIES

Automic Group Ltd
Level 5, 126 Phillip Street, Sydney, NSW 2000
Tel: 1300 288 664 (within Australia)
Tel: +61 2 9698 5414 (Overseas)

STOCK EXCHANGE

Australian Securities Exchange
Level 40, Central Park,
152-158 St Georges Terrace, Perth, WA 6000

Company Profile



F.F.I. HOLDINGS LTD is a Western Australian based food processing company which was listed on the Australian Securities Exchange in 1986.

Driven by a management philosophy which focuses on efficiency, reliability and innovation as key goals, the Company has expanded steadily and operations now cover the following areas.

FOOD OPERATIONS

Fresh Food Industries Pty Ltd, a 100% controlled entity, operates the following business divisions -



Chocolate Products of Australia

Specialises in the manufacture of cooking chocolate, chocolate coated confectionery, sugar confectionery, cake decorations, ready to roll icing and popcorn snack foods. Includes products manufactured under retailers' private labels and also the Company's own proprietary retail brands "Nemar", "Golden Popcorn" and "Orchard Icing".



Prepact

Processing and packaging a wide range of products for the home cooking needs market sector. The majority of products are distributed to the retail market under the "Prepact" and "Snowflake" brands. Also incorporates contract packing for third party brands.



Fresh Food Industries - Bakery Products

Includes the processing and manufacture of apple products, fruit and bakers fillings, chocolate, specialty chocolate compounds and cake decoration toppings for the bakery and pastrycooks industry.

PROPERTY INVESTMENT

The Company has a significant investment in prime industrial and commercial property which is held for investment purposes. The properties adjoin the Company's existing food factories, are adjacent to the rapidly developing Cockburn Central Town Centre and are ideally suited for further subdivision and development. The properties are only partially developed and provide a significant opportunity to grow the Company's investment income.

Financial Summary

FOR THE FINANCIAL YEARS ENDED 30 JUNE

	2023 \$	2022 \$	2021 \$	2020 \$	2019 \$
Revenue from operating activities – continuing operations	46,821,017	37,218,984	37,297,337	35,389,434	32,378,857
Other revenue	24,550	(9,000)	6,831,529	358,997	(1,009)
Total revenue from continuing operations	46,845,567	37,209,984	44,128,866	35,748,431	32,377,848
Profit before tax from:					
- Continuing operations -					
Underlying profit	2,329,877	1,628,114	4,692,308	4,043,909	3,781,709
- MRWA related transactions	-	-	6,888,637	284,604	-
- Property revaluation	-	-	-	328,611	-
- Discontinued operations	-	-	-	189,048	234,399
Profit before tax	2,329,877	1,628,114	11,580,945	4,846,172	4,016,108
Income tax	(583,269)	(409,534)	(2,857,655)	(1,270,887)	(717,836)
Profit after tax	1,746,608	1,218,580	8,723,290	3,575,285	3,298,272
Earnings per share (cents)	16.2	11.3	81.0	33.2	30.8
Earnings per share from continuing operations (cents)	16.2	11.3	81.0	31.9	29.3
Earnings per share from discontinued operations (cents)	-	-	-	1.3	1.5
Ordinary dividend per share (cents) (including final dividend)	10.0	10.0	26.0	24.0	22.0
Dividends paid	-	2,587,288	2,692,491	2,474,885	2,141,923
Total shareholders' equity	44,243,415	42,496,807	43,865,515	37,604,431	36,025,000
Net tangible asset backing per share	4.05	3.89	4.02	3.44	3.30

Chairman's Review

Financial results

FFI Holdings Limited (the Company) has reported a net profit before tax of \$2.33 million for the year ended 30 June 2023. The results are in line with previously notified profit guidance.

The net profit before tax for the previous corresponding period was \$1.63 million.

The expected improvement in the result reflects the success of a number of initiatives the Company undertook during the year to improve profitability and address the issues that negatively impacted profit in recent times.

All the improvements were achieved in the last half of the financial year. The Company's management team is continuing to focus on these initiatives and the profit results are expected to continue to improve during the next financial year.

The result was achieved on revenue of \$46.8 million, up 25.8% on the previous corresponding year.

The Company continues to be in a very strong financial position with net assets of \$44.2 million (representing net tangible asset backing of \$4.05 per share).

Food operations

The year under review, particularly the first half, proved to be an extremely difficult trading period for the Company. Significant increases in many of the Company's major input costs, including raw materials, freight and labour, negatively impacted the Company's profit margins.

During the year the Company's management team continued to work with suppliers and customers in order to improve profit margins and minimise the effects from supply chain disruptions.

Despite the difficult market conditions sales revenue from the Company's food operations increased by 26.3% to \$45.4 million.

Property Investment

The Company has continued to enjoy strong growth in earnings from property investments. Rent received from the Company's investment properties increased by 8.7% to \$1.36 million for the year.

During the year under review the Company commenced development of a further 2,620 square meters of the vacant land held for investment purposes. As at 30 June 2023 the capital invested in the new development totalled \$0.45 million. The development will be completed early in the 2024 financial year and the final cost is expected to be approximately \$0.6 million. The annualised rental income from the new development will be \$0.14 million and will commence in August 2023.

The asset values for the Company's investment properties as at 30 June 2023 of \$20.9 million, excluding the cost incurred during the year on the new property development referred to above, remain unchanged from the valuations used in the 30 June 2022 annual accounts.

Dividend

Directors have resolved to pay a final dividend of 10.0 cents per share, fully franked.

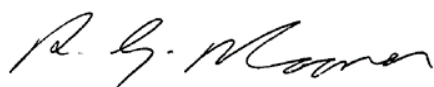
The Directors are aware of the importance many shareholder place on dividend returns and will remain focused on returning to dividend growth.

Chairman's Review

Outlook

The Company's management team remains focused on addressing the issues that have affected profit margins and managing the supply chain challenges that the industry has experienced in recent years.

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

22nd September 2023

Directors' Report

Your Directors have pleasure in presenting their report on the company and its controlled entities for the financial year ended 30 June 2023.

DIRECTORS

The names and details 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

COMPANY SECRETARY

The following person held the position of Company Secretary at the end of the financial year:

Rodney G Moonen (Refer to details of Directors for experience and qualification details)

PRINCIPAL ACTIVITIES

The activities of the Company during the year were:

- The processing, manufacture, packaging and distribution of food products for the Australian food industry.
- Property investment and leasing.

There were no significant changes in the nature of the Company's activities during the year.

OPERATING RESULTS

The consolidated profit of the consolidated entity after income tax amounted to \$1,746,608 (2022: \$1,218,580).

OPERATIONS AND FINANCIAL REVIEW

Food Operations

The Company is a manufacturer of a range of food products for the Australian industrial, wholesale and retail markets. The food operations are based entirely in Australia and include:

- The manufacture of chocolate and confectionery products.
- The manufacture of bakers jam fillings and processed apple products.
- The processing and packing of home cooking needs products.

The Company's main activities are based on being a niche market manufacturer, developing and supplying products to meet the needs of major Australian manufacturing, wholesale and retail food companies. With a focus on niche markets and a diverse customer base, the Company does not have either a dominant position in any of the markets in which it operates or an economic dependency on any of its major customers.

Property Investment

The Company has a significant investment in industrial and commercial property. The properties adjoin the Company's existing food factories, adjacent to the rapidly developing Cockburn Central Town Centre and are ideally suited for further subdivision and development.

Rent received from the Company's investment properties increased by 8.7% to \$1.36 million for the year.

Profit

The Company achieved a net profit after tax attributable to members of \$1.75 million for the year ended 30 June 2023. The underlying performance of the business, represented by net profit before tax, increased by 43% to \$2.33 million for the year ended 30 June 2023.

Sales

Sales from the Company's food operations increased by 26.3% to \$45.4 million. The Company continues to pursue sales initiatives to provide for future revenue and profit growth.

Directors' Report

Financial Position

The Company's equity as at 30 June 2023 increased by 4.1%, compared with the prior year, to \$44.5 million. The net tangible asset backing per share was \$4.05 as at 30 June 2023.

DIVIDENDS PAID OR RECOMMENDED

Dividends paid or recommended for payment are as follows:

- Final ordinary dividend for the year ended 30 June 2022 – nil.
- Interim ordinary dividend – nil.
- Final ordinary dividend of 10.0 cents per share for the year ended 30 June 2023.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

No other significant changes in the state of affairs of the Consolidated Entity have occurred other than those matters referred to elsewhere in this report.

AFTER BALANCE DATE EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Consolidated Entity in subsequent financial years.

BUSINESS STRATEGIES AND PROSPECTS

Food Operations

The Company continues to pursue a number of opportunities to increase sales and to provide for long term growth.

This growth strategy is driven around leveraging off the Company's existing customer base and manufacturing capabilities.

In addition to the sales growth strategy, the Company will continue to pursue profit growth by improving productivity and reducing manufacturing costs. The growth strategy will be underpinned by further investment in automation, innovation and technology.

During the year under review a total of \$1.13 million was invested in new and upgrading plant and equipment in the Company's food operations. The future benefits of these capital expenditure initiatives are expected to flow through to future years' profitability.

Property Investment

The Company will continue to pursue further opportunities to develop and create a cash flow from the remainder of the undeveloped land held.

Material Business Risk

The high cost of manufacturing in Australia is the most material business risk faced by the Company. The Company and the Australian food industry will need to remain competitive against lower cost overseas competitors. The Company is managing this risk by maintaining the strategy of being a niche market supplier while focusing on the quality, "clean and green" aspects of Australian food processing.

The Company has modern and flexible processing operations and is therefore well placed to deal with any long term changes in the Australian market. The Company regularly reviews these risks in order to minimise any long term impact.

ENVIRONMENTAL ISSUES

The consolidated entity's operations are subject to environmental regulation under the Environmental Protection Act 1986.

The consolidated entity complied with the requirements of all relevant environmental regulations during the year.

Directors' Report

INFORMATION ON DIRECTORS

Rodney G Moonen (Non-Executive Chairman & Company Secretary)

(Director since 4 January 1988. Executive Chairman and Managing Director until 30 June 2019. Non-executive Chairman since 1 July 2019).

Qualifications and Experience

Bachelor of Business Studies (Curtin University)

Over 40 years' experience in management and finance.

Interest in Shares

Beneficial owner of 3,301,206 fully paid ordinary shares in the Company.

Directorships in other listed entities

During the three years prior to the end of the current year Mr Moonen has not held any directorships in any other listed company.

Geoffrey W Nicholson (Managing Director)

(Director since 2 September 1986. Executive Director until 30 June 2019. Managing Director since 1 July 2019).

Qualifications and Experience

Over 40 years' experience in the food processing industry.

Interest in Shares

Beneficial owner of 556,237 fully paid ordinary shares in the Company.

Directorships in other listed entities

During the three years prior to the end of the current year Mr Nicholson has not held any directorships in any other listed company.

Robert D Fraser (Independent Non-Executive Director)

(Director since 14 October 2011).

Qualifications and Experience

B.Ec., LLB (Hons) (Sydney)

Corporate adviser and company director with over 35 years of investment banking experience. Robert is presently the Sydney based Managing Director of TC Corporate Pty Limited, the corporate advisory division of Taylor Collison Limited stockbrokers, of which he is also a director and principal. He is also a licensed business broker, real estate agent and a registered tax (financial) advisor.

Interest in Shares

Beneficial owner of 186,954 fully paid ordinary shares in the Company.

Directorships in other listed entities

During the three years prior to the end of the current year, Mr Fraser also held non-executive directorships with ARB Corporation Limited (2004 to current), Magellan Financial Group Limited (2014 to 2023) and MFF Capital Investments Limited (2019 to current).

Directors' Report

REMUNERATION REPORT

This report details the remuneration arrangements for key management, directors and executives of the F.F.I. Holdings Limited Consolidated Entity.

Remuneration Policy

The remuneration policy of F.F.I. Holdings Limited is effectively controlled by the Board of Directors. The Board of F.F.I. Holdings Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the economic entity, as well as maintaining goal congruence between directors, executives and shareholders.

The remuneration structure for directors and executive officers is not directly related to the financial performance of the Group. A summary of the Group's financial performance over the past five years is presented on page 2 of this annual report. Remuneration is based on a number of factors, including- qualifications, proven management skills and the experience of the individual concerned. Key management personnel are not employed on fixed term employment contracts. Terms and conditions of employment are covered by the relevant statutory legislation.

Non-executive directors receive directors' fees and statutory superannuation (unless exempt) and do not receive any retirement benefits. Increases in aggregate non-executive directors' fees are subject to shareholder approval. Executive directors receive a combination of base salary, superannuation, fringe benefits and discretionary bonuses. Executives receive a combination of bases salary, superannuation, fringe benefits and discretionary bonuses.

Executive directors and executives are also eligible to participate in the Company's Executive Share Plan upon an invitation being made from the Board.

The remuneration table below details the remuneration of directors and executives for the year ended 30 June 2023.

Additional information relating to Key Management Personnel can be found at Note 24 to the Financial Statements.

Key Management Personnel Remuneration Details

- (a) Key management personnel are classified as directors and other key management personnel of the consolidated entity. Names and positions held of parent entity directors and specified executives in office at any time during the financial year are:

Directors

Rodney G Moonen	Non-Executive Chairman and Company Secretary
Geoffrey W Nicholson	Managing Director – Executive Director
Robert D Fraser	Independent Non-Executive Director

Other Key Management Personnel

Brett R Matthews	Group General Manager
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- (b) Key Management Personnel Remuneration Table
2023

Name	Salary and Fees	Super annuation	Discretionary Bonus ¹	Non-Monetary Benefits ²	Long term benefits – LSL	Other	Total
	\$	\$	\$	\$	\$	\$	\$
R G Moonen	169,990	15,973	-	-	-	-	185,963
G W Nicholson	214,649	22,538	-	-	3,577	-	240,764
R D Fraser	45,000	-	-	-	-	-	45,000
B R Matthews	200,913	21,095	-	-	3,349	1,720	227,077
Total	630,552	59,606	-	-	6,926	1,720	698,804

Directors' Report

2022

Name	Salary and Fees	Super annuation	Discretionary Bonus ¹	Non-Monetary Benefits ²	Long term benefits – LSL	Other	Total
	\$	\$	\$	\$	\$	\$	\$
R G Moonen	125,000	25,000	-	-	-	-	150,000
G W Nicholson	208,345	22,098	-	-	3,501	-	233,944
R D Fraser	45,000	-	-	-	-	-	45,000
B R Matthews	200,912	20,091	-	-	3,349	1,827	226,179
Total	579,257	67,189	-	-	6,850	1,827	655,123

1 Discretionary bonuses are paid at the discretion of the Board based on the KMP's individual performance, the overall performance of the company, the KMP's length of service and prior years' salary reviews.

2 Non-monetary benefits are reportable fringe benefit payments.

(c) Loans

Name	Loan Balance 1/7/22	Interest Charged	Interest Not Charged (*)	Loan Balance 30/6/23	Highest Balance During Period
	\$	\$	\$	\$	\$
B R Matthews	36,055	-	1,720	36,055	36,055
Total	36,055	-	1,720	36,055	36,055

All loans were made pursuant to the Company's Executive Share Plan and were duly approved by shareholders.

(*) Loans are interest free and non-recourse. Loans are repaid from dividends paid on shares issued under the Executive Share Plan. Amounts for interest not charged have been estimated based upon likely interest payable if the loans had been made under normal commercial conditions.

(d) Shareholdings

Name	Balance 1/7/22 No.	Net Change Other (^) No.	Balance 30/6/23 No.
R G Moonen	3,301,206	-	3,301,206
G W Nicholson	556,237	-	556,237
R D Fraser	186,954	-	186,954
B R Matthews	232,080	-	232,080
Total	4,276,477	-	4,276,477

(^) Net Change Other denotes shares purchased or sold during the financial year at current market rates.

(e) The Company's policy for determining the nature and amount of emoluments of board members and senior executives of the Company is as follows -

The remuneration structure for executive officers is not directly related to financial performance of the Group. It is based on a number of factors, including qualifications, proven management skills and the experience of the individual concerned.

(f) Other transactions with KMP and/or related parties.

There were no other transactions conducted between the Group and KMP or their related parties, other than those disclosed above relating to equity, compensation and loans, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonable expected under arm's length dealings with unrelated persons.

Directors' Report

MEETINGS OF DIRECTORS

The number of meetings of Directors and the number of meetings attended by each of the Directors of the company during the financial year are:

Director	Number eligible to attend	Number attended
Rodney G Moonen	4	4
Geoffrey W Nicholson	4	4
Robert D Fraser	4	4

SHARE OPTIONS

No entity in the consolidated entity has granted an option to any person entitling that person to take up unissued shares of the entity or of any other body corporate.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

INDEMNIFYING DIRECTORS, OFFICERS AND AUDITORS

The Company's directors' and officers' indemnity insurance policy indemnifies the directors named in this report in respect of their potential liability to third parties for wrongful acts committed by them in their capacity as directors (as defined in the policy). The terms of the insurance policy prohibits disclosure of the amount of the premium.

NON-AUDIT SERVICES

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence of auditors imposed by the Corporations Act 2001. Non-audit services were provided in the current year by the Company's auditors. The nature and scope of the non-audit services provided means that auditor independence was not compromised.

Non-audit services

Moore Australia Audit (WA) or their related entities received or are due to receive the following amounts for the provision of non-audit services.

	2023	2022
	\$	\$
Advisory services	6,500	12,000

Details of the auditor's remuneration are included in Note 5 to the Financial Statements.

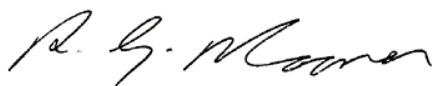
DIRECTORS' BENEFITS

No Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the chief entity or a related body corporate with a Director, a firm of which a Director is a member or an entity in which a Director has a substantial financial interest, other than the benefits as disclosed in Note 24 to the Financial Statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors and shown in the Company's accounts, or the fixed salary of a full-time employee of the chief entity, controlled entity, or related body corporate.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2023 has been received and can be found on page 11 of the Annual Report.

This report of the Directors, incorporating the Remuneration Report, is signed in accordance with the resolution of the Board of Directors.



R G Moonen



G W Nicholson

Dated this 22nd day of September 2023.

Independence Declaration



Moore Australia Audit (WA)

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2 The Esplanade, Perth, WA 6000
PO Box 5785, St Georges Terrace, WA 6831

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F +61 8 9225 6181

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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF FFI HOLDINGS LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023, there have been:

- a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads 'Neil Pace'.

NEIL PACE
PARTNER

A handwritten signature in black ink that reads 'Moore Australia'.

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 22nd day of September 2023.

Moore Australia Audit (WA) – ABN 16 874 357 907.

An independent member of Moore Global Network Limited - members in principal cities throughout the world.

Liability limited by a scheme approved under Professional Standards Legislation.

Corporate Governance Statement

The Board of F.F.I. Holdings Limited (the Company) is committed to high standards of corporate governance and supports the principles of good corporate governance as published in the 4th Edition of the Corporate Governance Principles and Recommendations issued by the ASX Corporate Governance Council.

This Corporate Governance Statement (Statement) outlines the key corporate governance practices of the Company as they relate to the 4th Edition recommendations for the financial year. It is current as at 30 June 2023 and has been approved by the Board.

The Directors do not believe that any 4th Edition recommendations that have been disclosed below as not having been adopted, in any way disadvantage the commercial effectiveness with which the Board operates. The Board remains clearly focused on maximising shareholder value in an ethically responsible manner and willingly adopts corporate governance best practice recommendations as the circumstances and needs of the Company require.

PRINCIPLE 1: Lay solid foundations for management and oversight

1.1. The Board of Directors is responsible for ensuring the Company is managed in a manner that protects and enhances the interests of shareholders and takes into account the interests of all stakeholders. The responsibilities of the Board are set out in the Board Charter and include:

- setting the strategic direction of the Company;
- overseeing and monitoring the Company's performance and achievement of strategic goals and objectives;
- approving major investment decisions and financial budgets;
- determining capital, funding and dividend policies;
- defining the limits to management's responsibilities;
- ensuring that the capital markets are informed of all relevant material matters;
- monitoring executives' performance against appropriate measures;
- ensuring appropriate risk management systems and internal controls are in place; and
- meeting formally and informally on a regular basis and reviewing management operational reports regarding the financial performance of the Company.

The Board has delegated to management the responsibility for the operation and administration of the Company, including the implementation of corporate strategies and the development of annual budgets. Management is responsible for keeping the Board informed, through the provision of management reports and monthly management accounts.

1.2. Before Directors are appointed, all necessary checks are undertaken by the Board. In addition, biographical details, as well as details pertaining to material directorships held, are included in election and re-election notices to shareholders. These details are also included in the Directors' Report in the Annual Report of the Company.

1.3. There is a written agreement with each Director and senior executive setting out the terms of their employment.

1.4. The Company Secretary is currently the Chairman of the Company and is therefore accountable directly to the Board.

1.5. The Board has not adopted a formal diversity policy or set measurable objectives based on diversity alone. Instead, the Board believes that it has fostered, and the Company and its employees have a governance culture that encourages, excellence and ethical business practices to enhance long term shareholder value, including the merit-based advancement of all employees irrespective of gender, age, religion, sexuality, ethnicity and cultural background.

The proportion of women employed by the Company in the following roles is as follows:

Board	0%
Senior management	25%
Consolidated entity	41%

Corporate Governance Statement

- 1.6. Board performance is open to evaluation by shareholders at the Annual General Meeting. It is self-appraised on a periodic basis. During June 2023 the Board undertook a performance review in accordance with this process and concluded that it had performed satisfactorily.
- 1.7. Senior executive performance is reviewed by the Board annually. During the year ended 30 June 2023 the Board carried out a performance evaluation on all senior executives in accordance with this process.

PRINCIPLE 2: Structure the board to be effective and add value

- 2.1 The Board consists of three Directors. There is one executive Director who is the Managing Director and two non-executive Directors, one of whom is independent. The names, details and qualifications of the Directors are included in the Information on Directors section of the Directors' Report.

The current structure of the Board has been designed to provide the most effective composition, size and commitment from its members. The members have extensive experience and between them possess an extensive range of skills and knowledge and a wide diversity of expertise. This ensures that the Board performs its function effectively and meets corporate governance standards that are relevant to the Company's current size and scope of operations.

Given the current size of the Company, the Board does not consider it appropriate to establish a nomination committee. The Board as a whole effectively performs this function.

- 2.2 The Board has identified the skills required of the members of the Board as follows:

Skill	R Moonen	G Nicholson	R Fraser
Management Experience	•	•	•
Food Manufacturing	•	•	
Food Industry	•	•	
Property Industry	•		•
Business Development		•	
Financial Management	•		•
Risk Management	•	•	•
Corporate Finance			•
Legal			•
Directorships	•		•

- 2.3 As noted in 2.1, the Company presently has two non-executive Directors, one of whom is independent. Details of the Directors are included in the Information on Directors section of the Directors' Report, including the length of service of each Director.
- 2.4 In light of the Company's approach to board composition and function, the majority of the Board are not independent Directors.
- 2.5 The Chairman of the Board is a non-executive Director but is not an independent Director. The Board believes that the wealth of knowledge and expertise of the current Chairman and his interest in the Company as a substantial shareholder, make it appropriate for him to be Chairman.
- 2.6 The Company does not have a program for inducting new Directors or provide professional development opportunities for skills training. However, the necessary induction and training will be provided if and when required.

Corporate Governance Statement

PRINCIPLE 3: Instil a culture of acting lawfully, ethically and responsibly

3.1 The Company is commitment to its underlying core values which are to:

- act lawfully with honesty and integrity;
- promote ethical behaviour; and
- provide accountability to investors.

These values are reflected in the Company's policies, corporate governance practices and instilled within the culture of the Company.

3.2 The Board has opted not to establish a formal code of conduct. Instead, the Board and the senior management team believe they have fostered, and the Company and its employees have a governance culture that encourages, excellence and ethical business practices. The Board believes that this is consistent with its objective of actively promoting ethical and responsible decision-making to generate long term shareholder value in a sustainable manner.

The Company's practice is for senior management to inform the Board promptly of any breaches of acceptable or expected standards of conduct.

The Company adheres to all ASX and Corporations Act requirements regarding the trading by Directors and employees of shares in the Company.

3.3 The Company has a Whistleblower Policy. A copy of the Whistleblowing Policy is available on the Company's website. Any disclosures made under the Whistleblowing Policy are reported to the Board.

3.4 The Company has an Anti-Bribery and Corruption Policy. Any material breaches of that policy are reported to the board.

PRINCIPLE 4: Safeguard the integrity of corporate reports

4.1 The Company does not have an audit committee. All external audit reports are reviewed by the whole Board to ensure appropriate action is taken by management regarding any areas which are identified as a weakness in internal control. Accordingly, the Board will:

- ensure that the external auditors who are selected and appointed remain appropriate to the needs of the Company;
- review the independence of the external auditors;
- ensure the rotation of external audit engagement partners is in accordance with regulatory requirements;
- review, with management and the auditors, the Company's periodic statutory accounts and reports;
- monitor procedures in place aimed at ensuring compliance with the Corporations Act and the ASX Listing Rules; and
- monitor the effective management of financial and other business risks.

4.2 The Managing Director and the Chief Financial Officer provide a declaration in writing to the Board that the Company's financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company as required by section 295A of the Corporations Act for each reporting period. Their declaration states that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

4.3 The Company's periodic corporate reports are reviewed or audited by the external auditor, Moore Australia Audit (WA). The Company does not currently disclose any other periodic corporate reports that are not audited or reviewed by its external auditor.

Corporate Governance Statement

PRINCIPLE 5: Make timely and balanced disclosure

- 5.1 Given the current size of the Company, the Board does not have a written policy for compliance with its continuous disclosure obligations under the ASX Listing Rules. However, the Company complies with its ASX Listing Rules continuous disclosure obligations.
- 5.2 The Board requires the Company Secretary to provide copies to all Board members of all material market announcements promptly after they are released to the ASX.
- 5.3 Any investor and analyst presentations given by the Company, containing new and material information, are lodged with the ASX before the presentation is given.

PRINCIPLE 6: Respect the rights of security holders

- 6.1 Given the current size of the Company, the Board does not consider it necessary to have an investor relations section on its website. However, the Board believes that all relevant information about itself and its governance is available in the Annual Report and through the ASX.
- 6.2 The Board believes it has effective two-way communication with investors by:
 - encouraging attendance at the Annual General Meeting by all shareholders;
 - lodging with ASX all necessary statutory announcements;
 - fulfilling its obligations of continuous disclosure through ASX announcements;
 - distributing the Company's Annual Report to all shareholders;
 - sending notices and explanatory memoranda to all shareholders in relation to resolutions to be put to a vote.
- 6.3 The Annual General Meeting of the Company provides an opportunity for the Company to impart to shareholders a greater understanding of its business, governance, financial performance and prospects and gives shareholders the opportunity to express their views on matters concerning the Company and to vote on other items of business for resolution by shareholders. The Company's policy is to encourage effective shareholder participation at general meetings.

Shareholders unable to attend general meetings can exercise their right to ask questions about, or make comments on, the management of the Company by submitting questions or comments ahead of the meeting. Where appropriate these questions will be responded to at the meeting.
- 6.4 It is the Company's practice to conduct all substantive resolutions at shareholder meetings by a poll.
- 6.5 The Company provides shareholders with the option of receiving communications from, and sending communications to, its share registry electronically.

PRINCIPLE 7: Recognise and manage risk

- 7.1 The Company does not have a committee to oversee risk. In view of the size and structure of the Board, the risk management framework is overseen by the senior management team and the whole Board. Business risks and internal control procedures are identified, assessed, monitored and overseen by the Board and the Company's senior management team by considering such matters as part of regular Board and senior management meetings.
- 7.2 Senior management and the Board periodically consider the risk management framework and are satisfied that it continues to be sound. The Board reviewed the framework during the current reporting period.
- 7.3 The Company does not have an internal audit function. Instead, monthly management reports are prepared by senior management within the Company, identifying relevant areas of risk and internal control. These reports are circulated to Board members, where applicable, for them to evaluate and to continue to improve the effectiveness of the risk management framework and internal control processes.
- 7.4 The Company does not believe it has any material exposure to environmental or social risks. The Company complies with all environmental and social regulations and laws.

Corporate Governance Statement

PRINCIPLE 8: Remunerate fairly and responsibly

- 8.1 Given the current size of the Company, the Board does not consider it appropriate to establish a remuneration committee. The Board as a whole effectively performs this function. Remuneration levels are based on skills, knowledge, experience, education, length of service, industry salary and remuneration levels and retention. Remuneration is reviewed annually for executive Directors, non-executive Directors and senior management to ensure that it remains appropriate.
- 8.2 The independent non-executive Director is remunerated by way of fees and statutory superannuation and does not receive any retirement benefits. This remuneration is in line with the responsibilities, duties and risks involved in the role. Total remuneration to any non-executive Directors is restricted in terms of the remuneration cap, which is reviewed annually and is subject to shareholder approval for increased limits.
- Additional information with respect to remuneration, including separate disclosure of policies and practices regarding the remuneration of non-executive Directors, executive Directors and other senior key management, is provided in the Remuneration Report in the Company's Annual Report.
- 8.3 The Company does not presently have a policy on whether participants are permitted to enter into transactions which limit the economic risk of participating in the Executive Share Plan (the Company's equity-based remuneration scheme) because the existing loans under that plan are not considered to be material. However, any shares issued under the Executive Share Plan in the future will be considered on a case-by-case basis.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 \$	2022 \$
Revenue from continuing operations	2	46,821,017	37,218,984
Other income	2	24,550	(9,000)
Changes in inventories of finished goods and work in progress		560,489	1,191,262
Raw materials and consumables used		(25,821,743)	(21,081,522)
Employee benefits expense		(10,060,052)	(8,537,128)
Depreciation and amortisation expense	3	(930,927)	(853,821)
Repairs and maintenance expense		(1,317,932)	(820,774)
Freight expense		(2,551,854)	(2,058,037)
Other expenses		(4,393,671)	(3,421,850)
Profit before income tax		2,329,877	1,628,114
Income tax expense	4	(583,269)	(409,534)
Profit after tax attributable to members of the parent entity		1,746,608	1,218,580
Other comprehensive income for the period		-	-
Total comprehensive income for the period attributable to members of the parent entity		1,746,608	1,218,580
Basic and diluted earnings per share (cents per share)	7	16.2	11.3
Weighted average number of shares outstanding during the year used in calculating EPS	7	10,780,367	10,780,367

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

AS AT THE 30 JUNE 2023

	Note	2023 \$	2022 \$
CURRENT ASSETS			
Cash and cash equivalents	8	2,685,918	705,713
Trade and other receivables	9	6,915,384	6,275,323
Inventories	10	8,747,818	11,878,649
Current tax refundable	18	459,652	750,434
Other current assets	16	132,519	39,374
TOTAL CURRENT ASSETS		18,941,291	19,649,493
NON-CURRENT ASSETS			
Trade and other receivables	9	118,055	200,055
Financial assets	11	71,536	71,536
Property, plant and equipment	13	15,679,614	15,180,932
Investment property	14	20,931,043	20,482,016
Intangible assets	15	551,852	551,852
Deferred tax assets	18	270,250	235,615
TOTAL NON-CURRENT ASSETS		37,622,350	36,722,006
TOTAL ASSETS		56,563,641	56,371,499
CURRENT LIABILITIES			
Trade and other payables	17	4,512,222	6,237,957
Short-term provisions	19	1,081,000	942,461
TOTAL CURRENT LIABILITIES		5,593,222	7,180,418
NON-CURRENT LIABILITIES			
Trade and other payables	17	48,564	48,564
Deferred tax liabilities	18	6,678,440	6,645,710
TOTAL NON-CURRENT LIABILITIES		6,727,004	6,694,274
TOTAL LIABILITIES		12,320,226	13,874,692
NET ASSETS		44,243,415	42,496,807
EQUITY			
Contributed equity	20	19,939,268	19,939,268
Reserves		4,372,908	4,372,908
Retained earnings		19,931,239	18,184,631
TOTAL EQUITY		44,243,415	42,496,807

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2023

	Ordinary Share Capital \$	Retained Earnings \$	Asset Revaluation Reserve \$	Total \$
Balance at 1.7.2022	19,939,268	18,184,631	4,372,908	42,496,807
Comprehensive income:				
Profit attributable to members of parent entity	-	1,746,608	-	1,746,608
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	1,746,608	-	1,746,608
Transactions with owners, in their capacity as owners:				
Dividends recognised for the period	-	-	-	-
Balance at 30.6.2023	19,939,268	19,931,239	4,372,908	44,243,415
Balance at 1.7.2021	19,939,268	19,553,339	4,372,908	43,865,515
Comprehensive income:				
Profit attributable to members of parent entity	-	1,218,580	-	1,218,580
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	1,218,580	-	1,218,580
Transactions with owners, in their capacity as owners:				
Dividends recognised for the period	-	(2,587,288)	-	(2,587,288)
Balance at 30.6.2022	19,939,268	18,184,631	4,372,908	42,496,807

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 \$	2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		46,126,309	35,990,782
Payments to suppliers and employees		(42,461,406)	(35,468,341)
Dividends received		3,556	2,133
Interest received		23,591	1,939
Insurance income received		24,550	-
Grant received	30	27,500	-
Income tax paid		32,741	(1,515,837)
Net cash provided by (used in) operating activities	22	3,776,841	(989,324)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	36,000
Purchase of property, plant and equipment		(1,132,209)	(1,184,645)
Own use property development costs		(297,400)	(61,519)
Investment property development costs		(449,027)	(3,110)
Net cash provided by (used in) investing activities		(1,878,636)	(1,213,274)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of employee share loans		82,000	22,149
Bond received		-	10,000
Dividends paid by parent entity		-	(2,587,288)
Net cash provided by (used in) financing activities		82,000	(2,555,139)
Net increase (decrease) in cash held		1,980,205	(4,757,737)
Cash at 1 July 2022		705,713	5,463,450
Cash at 30 June 2023	8	2,685,918	705,713

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report includes the consolidated financial statements and notes of F.F.I. Holdings Ltd and controlled entities ('Consolidated Entity'), and the separate financial information (note 27) of F.F.I. Holdings Ltd as an individual parent entity ('Parent Entity').

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

The financial statements were authorised for issue on 22 September 2023 by the Directors of the Company.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. All monetary amounts in the financial report are stated in Australian dollars.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The functional currency of the Group is Australia dollar.

Except for cash flow information, the financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Accounting Policies

a. New and Amended Accounting Policies Adopted by the Group

The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

b. Principles of Consolidation

A controlled entity is any entity over which F.F.I. Holdings Limited 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 to direct the activities of the entity.

A list of controlled entities is contained in Note 12 to the financial statements. All controlled entities have a 30 June financial year-end.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the consolidated entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Business combinations

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method. The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination. Any deferred consideration payable is discounted to present value using the entity's incremental borrowing rate.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in profit or loss.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

d. Revenue

Revenue recognition

Revenue from the sale of goods is recognised upon the delivery of goods to customers as this corresponds to the transfer of significant risk and rewards of ownership and the cessation of all involvement in those goods.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established, generally when the dividend is declared.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. All revenue is stated net of the amount of goods and services tax (GST).

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Any lease incentives granted are recognised as an integral part of total rental income, over the term of the lease.

Grant income received is recognised in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset acquired. The grant is recognised in profit or loss over the life of the depreciable asset as a reduced depreciation expense.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Financial Instruments

The Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

The Group subsequently measures all equity investments at fair value. The Group has not elected to present fair value gains and losses on equity investments in OCI, where there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

As per AASB 9, an expected credit loss model is applied. To reflect changes in credit risk, this expected credit loss model requires the Group to account for expected credit loss since initial recognition.

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (i.e. diversity of customer base, appropriate groupings of historical loss experience, etc.).

f. Inventories

Inventories are measured at the lower of cost or net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the first in first out basis.

g. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, valuations by directors, less subsequent depreciation for buildings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are brought to account at cost.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows are discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation

The depreciable amount of all fixed assets, including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use.

The depreciation/amortisation rates used for each class of assets are:

Class of Fixed Assets	Depreciation Rate
Building	2.5%
Plant and equipment	5-25%

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

h. Investment Property

Investment property comprises land held for future development and/or resale. Investment property is carried at fair value determined annually by Directors and/or independent licensed valuers. Changes to fair value are recorded in the income statement as other income.

Fair value is the amount for which the property could be exchanged between knowledgeable, willing parties, in an arms-length transaction, based on highest and best use of the property.

Fair value is based on current prices in an active market, adjusted if necessary for any difference in the nature, location or condition of the specific property. The group uses alternative valuation methods such as the capitalisation of rental income method where appropriate.

i. Leases

The Group as lessee

At inception of a contract, the Group assesses if the contract contains a lease or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e. a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expenses on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Group as lessor

The Group leases industrial and commercial properties owned by the Group.

Upon entering into each contract as a lessor, the Group assesses if the lease is a finance or operating lease.

A contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases.

Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease. Initial direct costs incurred in entering into an operating lease (for example, legal cost and costs to set up equipment) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Rental income due under finance leases is recognised as receivables at the amount of the Group's net investment in the leases.

When a contract is determined to include lease and non-lease components, the Group applies AASB 15: Revenue from Contracts with Customers to allocate the consideration under the contract to each component.

j. Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared with the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

k. Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Trademarks and Licences

Patent, trademarks and licences are recognised at cost of acquisition. These assets are assessed as having an indefinite useful life. These intangibles are tested annually for impairment and carried at cost less accumulated impairment losses. At each reporting date, the Group reviews the useful life of these assets.

l. Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Superannuation

Contributions are made to superannuation funds on behalf of employees and are charged as expenses when incurred.

m. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that an outflow can be reliably measured.

n. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 12 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Consolidated Statement of Financial Position.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets. Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for expected credit loss (ECL). Refer to Note 1(e) for further discussion on the determination of expected credit loss.

p. Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days from end of month of recognition of the liability.

q. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Consolidated Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

r. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

s. Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates

(i) Impairment

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(ii) Investment Property

A key estimate in the financial statements was made in relation to the value of investment property (refer Note 14). The fair value of investment property as at 30 June 2023 was based on an assessment by the Directors of the property's current active open market value. As at 30 June 2023 the Directors believe the value assessed for the year ended 30 June 2023 is in accordance with the Director's valuation, and new acquisitions during the financial year, which are included at cost.

(iii) Land Held for Own Use

A key estimate in the financial statements was made on the Land Held for Own Use. A Directors' valuation was undertaken on 30 June 2023 on land held for own use. The valuation was based on an assessment by Directors of the property's current active open market value. (Refer to Note 13 for further information).

(iv) Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of Directors. These estimates take into account both the financial performance and position of the company as they pertain to current income taxation legislation, and the Directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents the Directors' best estimate, pending an assessment by the Australian Taxation Office.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

t. Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

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 instrument, 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.

u. New standards and interpretations issued but not yet effective

The Consolidated Entity has adopted all new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. There are no accounting standards issued but not yet effective as at 30 June 2023 which are expected to have a material impact on the financial statements of the Consolidated Entity.

AASB2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

The amendments require a liability be classified as current when companies do not have a substantive right to defer settlement at the end of the reporting period. AASB 2020-6 defers the mandatory effective date of amendments that were originally made in AASB 2020-1 so the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2023 instead of 1 January 2022.

Application date of Standard: 1 January 2023

Application date for Group: 1 July 2023

AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates

The amendments provide a definition of and clarifications on accounting estimates and clarify the concept of materiality in the context of disclosure of accounting policies.

Application date of Standard: 1 January 2023

Application date for Group: 1 July 2023

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

	2023 \$	2022 \$
NOTE 2: REVENUE AND OTHER INCOME		
— Sale of goods	45,437,884	35,966,369
— Dividends received	3,556	2,133
— Interest received - other	23,591	1,939
— Rent received	1,355,986	1,247,337
— Other revenue	-	1,206
Total revenue	46,821,017	37,218,984
Other income		
— Insurance income received	24,550	-
— Gain/(Loss) on disposal of non-current assets	-	(9,000)
Total other income	24,550	(9,000)

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.

	Bakery Segment \$	Investment Property \$	Unallocated \$	Total \$
2023				
Primary geographical markets				
Australia	45,437,884	1,355,986	51,697	46,845,567
Timing of revenue recognition				
At a point				
In time	45,437,884	-	24,550	45,462,434
Over time				
	-	1,355,986	27,147	1,383,133
	45,437,884	1,355,986	51,697	46,845,567

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 2: REVENUE AND OTHER INCOME (continued)

	Bakery Segment \$	Investment Property \$	Unallocated \$	Total \$
2022				
Primary geographical markets				
Australia	35,966,369	1,247,337	(3,722)	37,209,984
Timing of revenue recognition				
At a point				
In time	35,966,369	-	(9,000)	35,957,369
Over time	-	1,247,337	5,278	1,252,615
	35,966,369	1,247,337	(3,722)	37,209,984

NOTE 3: PROFIT FOR THE YEAR

Profit from ordinary activities before income tax has been determined after

a. Expenses

— Cost of sales	37,517,158	29,808,897
— Depreciation of buildings	53,604	53,603
— Depreciation of plant and equipment	877,324	800,218
— Rental expense on short term leases	189,600	55,435
— Employee benefits - superannuation	716,395	546,778

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

	2023 \$	2022 \$
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 profit before income tax	2,329,877	1,628,114
Prima facie tax payable on profit from ordinary activities before income tax at 25% (2022: 25%)	582,469	407,028
Add:		
Tax effect of:		
Non-deductible depreciation and amortisation	13,401	13,401
Other non-allowable items	560	3,287
Under provision for income tax in prior year	-	1,184
	596,430	424,900
Less:		
Tax effect of:		
Rebateable fully franked dividends	889	534
Other allowable items	-	-
Other tax benefits	12,272	14,832
Income tax expense	583,269	409,534

Deferred tax assets and liabilities are required to be measured at the tax rate that is expected to apply in the future income year when the asset is realised or the liability is settled. The tax rate used in the reconciliation above is the corporate tax rate of 25% (2022: 25%) payable by Australian Companies with an aggregate turnover under \$50 million in financial year ended 30 June 2023.

NOTE 5: AUDITORS' REMUNERATION

Remuneration of the auditors of the parent entity for:

— auditing or reviewing the financial report	81,447	62,897
— advisory services	6,500	12,000
	87,947	74,897

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

	2023 \$	2022 \$
NOTE 6: DIVIDENDS		
Final fully franked ordinary dividend of 14.0 cents per share franked at the rate of 25% (2022: 25%) paid on 24 September 2021	-	1,509,251
Interim fully franked ordinary dividend of 10.0 cents per share franked at the rate of 25% (2022: 25%) paid on 25 March 2022	-	1,078,037
	-	2,587,288
(a) Final fully franked ordinary dividend	1,078,037	-
(b) Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables and franking debits arising from payment of proposed dividends	2,120,283	1,525,209
Subsequent to year end, the franking account would be reduced by the proposed dividend per 6(a) above.	359,346	-

NOTE 7: EARNINGS PER SHARE

Earnings used to calculate basic and diluted EPS	1,746,608	1,218,580
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	2023 Number	2022 Number
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted EPS	10,780,367	10,780,367

	2023 \$	2022 \$
NOTE 8: CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	2,685,918	705,713

NOTE 9: TRADE AND OTHER RECEIVABLES

CURRENT

Trade receivables	6,882,426	6,137,772
Less: Provision for expected credit loss	-	-
Other receivables	32,958	137,551
	6,915,384	6,275,323

Aging of gross carrying amounts due

0-30 days	3,660,709	2,940,379
30-60 days	2,207,881	2,658,801
60-90 days	489,186	343,370
90+ days	557,609	332,773
Provision for expected credit loss	-	-
Total	6,915,384	6,275,323

Lifetime expected credit loss: credit impaired	-	-
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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 9: TRADE AND OTHER RECEIVABLES (continued)

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

There has been no change in the estimation techniques used or significant assumptions made during the current reporting period. As noted above, the lifetime ECL allowance is Nil.

Credit risk - Receivables

The group has significant concentrations of credit risk with respect to a number of major customers of the Group (Refer Note 21). The balances of receivables that relate to these major customers are considered to be of high credit quality. The class of assets described as receivables is considered to be the main source of credit risk related to the Group. On a geographical basis, the Group has 100% of its credit risk exposure in Australia.

	2023 \$	2022 \$
NON-CURRENT		
F.F.I. Holdings Ltd Executive Share Plan – refer to remuneration note for loans	118,055	200,055

NOTE 10: INVENTORIES

CURRENT

At cost:

Raw materials and stores	4,615,641	8,306,961
Finished goods	4,132,177	3,571,688
	8,747,818	11,878,649

NOTE 11: FINANCIAL ASSETS

Shares in unlisted corporations	71,536	71,536
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NOTE 12: INTEREST IN SUBSIDIARIES

Set out below are the Group's subsidiaries at 30 June 2023. 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.

Name of Subsidiary	Principal Place of Business	Ownership Interest held by the Group	
		2023 %	2022 %
Fresh Food Industries Pty Ltd	Perth, Western Australia	100	100
Chocolate Products of Australia Pty Ltd	Perth, Western Australia	100	100

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

	2023 \$	2022 \$
NOTE 13: PROPERTY, PLANT AND EQUIPMENT		
LAND AND BUILDINGS		
Freehold land at fair value	5,212,500	5,212,500
BUILDINGS		
Fair value	2,884,936	2,587,536
Accumulated depreciation	(1,037,768)	(984,164)
TOTAL BUILDINGS	1,847,168	1,603,372
TOTAL LAND AND BUILDINGS	7,059,668	6,815,872
PLANT AND EQUIPMENT		
At cost	18,745,376	17,613,167
Accumulated depreciation	(10,125,430)	(9,248,107)
TOTAL PLANT AND EQUIPMENT	8,619,946	8,365,060
TOTAL PROPERTY PLANT AND EQUIPMENT	15,679,614	15,180,932

The value of the Group's freehold land was reviewed at 30 June 2023 by the Directors. The value adopted as at 30 June 2023 is based on an assessment by Directors of the property's current active open market value.

(a) 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	5,212,500	1,603,372	8,365,060	15,180,932
Additions	-	297,400	1,132,209	1,429,609
Disposals	-	-	-	-
Depreciation expense	-	(53,604)	(877,323)	(930,927)
Carrying amount at the end of the year	5,212,500	1,847,168	8,619,946	15,679,614

	2023 \$	2022 \$
(b) If land and buildings were stated at historical cost, amounts would be as follows:		
Cost	3,111,017	2,813,617
Accumulated depreciation	(1,037,770)	(984,166)
Net Book Value	2,073,247	1,829,451

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

	2023 \$	2022 \$
NOTE 14: INVESTMENT PROPERTY		
Balance at beginning of year	20,482,016	20,478,906
Property development costs	449,027	3,110
Balance at end of year	20,931,043	20,482,016

The value of the Group's investment property was reviewed at 30 June 2023 by the Directors. The value adopted as at 30 June 2023 is based on an assessment by Directors of the property's current active open market value.

NOTE 15: INTANGIBLE ASSETS

Trademarks and goodwill at cost	551,852	551,852
Accumulated amortisation	-	-
Net carrying value	551,852	551,852

Impairment Disclosures

All intangible assets are allocated to the cash generating unit represented by the Group's bakery segment. The recoverable amount of each cash-generating unit is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 5-year period. The cash flows used an assumed growth rate, discounted using the yield of 10-year government bonds at the beginning of the budget period and adjusted to incorporate risks associated with the segment. Growth rate of 2.5% and a discount rate of 11% have been used in the calculations. The value of accumulated impairment losses on intangible assets as at 30 June 2023 was Nil.

NOTE 16: OTHER ASSETS

CURRENT

Prepayments	132,519	39,374
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NOTE 17: TRADE AND OTHER PAYABLES

CURRENT

Unsecured liabilities	4,512,222	6,237,957
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NON-CURRENT

Security bond – lease property	48,564	48,564
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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

	2023 \$	2022 \$
NOTE 18: TAX		
(a) Liabilities		
CURRENT		
Income tax payable	-	-
NON-CURRENT		
Deferred tax liability comprises:		
Tax allowances relating to property, plant and equipment	2,000,881	1,968,151
Revaluation adjustments taken directly to equity	1,202,854	1,202,854
Fair value gain adjustments	3,474,705	3,474,705
Total	6,678,440	6,645,710
(b) Assets		
CURRENT		
Income tax receivable	459,652	750,434
NON-CURRENT		
Deferred tax asset	270,250	235,615
(i) Deferred Tax Liability		
The movement in deferred tax liability for each temporary difference during the year is as follows:		
Tax allowances relating to property, plant and equipment		
Opening balance	1,968,151	1,935,638
Credited/(charged) to the income statement	32,730	32,513
Closing balance	2,000,881	1,968,151
Tangible assets revaluation adjustments taken directly to equity		
Opening balance	1,202,854	1,202,854
Net revaluations during the current period	-	-
Closing balance	1,202,854	1,202,854
Fair value gain adjustment		
Opening balance	3,474,705	3,474,705
Credited/(charged) to the income statement	-	-
Closing balance	3,474,705	3,474,705
(ii) Deferred Tax Assets		
The movement in deferred tax assets for each temporary difference during the year is as follows:		
Provisions		
Opening balance	235,615	318,236
Credited/(charged) to the income statement	34,535	(82,621)
Closing balance	270,150	235,615

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

	2023 \$	2022 \$
NOTE 19: PROVISIONS		
EMPLOYEE ENTITLEMENTS		
Opening balance at 1 July	942,461	919,948
Additional provisions	28,791	22,513
Amounts used/paid	-	-
Balance at 30 June	971,252	942,461

The entire obligation is presented as current since the Company does not have an unconditional right to defer settlement.

OTHER PROVISIONS		
Balance at 30 June	109,748	-
TOTAL PROVISIONS	1,081,000	942,461

The entire obligation is presented as current since the Company does not have an unconditional right to defer settlement.

NOTE 20: ISSUED CAPITAL

Issued and Paid Up Capital

10,780,367 (2022: 10,780,367) fully paid ordinary shares	19,939,268	19,939,268
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(a) Ordinary shares	Number	Number
At the beginning of reporting period	10,780,367	10,780,367
Shares issued during year:	-	-
At reporting date	10,780,367	10,780,367

The Group does not have a current on-market share buy-back.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 20: ISSUED CAPITAL (continued)

(b) Capital Management

The Board and management control the capital of the Group in order to maintain an appropriate debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

	Note	2023 \$	2022 \$
Total borrowings		-	-
Less cash and cash equivalents	8	(2,685,918)	(705,713)
Net debt		(2,685,918)	(705,713)
Total equity		44,243,415	42,496,807
Total capital		41,557,497	41,791,094
Gearing ratio		0%	0%

NOTE 21: 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 industry 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) 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.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 21: OPERATING SEGMENTS (continued)

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, accounting policies adopted in reporting by operating segments are consistent to those adopted in the annual financial statements of the Group.

Inter-segment transactions

There were no inter-segment transactions during the financial year.

There were no corporate charges allocated to reporting segments during the financial year.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment.

Unallocated items

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- revenue from financial assets not attributable to a segment
- impairment of assets and other non-recurring items of revenue or expense
- corporate and overhead expenses not attributable to a specific segment
- cash and cash equivalents

Geographical Segments

The Group's business segments operate entirely within the one geographical segment of Australia.

Major Customers

The Group has a number of customers to which it provides products. The Group supplies two external customers in the bakery segment which accounted for the following % of total external revenue: 9% (2022: 12%) and 7% (2022: 8%). The next most significant customer accounts for 6% (2022: 6%) of external revenue. Refer Note 9 and Note 23 for policies on credit risk management.

(a) Income Statement	Bakery segment \$	Investment Property \$	Eliminations/ Unallocated \$	Total \$
2023				
Revenue				
Total segment revenue	45,437,884	1,355,986	-	46,793,870
Other and unallocated revenue (refer Note 2)	-	-	-	51,697
Total revenue				46,845,567
Net profit before tax				
Total segment net profit before tax	1,920,786	1,355,986	-	3,276,772
Other amounts not included in segment result but reviewed by the Board	-	-	-	(946,895)
Total net profit before tax				2,329,877

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 21: OPERATING SEGMENTS (continued)

	Bakery segment \$	Investment Property \$	Eliminations/ Unallocated \$	Total \$
2022				
Revenue				
Total segment revenue	35,966,369	1,247,337	-	37,213,706
Other and unallocated revenue (refer Note 2)	-	-	-	(3,722)
Total revenue				37,209,984
Net profit before tax				
Total segment net profit before tax	922,036	1,247,337	-	2,169,373
Other amounts not included in segment result but reviewed by the Board	-	-	-	(541,259)
Total net profit before tax				1,628,114

(b) Statement of Financial Position

	Bakery segment \$	Investment Property \$	Eliminations/ Unallocated \$	Total \$
2023				
Segment assets	24,819,346	20,931,043	10,813,252	56,563,641
Segment liabilities	24,674,337	3,676,631	(16,030,742)	12,320,226
Segment acquisition of property, plant and equipment	1,132,209	449,027	297,400	1,878,636
Reconciliation of unallocated assets				
Land and buildings				7,059,668
Cash and cash equivalents				2,584,621
Other				1,168,963
Total unallocated assets				10,813,252

2022				
Segment assets	25,341,619	20,482,016	10,547,864	56,371,499
Segment liabilities	24,659,970	3,676,631	(14,461,909)	13,874,692
Segment acquisition of property, plant and equipment	1,184,645	3,110	-	1,187,755
Reconciliation of unallocated assets				
- Land and buildings				6,815,872
- Cash and cash equivalents				2,484,664
- Other				1,247,328
Total unallocated assets				10,547,864

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

	2023 \$	2022 \$
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	1,746,608	1,218,580
Non-cash flows in profit from ordinary activities:		
Depreciation and amortisation	930,927	854,731
(Profit)/Loss on sale of property, plant and equipment	-	9,000
Changes in assets and liabilities:		
Decrease/(Increase) in trade and other receivables	(640,061)	(1,225,040)
Decrease/(Increase) in prepayments	(420,278)	418,924
Decrease/(Increase) in inventories	3,130,831	(4,599,245)
Increase/(Decrease) in creditors and accruals	(1,725,735)	3,417,516
Increases/(Decrease) in provisions	138,539	22,513
Decrease/(Increase) in deferred tax asset	(34,635)	82,621
Increase/(Decrease) in income tax payable	617,915	(1,221,437)
Increase/(Decrease) in deferred tax payable	32,730	32,513
Cash flow from operations	3,776,841	(989,324)

Credit Standby Arrangements with Banks

Credit facility	-	-
Amount utilised	-	-
Amount unutilised	-	-

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 23: FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable and loans to and from subsidiaries. The Group does not operate any derivative financial instruments.

The main purpose on non-derivative financial instruments is to raise finance for Group operations.

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk and price risk.

(a) Interest rate risk

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

Summary of Financial Instruments and Interest Rate Risks

	2023 \$	2022 \$	2023 Effective Interest Rate	2022
Financial Assets:				
Cash (floating interest rate)	2,685,918	705,713	3.60%	0.06%
Loans and receivables:				
Trade Receivables & other (non-interest bearing)	7,033,439	6,475,378	N/A	N/A
Receivables (fixed interest rate)	-	-	N/A	N/A
Available for Sale of Financial Assets (at cost):				
Investments (non-interest bearing)	71,536	71,536	N/A	N/A
Total financial assets	9,790,893	7,252,627		
Financial Liabilities:				
Financial liabilities at amortised cost:				
Trade and other payables (non- interest bearing)	4,512,222	6,237,957	N/A	N/A
Total financial liabilities	4,512,222	6,237,957		

(b) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms: ensuring adequate unutilised borrowing facilities are maintained if required, preparing forward looking cash flow analysis in relation to its operational, investing and financing activities, maintaining a reputable credit profile, managing credit risk related to financial assets, only investing surplus cash with major financial institutions and by comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 23: FINANCIAL RISK MANAGEMENT (continued)

Financial Liability and Financial Asset Maturity Analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$	\$	\$
Consolidated Group								
Financial liabilities due for payment								
Trade and other payables (excluding est. annual leave)	4,512,222	6,237,957	-	-	-	-	4,512,222	6,237,957
Total contractual outflows	4,512,222	6,237,957	-	-	-	-	4,512,222	6,237,957
Less bank overdrafts	-	-	-	-	-	-	-	-
Total expected outflows	4,512,222	6,237,957	-	-	-	-	4,512,222	6,237,957
Financial assets – cash flows realisable								
Cash and cash equivalents	2,685,918	705,713	-	-	-	-	2,685,918	705,713
Trade, term and loan receivables	6,915,384	6,275,323	118,055	200,055	-	-	7,033,439	6,475,378
Other investments	-	-	-	-	71,536	71,536	71,536	71,536
Total anticipated inflows	9,601,302	6,981,036	118,055	200,055	71,536	71,536	9,790,893	7,252,627
Net inflow on financial instruments	5,089,080	743,079	118,055	200,055	71,536	71,536	5,278,671	1,014,670

(c) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group (also refer to Note 9).

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposure against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Group, credit terms range from 7 days from invoice date to 60 days from end of month.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. This amounts to \$9,790,893 for 2023 (2022: \$7,252,627).

Credit risk related to cash balances held with banks is managed by the Board policy of only investing surplus funds with major banks with a Standard and Poor's credit rating of at least AA-. As at reporting date all surplus funds was held with a major bank with a Standard and Poor's credit rating of AA-.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 23: FINANCIAL RISK MANAGEMENT (continued)

(d) Price risk

The Group is exposed to price risk through fluctuations in the prices of all business input costs including food commodities. The exposure is however mitigated by the Group's ability to change its selling price structure and by the very large and diverse base of customers, suppliers and products with which the Group operates. These factors limit any commodity based price risk to the Group.

Net Fair Values

The fair values of financial assets and financial liabilities are presented in the table in part (a) of this note and can be compared to their carrying values as presented in the Consolidated Statement of Financial Position. Fair Values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Sensitivity Analysis

Interest Rate Risk

The Group has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates that a +/- 2% change in the interest rate would not result in a material effect on the current year profit and equity.

NOTE 24: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(a) Controlled Entities

F.F.I. Holdings Ltd provides factory and office space, and management services to its controlled entities. The total of these transactions for the year was as follows:

	2023 \$	2022 \$
Fresh Food Industries Pty Ltd	-	-
Inter-company loan balances in the Parent Entity at reporting date were as follows:		
Fresh Food Industries Pty Ltd	18,807,944	17,419,146
Chocolate Products of Australia Pty Ltd	(100,982)	(100,982)

(b) Share transactions by directors

Directors and their related entities held directly, indirectly or beneficially as at the reporting date the following equity interests in the parent entity:

	2023 No	2022 No
R G Moonen	3,301,206	3,301,206
G W Nicholson	556,237	556,237
R D Fraser	186,954	186,954

For movements in Directors' shareholdings during the year ended 30 June 2023 refer to the Remuneration Report in the Directors' Report.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 24: RELATED PARTY TRANSACTIONS (continued)

The interests of each Director in the share capital of the Company as at 30 June 2023 and the nature of the interests are as follows:

Director	Ordinary Shares Held	
	Directly	Beneficially
R G Moonen	235,801	3,065,405
G W Nicholson	296,640	259,597
R D Fraser	-	186,954

(c) Transactions of group companies with companies related to a director

There were no transactions of Group companies with companies related to a Director during the year ended 30 June 2023.

(d) Loans to Key Management Personnel

For loans provided to Key Management Personnel refer to the Remuneration Report contained in the Directors' Report.

(e) Key Management Personnel Compensation

Refer to the remuneration report contained in the Director's report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2023.

The totals of remuneration paid to KMP of the Company and the Group during the year are as follows:

	2023 \$	2022 \$
Short-term employee benefits	630,552	579,257
Post-employment benefits	59,606	67,189
Other long-term benefits	6,926	6,850
Other benefits	1,720	1,827
	698,804	655,123

Short term benefits: These amounts include fees paid to non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits: These amounts are superannuation contributions made during the year.

Other long-term benefits: These amounts represent long service leave benefits accruing during the year.

Further information in relation to KMP remuneration can be found in the Directors' report.

NOTE 25: COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

NOTE 26: EVENTS AFTER THE REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial years.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

	2023 \$	2022 \$
NOTE 27: PARENT ENTITY DISCLOSURES		
(a) Financial Position		
Assets		
Current assets	2,716,258	2,620,430
Non-current assets	47,949,499	45,975,420
Total assets	50,665,757	48,595,850
Liabilities		
Current Liabilities	511,529	176,478
Non-current liabilities	6,506,046	6,478,337
Total liabilities	7,017,575	6,654,815
Equity		
Issued capital	19,939,268	19,939,268
Reserves:		
Asset revaluation	4,315,058	4,315,058
Retained profits	19,393,856	17,686,709
Total Equity	43,648,182	41,941,035
(b) Financial Performance		
Profit for the year after tax	1,707,147	1,630,900
Other comprehensive income	-	-
Total comprehensive income	1,707,147	1,630,900
(c) Contingent Liabilities of the Parent Entity		
	-	-
(d) Commitments for Acquisitions by the Parent Entity		
Property, Plant and Equipment	-	-

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 28: FAIR VALUE MEASUREMENT

The net fair value of financial assets and financial liabilities is the same as their carrying amounts as disclosed in the Consolidated Statement of Financial Position and Notes to the Financial Statements. Fair value of investment in shares in unlisted corporations, freehold land, buildings and investment property have been determined as level 2 in the fair value hierarchy. The fair value of property assets adopted as at 30 June 2023 is based on an assessment by Directors of the asset's current active open market value.

NOTE 29: LEASE COMMITMENTS RECEIVABLE

Minimum future lease payments receivable under non-cancellable leases are as follows:

	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	\$	\$	\$	\$
Monash Gate Jandakot	1,244,893	1,784,377	-	3,029,270

The investment property is leased to a multi-national environmental services company for a period of 6 years 6 months effective from 16 May 2019.

The Lease has been negotiated on a basis reflective of the commercial terms and prevailing market conditions at the time of the negotiations.

The Lease conditions in place have been negotiated on a basis reflective of commercial terms and prevailing market conditions.

NOTE 30: GOVERNMENT GRANT RECEIVED

The Company received a government grant of \$27,500 during the year (2022: \$Nil). The grant was awarded for a capital project to install energy and process monitoring equipment. No other forms government assistance directly benefited the entity during the year. There are no unfulfilled conditions or contingencies attached to government grants or assistance.

Directors' Declaration

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 17 to 46, are in accordance with the Corporations Act 2001, and:
 - a. comply with Accounting Standards;
 - b. give a true and fair view of the financial position as at 30 June 2023 and of the performance for the year ended on that date of the Company and consolidated group; and
 - c. are in accordance with International Financial Reporting Standards issued by International Accounting Standards Board.
2. the Managing Director and Chief Financial Officer have each declared that:
 - a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - b. the financial statements and notes for the financial year comply with the Accounting Standards; and c. the financial statements and notes for the financial year give a true and fair view.
3. 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.



R G Moonen



G W Nicholson

Dated this 22nd day of September 2023

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FFI HOLDINGS LIMITED

Moore Australia Audit (WA)

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Report on the Audit of the Financial Report

Opinion

We have audited the financial report of FFI Holdings Limited (the Company) and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- a) the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
 - ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Moore Australia Audit (WA) – ABN 16 874 357 907.

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Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FFI HOLDINGS LIMITED (CONTINUED)

Key Audit Matters (continued)

Valuation of Land & Buildings Held for Own Use

Refer to Note 1(s)(iii) Critical Accounting Estimates and Judgements – Land Held for Own Use & Note 13 Property, Plant and Equipment

As at 30 June 2023, the Group had \$5.21 million of land and \$1.85 million in buildings held for own use.

The valuation of land and buildings held for own use is a key audit matter as it is a significant asset and is highly dependent on estimates and judgements.

Based on management's estimate, the value remains unchanged from 30 June 2022. No revaluation gain or loss was recorded in the consolidated statement of profit or loss and other comprehensive income.

This balance is material and its value is subject to significant management judgement and estimation.

Management's valuation incorporated an independent external valuation obtained in a prior financial year as well as the recent compensation paid by Main Roads Western Australia (MRWA) for the land resumption completed and reported by the Group during the 30 June 2021 financial year. Further consideration was given to other current relevant factors and market conditions.

The valuation is dependent on several key assumptions and judgements including highest and best use concepts, capitalisation rates and comparable market values.

Our audit procedures to test the valuation of Land Held for Own Use included, amongst others, the following:

- Obtained and reviewed minutes of director meetings and resolutions pertaining to their valuation model.
- Tested the mathematical accuracy of the valuation model prepared by management and assessment of the valuation methodology including the reasonableness of the key assumptions and key inputs used in the valuation model.
- Tested key assumptions used to external market information available. This included obtaining current WA commercial property reports and comparing land values adopted by management against the market values of neighbouring industrial properties sold or advertised for sale during the year. The results of this work did not suggest any indicators that the current book values of the land and buildings held for own use are impaired.
- Tested depreciation expense recorded for buildings and ensured consistency with accounting policies.
- Reviewed disclosure in the financial statements to ensure appropriateness and adequacy.

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FFI HOLDINGS LIMITED (CONTINUED)

Key Audit Matters (continued)

Valuation of Investment Properties

Refer to Note 1(s)(ii) Critical Accounting Estimates and Judgements – Investment Property & Note 14 Investment Property

The valuation of investment properties is a key audit matter as it is the Group's most significant asset and is highly dependent on estimates and judgements.

Management has estimated the fair value of the Group's investment properties to be \$20.93 million as at 30 June 2023. Other than minor development cost capitalised, the value remains unchanged from 30 June 2022 with no revaluation gain or loss recorded in the consolidated statement of profit or loss and other comprehensive income.

Management's valuation incorporated an independent external valuation obtained in a prior financial year as well as the recent compensation paid by Main Roads Western Australia (MRWA) for the land resumption completed and reported by the Group during the 30 June 2021 financial year. Further consideration was given to other current relevant factors and market conditions.

The valuation is dependent on several key assumptions and judgements including highest and best use concepts, capitalisation rates and comparable market values.

Our procedures to test the valuation of investment properties included, amongst others, the following:

- Obtained and reviewed minutes of director meetings and resolutions pertaining to their valuation model.
- Tested the mathematical accuracy of the valuation model prepared by management and assessment of the valuation methodology including the reasonableness of the key assumptions and key inputs used in the valuation model.
- Tested key assumptions used to external market information available. This included obtaining current WA commercial property reports and comparing land values adopted by management against the market values of neighbouring industrial properties sold or advertised for sale during the year. The results of this work did not suggest any indicators that the current book values of the investment properties are impaired.
- Reviewed disclosure in the financial statements to ensure appropriateness and adequacy.

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FFI HOLDINGS LIMITED (CONTINUED)

Key Audit Matters (continued)

Existence and Valuation of Inventories	
Refer to Note 10 Inventories	
The Group holds significant inventories (raw materials and finished goods) which are used in the processing, manufacturing, packaging, and distribution of foods products. Inventories balances have decreased from \$11.88 million in the prior period to \$8.75 million as at 30 June 2023. Inventories are valued at the lower of cost and net realisable value (NRV). Valuation at cost includes different components and is subject to significant management estimates. This could result in an overstatement of the value of the inventories if the historical cost is higher than the net realisable value. We have therefore identified inventory existence and valuation as a key audit matter.	Our procedures to test the existence and valuation of inventories included, amongst others, the following: • Discussed with management and tested the relevant internal control procedures relating to the existence and valuation of inventory, including stocktake attendance of the inventory count at year end. • Tested a sample of stock items and comparing our count results with count results by the Group's representative and investigating any variances. • Performed analytical procedures and held discussions with management to better understand the basis behind the stock movements and significant decrease in closing stock balance compared to the prior year. • Performed test of details on historical costs against supplier invoices, including testing the mathematical accuracy of the final stock listing and assessment of management estimates and assumptions in relation to other fixed costs allocations. • Tested a sample of stock items to subsequent sales to ensure that they were recorded at the lower of cost and net realisable value. • Discussed with management, reviewed and documented our understanding of the gross margins during the year for any unusual patterns compared to prior periods, and • Reviewed the disclosures in the financial statements to ensure appropriateness and adequacy.

Independent Auditor's Report



MOORE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FFI HOLDINGS LIMITED (CONTINUED)

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Independent Auditor's Report



MOORE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FFI HOLDINGS LIMITED (CONTINUED)

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report as included in the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of FFI Holdings Limited, for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

NEIL PACE
PARTNER

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 22nd day of September 2023.

Additional Information for Listed Public Companies

The following additional information is required by the Australian Securities Exchange:

a) Distribution of Shareholder Numbers as at 7 September 2023:

Range of Holding	Total Holders	No of Shares	% of Issued Capital
1 to 1,000	551	204,901	1.90%
1,001 to 5,000	198	485,978	4.51%
5,001 to 10,000	75	551,388	5.11%
10,001 to 100,000	71	1,961,257	18.19%
100,001 and over	20	7,576,843	70.28%
Total Shareholders	915	10,780,367	100%

b) The number of shareholdings held in less than marketable parcels is 156 holders with 12,282 shares.

c) The names of the substantial shareholders listed in the holding company's register as at 7 September 2023 are:

Name	Fully Paid Shares	% of Issued Capital
Moonen Mr Rodney Graham	3,301,206	30.62%
Morrison Mr Donald John	1,255,852	11.65%
Nicholson Mr Geoffrey W	556,237	5.16%
Warr Mr Ronald W	554,163	5.14%

d) Voting Rights: All ordinary shares carry 1 vote per share.

e) As at 7 September 2023, the twenty largest shareholders held 7,576,843 shares as follows:

Names of 20 Largest Shareholders	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
PEARLWOOD HOLDINGS PTY LTD	2,154,241	19.98%
EVELIN INVESTMENTS PTY LTD	867,497	8.05%
SALTER POINT INVESTMENT PTY LTD	629,580	5.84%
MR KENNETH JOHN BEER & MR ALEXANDER CHARLES BEER <BEER SUPER FUND A/C>	499,519	4.63%
WARR NOMINEES PTY LTD <WARR FAMILY A/C>	490,567	4.55%
NAIRANA PTY LIMITED	306,071	2.84%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	272,330	2.53%
MR GEOFFREY WAYNE NICHOLSON	259,354	2.41%
SAMUEL GORDON SIMPSON DECD	246,360	2.29%
MR RODNEY GRAHAM MOONEN	235,801	2.19%
RATHVALE PTY LIMITED	198,502	1.84%
MR BRETT ROSS MATTHEWS	195,653	1.81%
EST FRANCIS ALAN LOVE	180,359	1.67%
BB HOLDINGS PTY LTD <SUPER FUND>	167,173	1.55%
MR BRUCE ATHOL BELL	165,991	1.54%
KEISER INVESTMENTS PTY LTD <GANN FAMILY RETIREMENT A/C>	162,381	1.51%
NEREID PTY LTD <NEREID NO 1 A/C>	152,683	1.42%
MRS TRACY FRASER	146,954	1.36%
NATIONAL NOMINEES LIMITED	135,827	1.26%
KAMGA PTY LTD	110,000	1.02%
TOTAL	7,576,843	69.98%

STOCK EXCHANGE LISTING

Quotation has been granted for all ordinary shares of the Company on the Australian Securities Exchange.

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