

MEDIA RELEASE

Fantastic Holdings delivers strong second half to record 32% annual sales growth and maintain previous year's net profit.

Key Points:	Full Year Sales:	+ 32% to \$402 million
	Profit Before Tax:	- 4% to \$25.7 million
	Profit After Tax:	Constant at \$18.6 million
	Final Dividend:	5.50 cents per share

National furniture retailer Fantastic Holdings has indicated a cautiously positive outlook on the economy after posting a strong increase in both second half and fourth quarter sales as well as matching the previous year's earnings for the full fiscal year.

The Fantastic Group's sales were \$402 million for the year to 30 June 2009, representing a solid increase of 32% over the comparative period of the previous year. Like for like sales increased 5% on the previous year and 10% on the corresponding 6 month period. While full year profit after tax from continuing operations was maintained at \$18.6 million, the second half profit after tax result saw significant growth of 66% compared to the corresponding 6 month period.

The Board declared a final dividend of 5.50 cents per share for the period, bringing the full year dividend to 9.50 cents per share.

Commenting on the results, Fantastic's Managing Director, Julian Tertini said, "Following considerable development work related to our acquisitions of Le Cornu and Dare Gallery, combined with Fantastic Furniture's entry into Western Australia, we are now seeing some contribution to Group results from these stores as well as other store openings. However, the biggest contributor to our strong final quarter results came from improved sales growth as a result of more positive consumer sentiment, which in turn was driven by low interest rates and the flow-on from the Government's stimulus packages to families."

Mr Tertini said that there were some positive signs in the housing sector, particularly in the home renovation market. He added that the Fantastic Group's recent initiatives and reengineering projects, combined with a new IT platform implementation, will place all of its brands in a very good position to capitalize upon an improved retail trading environment should it occur over the next 18 months.

“It is encouraging to see some economic indicators pointing to a recovery”, he said. “It’s also very pleasing to see that all of our five brands, Fantastic Furniture, Plush, Original Mattress Factory, Dare Gallery and Le Cornu continue to gain ground and are increasingly recognised by Australian consumers for their attractive offerings of value, quality, service and design. Across most of Australia, we can now claim to be the value leader for every household’s furniture needs.”

Over the 12 months, Fantastic Holdings became a truly national retailer, entering Western Australia with 4 Fantastic Furniture stores, as well as the Northern Territory as a result of the Le Cornu acquisition. The Group celebrated its 100th retail outlet with the opening of a Fantastic Furniture store at Mittagong in November 2008. The Group went on to finish the year with a total of 110 stores. Fantastic Furniture successfully opened 9 stores, adding to its portfolio in Queensland, Victoria and NSW in addition to the new market entry into Western Australia at the 4 new locations. This brought total Fantastic Furniture stores to 67 nationally by year end. A further 5 Plush stores successfully opened in NSW, Victoria and Queensland, bringing the Plush store presence to 25, while the Group’s emerging mattress specialist, Original Mattress Factory, consolidated its presence in NSW, opening a further 3 stores and bringing the total OMF store count to 9 in that State.

Mr Tertini said, “After this rigorous and on-going store opening program, combined with plans to further heighten our customers’ store experience at both Le Cornu and Dare Gallery, the Group’s retail network development strategy is certainly energetic and well on track.”

Mr Tertini highlighted that the Group’s national presence is solidly backed by a very robust balance sheet with strong cash flow and minimal borrowings which are related to prime real estate holdings. “These are all very positive strengths for our future”, he said. “As long as employment remains at reasonable levels, interest rates remain affordable for Australian families and the Australian Dollar remains relatively stable, we are extremely well placed to significantly grow our customer base and achieve better economies of scale.

For further information:	<i>Managing Director:</i>	<i>Julian Tertini</i>	<i>02 8717 2600</i>
	<i>Finance Director:</i>	<i>Peter Brennan</i>	<i>0402 382818</i>
	<i>Chief Executive Officer:</i>	<i>Mark Garwood</i>	<i>02 8717 2600</i>