Clive Peeters Limited

ABN 52 058 868 018

PRELIMINARY FINAL REPORT

For the Financial Year Ended 30 June 2009
(Previous Corresponding Period 30 June 2008)

Results for announcement to the market

Group Results	A$'000	
Revenue from the sales of goods	496,859	Down (7.1%)
Gross Profit	120,890	Down (14.3%)
Net loss for the period attributable to members	8,972	N/A

Group Ratios and Returns	FY2009	FY2008
Gross Profit Margin %	**24.3%**	**26.4%**
Return on Shareholders Funds	**(12.9%)**	**12.8%**
Number of Stores trading during the period	**47**	**48**
Inventory Turnover	**3.2**	**3.4**

Dividends	Amount per security	Percentage franked
Final dividend	**NIL**	**NIL**
Date the dividend is payable:	**N/A**	**N/A**
Record date for determining entitlements to the dividend	**N/A**	**N/A**
Amount of dividend per security		
Interim Dividend		
In respect of 2009 financial year as at 31 December 2008	**Nil**	**NIL**
In respect of 2008 financial year as at 31 December 2007	**3 cents**	**100%**
Final Dividend		
In respect of 2009 financial year as at 30 June 2009	**Nil**	**NIL**
In respect of 2008 financial year as at 30 June 2008	**1.5 cents**	**100%**

Net Tangible Assets Per Security	
As at 30 June 2009	**$0.27**
As at 30 June 2008	**$0.36**

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Clive Peeters Limited

Condensed Consolidated Income Statement

for the Financial Year Ended 30 June 2009

	Note	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	Company 30 June 2009 $'000	Company 30 June 2008 $'000
Revenue from sale of goods	2 (a)	496,859	534,883	371,921	390,165
Cost of sales	2 (d)	(375,969)	(393,795)	(280,224)	(286,208)
Gross Profit		120,890	141,088	91,697	103,957
Other Revenue	2 (b)	36,662	38,271	28,983	31,476
Other Income	2 (c)	-	22	-	10
Distribution expenses		(10,121)	(10,360)	(7,541)	(7,353)
Occupancy expenses		(30,315)	(26,307)	(23,458)	(20,047)
Administration expenses		(32,840)	(33,239)	(29,090)	(27,506)
Sales and marketing expenses		(75,693)	(80,288)	(60,054)	(64,378)
Finance costs	2 (d)	(3,421)	(3,011)	(3,405)	(2,978)
Misappropriation expense	2 (e)	(4,815)	-	(4,815)	-
Other expenses		(11,693)	(11,482)	(8,423)	(8,715)
Profit/(Loss) Before Income Tax Expense		(11,346)	14,694	(16,106)	4,466
Income tax benefit/(expense)	3	2,374	(4,421)	3,801	(1,356)
Profit/(Loss) for the year		(8,972)	10,273	(12,305)	3,110
Profit/(Loss) attributable to members of the parent entity		(8,972)	10,273	(12,305)	3,110
Basic earnings/(loss) per share (cents per share)	6	(7.1)	8.1		
Diluted earnings/(loss) per share (cents per share)	6	(7.1)	8.1		

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Condensed Consolidated Balance Sheet

for the Financial Year Ended 30 June 2009

	Note	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	Company 30 June 2009 $'000	Company 30 June 2008 $'000
Current Assets					
Cash and cash equivalents		4,561	17,083	3,900	16,522
Trade and other receivables		27,096	31,952	26,215	31,967
Inventories		108,080	131,388	108,080	131,388
Other		19,116	12,599	19,045	12,589
Total Current Assets		158,853	193,022	157,240	192,466
Non-Current Assets					
Plant and equipment		21,345	23,284	20,973	22,797
Brandnames		10,600	10,600	8,200	8,200
Goodwill		24,170	24,102	15,429	15,361
Other intangibles		1,061	427	1,061	427
Investments		12	12	3,726	3,726
Deferred tax assets		4,137	3,561	3,812	2,846
Total Non-Current Assets		61,325	61,986	53,201	53,357
Total Assets		220,178	255,008	210,441	245,823
Current Liabilities					
Trade and other payables		91,179	114,672	107,104	127,776
Current tax liabilities		-	1,058	-	1,058
Provisions		5,791	5,521	4,849	4,541
Borrowings		14,066	16,742	14,004	16,622
Total Current Liabilities		111,036	137,993	125,957	149,997
Non-Current Liabilities					
Deferred tax liabilities		2,460	2,460	2,460	2,460
Trade and other payables		4,354	3,910	3,464	3,237
Provisions		425	368	442	366
Borrowings		32,500	30,066	32,500	30,004
Total Non-Current Liabilities		39,739	36,804	38,866	36,067
Total Liabilities		150,775	174,797	164,823	186,064
Net Assets		69,403	80,211	45,618	59,759
Equity					
Issued capital	4	54,578	54,578	54,578	54,578
Equity-settled employee benefits reserve		69	-	69	-
Retained profits		14,756	25,633	(9,029)	5,181
Total Equity		69,403	80,211	45,618	59,759

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Condensed Consolidated Statement of Changes in Equity

for the Financial Year Ended 30 June 2009

	Consolidated		Company	
	30 June 2009 $'000	30 June 2008 $'000	30 June 2009 $'000	30 June 2008 $'000
Retained Earnings				
Retained earnings at the beginning of the year	25,633	22,980	5,181	9,691
Net profit/(loss) attributable to members of the parent entity	(8,972)	10,273	(12,305)	3,110
Dividends Paid	(1,905)	(7,620)	(1,905)	(7,620)
Retained earnings at the end of the year	14,756	25,633	(9,029)	5,181
Equity-settled employee benefits reserve				
Equity-settled employee benefits at the beginning of the period	-	-	-	-
Recognition of share based payment	69	-	69	-
Equity-settled employee benefits reserve at the end of the year	69	-	69	-
Share Capital				
Share capital at the beginning of the year	54,578	54,578	54,578	54,578
Share capital at the end of the year - 127,000,000 fully paid shares	54,578	54,578	54,578	54,578
Total income and expense for the year				
Profit/(loss) for the year	(8,972)	10,273	(12,305)	3,110
Total income and expense for the year attributable to members of the parent entity	(8,972)	10,273	(12,305)	3,110

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Condensed Consolidated Cash Flow Statement

for the Financial Year Ended 30 June 2009

	Consolidated		Company	
	Inflow/ (Outflow) 30 June 2009 $'000	Inflow/ (Outflow) 30 June 2008 $'000	Inflow/ (Outflow) 30 June 2009 $'000	Inflow/ (Outflow) 30 June 2008 $'000
Cash Flows from Operating Activities				
Receipts from customers	595,639	618,758	450,863	451,858
Payments to suppliers and employees	(584,608)	(599,846)	(441,213)	(433,404)
Proceeds from insurance (store damage)	848	1,713	848	1,713
Interest received	185	412	180	401
Interest and other costs of finance paid	(3,421)	(3,011)	(3,405)	(2,978)
Tax refunded/(paid)	626	(4,811)	1,776	(4,807)
	9,269	13,215	9,049	12,783
Misappropriated funds	(14,677)	(3,871)	(14,677)	(3,871)
Net cash (used in)/provided by operating activities	(5,408)	9,344	(5,628)	8,912
Cash Flows from Investing Activities				
Payment for business	-	(6,410)	-	(6,410)
Proceeds from disposal of plant and equipment	-	37	-	22
Payment for intangibles	(877)	(182)	(877)	(182)
Payment for plant and equipment	(4,090)	(8,619)	(4,090)	(8,619)
Net cash used in investing activities	(4,967)	(15,174)	(4,967)	(15,189)
Cash Flows from Financing Activities				
Proceeds from borrowing	-	20,000	-	20,000
Repayment of borrowings	(242)	(679)	(122)	(552)
Dividends paid	(1,905)	(7,620)	(1,905)	(7,620)
Net cash (used in)/provided by financing activities	(2,147)	11,701	(2,027)	11,828
Net (Decrease)/Increase In Cash Held	(12,522)	5,871	(12,622)	5,551
Cash at the beginning of the Financial Year	17,083	11,212	16,522	10,971
Cash at the end of the Financial Year	4,561	17,083	3,900	16,522

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Notes to the Condensed Consolidated Financial Statements

for the Financial Year ended 30 June 2009

1. Significant accounting policies

This preliminary final report has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with the A-IFRS ensures that the Consolidated Financial Statements and Notes of the Consolidated Entity comply with International Financial Reporting Standards ('IFRS').

This preliminary final report contains the condensed consolidated financial statements of Clive Peeters Limited and the entities it controlled at the end of, or during the year ended 30 June 2009.

Basis of preparation

The condensed Consolidated Financial Statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the preliminary financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

In the current year, the Consolidated Entity has adopted all of the new and revised Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations have not resulted in changes to the Consolidated Entity's policies.

Significant accounting policies

The accounting policies and methods of computation in the preparation of this preliminary financial report are consistent with those adopted and disclosed in the Company's 2008 Annual Financial Report for the Financial Year ended 30 June 2008, except for the new accounting policy outlined below.

Employee share plan

Share based compensation benefits are provided to executives via the Executive Long Term Incentive Plan ("Plan"). The fair value of Rights granted under the Plan are recognised as an employee benefits expense with a corresponding increase in equity. The fair value is measured at the grant date taking into account market performance conditions only, and expensed on a straight line basis over the vesting period during which the employees become unconditionally entitled to the Right. The fair value of Rights granted are measured using the Black - Scholes Pricing Model, taking into account the terms and conditions attached to the Rights. The amount recognised as an expense is adjusted to reflect the actual number of Rights that are expected to vest except where forfeiture is due to market related conditions.

Going Concern

The preliminary final reports of the Consolidated Entity and Company have been prepared on the basis that they are going concerns, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Consolidated Entity incurred a loss after tax of $8,972 thousand and the cash outflow used in operating activities was $5,408 thousand for the year ended 30 June 2009 ($9,347 thousand cash inflow pre misappropriated funds). As a result the Company revised its banking facility with reset financial covenants in June 2009. The loss was primarily attributable to challenging trading conditions in the premium discretionary retail space, restructuring costs associated with implementing the findings of the strategic review process, and losses, including consequential losses, relating to the misappropriations of cash by a staff member (refer Note 9).

Clive Peeters Limited

Notes to the Condensed Consolidated Financial Statements

for the Financial Year ended 30 June 2009

The Directors believe the going concern basis of preparation to be appropriate after consideration of the following factors:

- Cash flow Forecasts: In light of the changing economic conditions, the Consolidated Entity has undergone a significant cost reduction program. Positive cash flows are forecast for the year ending 30 June 2010.

- Bank Facility: During the year the Consolidated Entity presented its strategy and forecasts to its Bank. On 30 June 2009 the Bank rolled over the bank facility for another 13 months with reset covenants. The Consolidated Entity expects to comply with the terms and conditions of the revised bank facility.

- Recovery of cash misappropriations: During the next twelve months the Consolidated Entity expects to recover cash proceeds in excess of $14,551 thousand (net of associated costs), out of misappropriated assets (refer note 9 for further explanation).

At the date of this report the Directors expect that they will be successful in achieving the cash flow forecasts and recovery of cash misappropriation set out above, and accordingly have prepared the Consolidated Entity's and Company's preliminary final reports on a going concern basis.

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Notes to the Condensed Consolidated Financial Statements

for the Financial Year ended 30 June 2009

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		Consolidated		Company	
2.	**Profit/(Loss) From Continuing Activities**	**30 June 2009 $'000**	**30 June 2008 $'000**	**30 June 2009 $'000**	**30 June 2008 $'000**
	Revenue from continuing operations				
(a)	**Sales revenue:**				
	Revenue from the sale of goods	496,859	534,883	371,921	390,165
(b)	**Other revenue:**				
	Management fee	-	-	821	840
	Interest revenue:				
	Bank deposits	185	412	180	401
	Commission revenue	13,200	13,943	9,756	10,911
	Delivery revenue	3,912	4,265	3,136	3,308
	Installation revenue	11,037	10,786	7,816	8,323
	Miscellaneous other	8,288	8,865	7,274	7,693
		36,622	38,271	28,983	31,476
	Total Revenue	533,481	573,154	400,904	421,641
(c)	**Other Income:**				
	Gain on disposal of plant & equipment	-	22	-	10
		-	22	-	10
(d)	**Expenses**				
	Cost of sales	375,969	393,795	280,224	286,208
	Finance costs:				
	Interest Expense	3,421	3,011	3,405	2,978
	Depreciation of plant & equipment:				
	Leasehold improvements	3,069	2,760	3,016	2,630
	Plant & equipment	2,702	2,255	2,678	2,188
	Equipment under lease	11	331	7	228
		5,782	5,346	5,701	5,046
	Amortisation of software	243	128	243	128
	Operating lease payments	23,453	20,254	18,242	15,267
	Employee benefit expense:				
	Defined contribution plans:	4,926	5,751	4,686	4,640
	Other employee benefits	71,091	74,417	56,602	58,274
		76,017	80,168	61,288	62,914
(e)	**Individually Significant Item:**				
	Costs of recovery and non-recoverable amount from cash misappropriations	4,815	-	4,815	-

Clive Peeters Limited

Notes to the Condensed Consolidated Financial Statements

for the Financial Year ended 30 June 2009

	Consolidated		Company	
	30 June 2009 $'000	30 June 2008 $'000	30 June 2009 $'000	30 June 2008 $'000
3. Income taxes				
The prima facie income tax benefit/(expense) on pre-tax accounting profit/(loss) from operations reconciles to the income tax benefit/(expense) in the financial statements as follows:				
Profit/(Loss) from operations	(11,346)	14,694	(16,106)	4,466
Income tax benefit/(expense) calculated at 30%	3,404	(4,408)	4,832	(1,340)
Non-deductible expenses	(910)	(63)	(910)	(66)
Over/(under) provision of income tax in previous year	(120)	50	(121)	50
Total tax benefit/(expense)	2,374	(4,421)	3,801	(1,356)

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

	Consolidated and Clive Peeters Limited			
	30 June 2009 No. '000	30 June 2009 $'000	30 June 2008 No. '000	30 June 2008 $'000
4. Issued Capital				
Fully paid ordinary shares	127,000	54,578	127,000	54,578
Fully paid ordinary shares carry one vote per share and carry the right to dividends.				
Balance at beginning of year	127,000	54,578	127,000	54,578
Balance at end of year	127,000	54,578	127,000	54,578

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Notes to the Condensed Consolidated Financial Statements
for the Financial Year ended 30 June 2009

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	Company			
	30 June 2009		30 June 2008	
	Cents per share	Total $'000	Cents per share	Total $'000
5. Dividends				
<u>**Recognised amounts**</u>				
Fully paid ordinary shares				
Final dividend: Franked to 30%	1.5	1,905	3	3,810
Interim dividend: Franked to 30%	-	-	3	3,810
		1,905		7,620
<u>**Unrecognised amounts**</u>				
Fully paid ordinary shares				
Final Dividend: Franked to 30%	-	-	1.5	1,905

	Company 2009 $'000	Company 2008 $'000
Adjusted franking account balance	10,090	11,742
Impact on franking account balance of dividends not recognized	-	(816)

6. Earnings per share

	Consolidated 30 June 2009 Cents per share	Consolidated 30 June 2008 Cents per share
Basic and diluted earnings/(loss) per share:		
Total basic and diluted earnings per share (cents per share)	(7.1)	8.1

	30 June 2009 $'000	30 June 2008 $ '000
Calculation of earnings:		
Profit/(loss) for the period attributable to members of the parent entity	(8,972)	10,273

	30 June 2009 No.'000	30 June 2008 No.'000
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	127,000	127,000

Clive Peeters Limited

Notes to the Condensed Consolidated Financial Statements
for the Financial Year ended 30 June 2009

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7. Changes in the composition of the Consolidated Entity

a) Acquisition of business in 12 months ended 30 June 2009

There were no business acquisitions in the reporting period.

b) Acquisition of business in 12 months ended 30 June 2008

The Consolidated Entity acquired the business of Kempcombe Pty. Ltd. trading as Ian Everards, a retailer of electrical appliances for a cash consideration of $6,410 thousand (inclusive of acquisition costs). The Consolidated Entity took control of this business on 15th October 2007.

Presented below are the carrying amounts of the identifiable assets and liabilities as recorded in the books of the acquiree at the date of acquisition and the fair value of the identifiable assets and liabilities as determined by the Directors.

The Consolidated Entity has paid a premium for the acquiree as it believes the acquisition will introduce synergies to its existing operations and enhance Consolidated Entity profitability.

The determination of the fair value of the identifiable assets and liabilities of the acquisition have now been finalised.

	Kempcombe Pty Ltd	
	Carrying Amount at acquisition 15 October 2007 $'000	Fair Values 15 October 2007 $'000
Consideration		
Cash	5,954	5,954
Transaction costs	456	456
Total	6,410	6,410
Current assets		
Inventories	4,395	3,602
Deferred tax assets	-	210
Total current assets	4,395	3,812
Non-current assets		
Plant and equipment	1,659	1,610
Deferred tax assets	-	133
Total non-current assets	1,659	1,743
Total assets	6,054	5,555
Current liabilities		
Trade and other payables	606	554
Provisions	495	495
Total current liabilities	1,101	1,049
Total liabilities	1,101	1,049
Net assets acquired	4,953	4,506
Goodwill on acquisition		1,904

Clive Peeters Limited

Notes to the Condensed Consolidated Financial Statements

for the Financial Year ended 30 June 2009

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7. Changes in the composition of the Consolidated Entity (cont'd)

b) Acquisition of business in 12 months ended 30 June 2008 (cont'd)

For the period from 15th October 2007 to 30 June 2008, the Kempcombe stores contributed revenues of $30,113 thousand and a profit after tax of $1,584 thousand.

Revenue and Profit of the Combined Entity for the period as though the acquisition date for all business combinations effected during the period had been the beginning of the period (1 July 2007 to 30 June 2008) would total $543,155 thousand and $10,640 thousand respectively.

The Directors of the Consolidated Entity consider these pro-forma numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

8. Segment Information

The Consolidated Entity operates in the electrical appliance and computer retail industry within Australia.

9. Subsequent events

On 11 August 2009 the Consolidated Entity announced that, after it had identified discrepancies in its payroll accounts, it had commenced legal proceedings against a staff member and related parties claiming that the staff member had:

- falsified entries in the Consolidated Entity's payroll accounts;
- transferred cash out of the business of the Consolidated Entity into external bank accounts, including a personal bank account and bank accounts held by related parties of the staff member; and
- used monies taken from the Consolidated Entity to buy and sell real estate.

The Consolidated Entity also announced that it was seeking to recover real estate and other assets from the staff member and related parties, that the staff member and related parties were cooperating with the Consolidated Entity and that court orders relating to the transfer of assets to the Consolidated Entity and freezing of bank accounts were obtained from the Victorian Supreme Court on 6 August 2009.

Approximately 40 properties are in the process of being transferred into the name of the Consolidated Entity, including the property at which the staff member was residing. Other personal assets are also being transferred to the Consolidated Entity.

The monies to be realised by the Consolidated Entity will depend on the prices at which the properties are sold, and present estimates indicate that the net amount recoverable from the sale of assets is expected to be in excess of $16,366 thousand, after allowing for discharges of mortgages and transaction costs.

Out of this recovery, the Consolidated Entity will also have to bear significant legal, investigation and other costs as a result of the misappropriation of cash, and these are estimated to approximate $1,815 thousand.

At this stage, investigations indicate that the total amount of cash misappropriated is approximately $19,366 thousand, (which includes $818 thousand of cash misappropriated in July 2009).

The Consolidated Entity's cash resources will be improved by the proceeds of sale of properties and other assets and the recovery of money from bank accounts, offset by the associated recovery related costs, and the payroll accrual amounts currently due and payable of $4,110 thousand. On a net basis this will represent a material increase in the Consolidated Entity's cash reserves.

The Consolidated Entity has appropriate insurances. To the extent that there is any recourse to insurance, this will be booked in the year of recovery.

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Notes to the Condensed Consolidated Financial Statements

for the Financial Year ended 30 June 2009

9. Subsequent events continued

Financial year ended 30 June 2009

In relation to the financial year ended 30 June 2009 the following financial impacts result from the accounting discrepancies that have been identified involving the staff member:

- the year ended 30 June 2009 loss before tax was $11,346 thousand. This is after providing for a shortfall in recoveries attributable to an expected loss on sale of properties and other assets of $3,000 thousand, and $1,815 thousand for transaction, legal and other costs, totalling $4,815 thousand. Before these expenses the Consolidated Entity's loss before tax for the year ended 30 June 2009 would have been $6,531 thousand. Of this $6,531 thousand, the amount of $2,100 thousand is attributable to the non-recurring costs that the Consolidated Entity highlighted in its announcement of 1st July 2009.
- the effect on the 30 June 2009 balance sheet of correcting the accounting discrepancies involving the staff member was to:
    - recognise an other current asset for the extent of the cash misappropriated up to 30 June 2009 as follows:.

Amount of cash misappropriation	$18,548 thousand
Less costs of recovery and non-recoverable amount	($4,815 thousand)
Estimated net proceeds from recovery of cash misappropriation	$13,733 thousand

    - increase trade creditors and payroll related accrual/provision accounts by $18,548 thousand.
- the effect on the Income Statement for the year ended 30 June 2009 includes the following individually significant item:

  $4,815 thousand for costs of recovery and non-recoverable amount from cash misappropriations.

Financial year ending 30 June 2010

Several of the staff member's unauthorised transactions occurred in July 2009 and will be corrected in the year ending 30 June 2010 financial report. These unauthorised transactions amount to approximately $818 thousand, which is included in the $19,366 thousand of total cash misappropriated by the staff member.

Restatement of Financial year ended 30 June 2008

Investigations into the effects of the actions taken by the staff member also detected that cash of $3,871 thousand was transferred out of the Consolidated Entity's business by 30 June 2008. The profit before tax of the Consolidated Entity for year ended 30 June 2008 of $14,694 thousand is unchanged.
The change to the 30 June 2008 balance sheet was to:

- increase "other current assets" by $3,871 thousand; and
- increase trade creditors and payroll related accrual/provision accounts by $3,871 thousand.

There has not been any other matter or circumstance, that has arisen since the end of the Financial Year, that has significantly affected, or may significantly affect, the operations of the Consolidated Entity, the result of those operations, or the state of affairs of the Consolidated Entity in future financial years, other than the events referred to in this Note 9.

Clive Peeters Limited

Notes to the Condensed Consolidated Financial Statements
for the Financial Year ended 30 June 2009

10. Information on Audit

This preliminary final report is based on amounts that are in the process of being audited.

11. Annual General Meeting

The Annual General Meeting will be held as follows;

Place	To be advised
Date	20th November 2009
Time	10:30 a.m.
Approximate date the Annual Report will be available	October 2009

12. Compliance statement

1. This Report has been prepared in accordance with AASB Accounting Standards and Interpretations.
2. This Report, and the accounts upon which the report is based, use the same accounting policies.
3. This Report does give a true and fair view of the matters disclosed.
4. This Report is in accordance with the Corporations Act 2001.
5. This Report is based on accounts which are in the process of being audited.
6. The Entity has a formally constituted Audit Committee.

On behalf of the Directors

Brian Pollock
Chairman

Greg Smith
Managing Director

Melbourne, 31st August 2009

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