

FANTASTIC HOLDINGS LIMITED

HALF-YEAR FINANCIAL REPORT
27 DECEMBER 2015

FHL
Fantastic Holdings
Limited

For personal use only



FANTASTIC HOLDINGS LIMITED

HALF-YEAR FINANCIAL REPORT

27 DECEMBER 2015



Fantastic Holdings
Limited

CONTENTS

03	Director's Report
04	Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
05	Interim Condensed Consolidated Statement of Financial Position
06	Interim Condensed Consolidated Statement of Changes in Equity
07	Interim Condensed Consolidated Statement of Cash Flows
08	Notes to Interim Condensed Consolidated Financial Statements
15	Directors' Declaration
16	Auditor's Independence Declaration
17	Independent Auditor's Report
18	Corporate Information

HALF-YEAR FINANCIAL CALENDAR 2016

- 2016 half-year results announced to Australian Stock Exchange 25 February 2016
- Record date for entitlements to interim dividend 5 March 2016
- Interim dividend for 2016 financial year to be paid on 21 March 2016



Directors' Report

FOR THE HALF-YEAR ENDED 27 DECEMBER 2015

The Directors present their report together with the financial report of the consolidated entity ("the Group") consisting of Fantastic Holdings Limited ("the Company") and its subsidiaries, for the half-year ended 27 December 2015 and the Independent Review Report thereon.

Directors

The names of the Company's Directors in office during the half-year and until the date of this report are set out below. The Directors were in office for the entire period unless otherwise stated.

Julian Tertini (Non-executive Chairman)
Peter Brennan OAM
Stephen Heath (Resignation 26 February 2016)
Geoffrey Squires
Margaret Haseltine
Robyn Watts

Review of Operations

Group sales for the half year were a record \$272.8 million, an increase of 11.7% on the pcp with comparative store sales producing 15.7% growth. The prior comparative period included \$12.4 million in statutory sales from Dare Gallery which was divested in January 2015. The overall sales improvement was driven by increased sales volumes primarily from Fantastic Furniture which recorded 19.2% L4L sales growth, Plush with 18.8% L4L sales growth and Original Mattress Factory (OMF) with 16.9% L4L sales growth.

Operating cash flow for the half year was \$8.2 million, compared to \$10.0 million in the prior period. The current period included tax payments of \$4.0 million in relation to FY15 year. At December 2015, FHL had a cash balance of \$35.3 million and debt of \$5.0 million resulting in a net cash position of \$30.3 million.

As at 27 December 2015, the Group operated 126 company owned stores nationally, with an additional two franchise stores. During the period, Fantastic Furniture opened its second store in Far North Queensland (Rockhampton) and closed two stores at Aspley in Queensland and Noarlunga in South Australia. OMF opened an additional store at Wagga Wagga, New South Wales. In early 2016, Fantastic Furniture closed one store at Richmond in Victoria and Plush has opened a store at Fortitude Valley in Queensland.

The Board has declared a fully franked interim dividend of 7.0 cents per share. The interim dividend for the half year represents a pay-out ratio of 66.2% of NPAT. The closing date for shareholders to be registered for the interim dividend is 5pm on 5 March 2016. The dividend will be paid on 21 March 2016.

We are pleased to report a record sales result with comparative store sales growth of 15.7%. We had strong earnings growth from a higher sales volume with Cost of Doing Business becoming more productive and we are pleased to see that the management initiatives undertaken have continued to produce positive outcomes.

Rounding

The amounts contained in the half-year financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Group under ASIC Class Order 98/100. This is an entity to which the Class Order applies.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 16.

This Report is made in accordance with a resolution of the Directors.



Julian Tertini
Chairman



Stephen Heath
Managing Director & Chief Executive Officer

Dated this 25th day of February 2016

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE HALF-YEAR ENDED 27 DECEMBER 2015

	Notes	Half - Year 27 December 2015 \$'000	Half - Year 28 December 2014 \$'000
Sales revenue from continuing operations	(2a)	272,759	244,279
Cost of sales		(153,164)	(133,784)
Gross Profit		119,595	110,495
Other income	(2a)	760	911
Employment expenses	(2b)	(43,233)	(41,377)
Property expenses		(28,635)	(29,335)
Marketing expenses		(18,735)	(17,197)
Sales related expenses		(3,361)	(2,908)
Depreciation and amortisation	(2c)	(2,737)	(2,528)
Other expenses		(8,673)	(7,117)
Share of loss of a joint venture	(4)	(51)	(707)
Results from Continuing Operations		14,930	10,237
Financial income		359	97
Financial expense		(113)	(79)
Net Financing Income		246	18
Profit Before Tax from Continuing Operations		15,176	10,255
Income tax expense		(4,257)	(3,283)
Profit After Tax from Continuing Operations		10,919	6,972
Other comprehensive income			
Exchange differences on translation of foreign operations		356	884
Loss on cash flow hedges		(2,090)	-
Income tax effect		520	-
Other comprehensive income		(1,214)	884
Total Comprehensive Income for the half-year, net of tax		9,705	7,856
Earnings Per Share for Profit Attributable to the Equity Holders of the Company:			
Basic earnings per share (cents per share)		10.57	6.76
Diluted earnings per share (cents per share)		10.57	6.76

The Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Interim Condensed Consolidated Financial Statements.

Interim Condensed Consolidated Statement of Financial Position

AS AT 27 DECEMBER 2015

	Notes	27 December 2015 \$'000	30 June 2015 \$'000
Current Assets			
Cash and cash equivalents		35,347	36,721
Trade and other receivables		7,171	4,630
Other financial assets		-	2,011
Inventories		91,196	90,544
Total Current Assets		133,714	133,906
Non-Current Assets			
Investments	(3)	-	3,712
Property, plant and equipment		31,247	27,115
Investment in a joint venture	(4)	5,951	5,644
Intangible assets		8,120	7,772
Deferred tax assets		8,709	8,984
Other non-current assets		11	-
Total Non-Current Assets		54,038	53,227
TOTAL ASSETS		187,752	187,133
Current Liabilities			
Trade and other payables		38,420	38,415
Interest bearing loans and borrowings		5,000	5,000
Income tax payable		2,156	4,000
Employee benefits		18,280	20,263
Provisions		1,938	1,688
Other financial liabilities		79	-
Total Current Liabilities		65,873	69,366
Non-Current Liabilities			
Employee benefits		2,128	1,952
Provisions		3,380	3,564
Deferred tax liabilities		1,913	2,335
Total Non-Current Liabilities		7,421	7,851
TOTAL LIABILITIES		73,294	77,217
NET ASSETS		114,458	109,916
Equity			
Share capital	(10)	23,608	23,608
Reserves		864	2,078
Retained earnings		89,986	84,230
TOTAL EQUITY		114,458	109,916

The Interim Condensed Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Interim Condensed Consolidated Financial Statements.

Interim Condensed Consolidated Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 27 DECEMBER 2015

	Attributable to the equity holders of the Parent				Total \$000	Non- controlling interest \$000	Total Equity \$000
	Share capital \$000	Retained earnings \$000	Foreign currency translation reserve \$000	Cash flow hedge reserve \$000			
As at 1 July 2015	23,608	84,230	670	1,408	109,916	-	109,916
Profit after tax for the period	-	10,919	-	-	10,919	-	10,919
Other comprehensive income, net of tax	-	-	249	(1,463)	(1,214)	-	(1,214)
Total comprehensive income	-	10,919	249	(1,463)	9,705	-	9,705
Dividends	-	(5,163)	-	-	(5,163)	-	(5,163)
As at 27 December 2015	23,608	89,986	919	(55)	114,458	-	114,458

	Attributable to the equity holders of the Parent				Total \$000	Non- controlling interest \$000	Total Equity \$000
	Share capital \$000	Retained earnings \$000	Foreign currency translation reserve \$000	Cash flow hedge reserve \$000			
As at 1 July 2014	23,270	84,515	(295)	-	107,490	3,079	110,569
Profit after tax for the period	-	6,972	-	-	6,972	-	6,972
Other comprehensive income, net of tax	-	-	884	-	884	-	884
Total comprehensive income	-	6,972	884	-	7,856	-	7,856
Transactions with owners in their capacity as owners							
Share-based payments	338	-	-	-	338	-	338
Loss of control of subsidiary	-	(72)	-	-	(72)	(3,079)	(3,151)
Dividends	-	(3,092)	-	-	(3,092)	-	(3,092)
As at 28 December 2014	23,608	88,323	589	-	112,520	-	112,520

The Interim Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Interim Condensed Consolidated Financial Statements.

Interim Condensed Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 27 DECEMBER 2015

	Notes	Half - Year	Half - Year
		27 December	28 December
		2015	2014
		\$'000	\$'000
Cash Flows from Operating Activities:			
Receipts from customers		305,576	266,718
Payments to suppliers and employees		(291,982)	(256,943)
Interest received		359	97
Interest paid		(43)	(79)
Income tax paid		(5,704)	216
Net Cash Provided by Operating Activities		8,206	10,009
Cash Flows from Investing Activities:			
Payments for acquisitions of property, plant and equipment		(3,475)	(2,235)
Proceeds from sale of property, plant and equipment		91	-
Payment for intangibles		(1,046)	(603)
Net Cash Used in Investing Activities		(4,430)	(2,838)
Cash Flows from Financing Activities:			
Dividends paid		(5,163)	(3,092)
Net Cash Used in Financing Activities		(5,163)	(3,092)
Net Increase in Cash Held		(1,387)	4,079
Net Foreign Exchange Difference		13	-
Cash at the Beginning of the Financial Period		36,721	21,127
Cash at the End of the Financial Period		35,347	25,206

The Interim Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Interim Condensed Consolidated Financial Statements

Notes to the Interim Condensed Consolidated Financial Statements

FOR THE HALF-YEAR ENDED 27 DECEMBER 2015

1. Summary of Significant Accounting Policies

Corporate information

The interim condensed consolidated financial statements of the Group for the half-year ended 27 December 2015 were authorised for issue in accordance with a resolution of the Directors on 25 February 2016.

Fantastic Holdings Limited is a company incorporated and domiciled in Australia whose shares are publicly traded. The principal activities of the Group are the retail, manufacture and importation of household furniture.

Basis of preparation of the Half-Year Financial Report

The interim condensed consolidated financial statements for the half-year ended 27 December 2015 have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting. The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 30 June 2015 and any public announcements made by Fantastic Holdings Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. The accounting policies in the annual financial statements are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of these new and revised Standards and Interpretations did not have any material financial impact on the amounts recognised in the financial statements of the Group for the current or prior periods.

Comparatives

Where necessary, the comparatives have been amended to align with the current period presentation.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)
FOR THE HALF-YEAR ENDED 27 DECEMBER 2015

	Half - Year 27 December 2015 \$'000	Half - Year 28 December 2014 \$'000
2(a). Revenue and Other Income		
Sale of goods	272,759	244,279
Franchise fees	254	365
Other	506	546
Total Other Income	760	911
Total	273,519	245,190

2(b). Expenses from Continuing Operations

Profit before tax includes the following:

Employment expenses:

-wages, salaries and bonuses	44,859	42,702
-superannuation	4,179	3,903
-other associated wage on-costs	3,650	3,281
-increase in annual leave	3,082	3,045
-increase in long service leave	455	575
Total	56,225	53,506

Included in Statement of Profit or Loss and Other Comprehensive

Income as:

Employment expenses	43,233	41,377
Cost of sales	12,992	12,129
Total	56,225	53,506
Impairment loss on trade receivables	13	21
Inventory write downs	921	749
Net loss on disposal of property, plant equipment	353	89

2(c). Depreciation and amortisation

Depreciation and amortisation of property, plant and equipment (i)	2,098	1,962
Amortisation of software	639	566
Total	2,737	2,528

(i) Current year depreciation and amortisation is also included in cost of sales of \$497,702, and other income of \$101,979.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)
FOR THE HALF-YEAR ENDED 27 DECEMBER 2015

	27 December 2015 \$'000	30 June 2015 \$'000
3. Investments		
Property		
Opening balance at beginning of financial period	3,712	24,423
Transfer to Property, Plant and Equipment	(3,712)	-
Additions	-	566
Disposals	-	(20,560)
Depreciation	-	(717)
Closing Balance at End of the Financial Period	-	3,712

The Rockhampton investment property was tenanted during the period to Fantastic Furniture and therefore it was reclassified from investment property to property, plant and equipment at carrying value.

4. Interest in a Joint Venture

The Group has a 60% interest in Fantastic International Manufacturing - FIM Limited, with Jinao International Holding (Hong Kong) Limited holding the remaining interest of 40%. Fantastic International Manufacturing - FIM Limited is the parent company of Fantastic International Manufacturing Jiangsu Co Ltd, a company domiciled in the People's Republic of China (PRC) and involved in the manufacture of furniture.

The Group's interest is accounted for using the equity method in the consolidated financial statements.

	27 December 2015 \$'000	28 December 2014 \$'000
Carrying amount of the investment	5,951	4,319
Share of loss for the period	51	707

5. Capital Expenditure Commitments

	27 December 2015 \$'000	28 December 2014 \$'000
Plant and equipment contracted but not provided for and payable within one year :	445	581

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

FOR THE HALF-YEAR ENDED 27 DECEMBER 2015

6. Dividends

(a) Dividends Paid or Declared by the Company

	Cents per Share	Total Amount \$	Date of Payment	Tax Rate for Franking Credit
27 December 2015				
Interim dividend 100% franked (a)	7.00	7,228,018	21 Mar 2016	30%
Final dividend 100% franked	5.00	5,162,870	15 Oct 2015	30%
Total		12,390,888		
28 December 2014				
Interim dividend 100% franked	6.00	6,195,444	8 Apr 2015	30%
Special dividend 100% franked	4.00	4,130,296	8 Apr 2015	30%
Final dividend 100% franked	3.00	3,092,052	15 Oct 2014	30%
Total		13,417,792		

(a) The interim dividend of 7.00 cents for the half-year ended 27 December 2015 was declared subsequent to 27 December 2015 and as such, the financial effect has not been brought to account in the financial statements for the half-year ended 27 December 2015.

7. Key Management Personnel Transactions with the Consolidated Entity

(a) Loans to Key Management Personnel and their Related Parties

There were no loans outstanding at the reporting date to key management personnel or their related parties where the individual's aggregate loan balance exceeded \$100,000 at any time in the reporting period.

(b) Other Key Management Personnel Transactions with the Company or its Subsidiaries

(i) The Fantastic Furniture Caringbah store franchise is held by an entity associated with Julian Tertini, a Non-executive Director and Chairman. During the half-year, the following transactions took place with the Caringbah store on normal commercial terms:

	27 December 2015 \$	28 December 2014 \$
Franchise fees received	102,374	72,225
Advertising recharge fees received	170,623	136,518
Sale of inventory	1,326,654	1,518,571
Amounts receivable from the Caringbah store franchise	534,609	239,719

(ii) Tertan Management Services Trust and Bytenew Pty Ltd, entities associated with Julian Tertini received rent of \$586,476 (2014: \$637,235) and outgoings of \$47,140 (2014: \$48,896) in respect of Company stores on normal commercial terms.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

FOR THE HALF-YEAR ENDED 27 DECEMBER 2015

8. Segment Information

The chief operating decision makers of the Group have been identified as the Managing Director and the Chief Financial Officer. They review the financial and operating performance of the business based on the segments identified below and will table any issues in regard to each of these segments at the monthly Board meetings.

Operating Segments

For internal reporting purposes, the Group is divided into two operating segments. These segments are as follows:

Retail

The retail segment comprises businesses that retail locally manufactured and imported household furniture under the Fantastic Furniture, Plush, Original Mattress Factory and Le Cornu brands in Australia. These businesses have been aggregated as one operating segment and reportable operating segment as a furniture retail operation. The retail segment also includes the manufacturing operation as it manufactures lounges and mattresses for the Fantastic Furniture business.

Property

The property business purchases and develops sites for use by the Group and leases surplus requirements to external tenants. The property business is a reportable operating segment.

Segment information has been prepared in conformity with the Group's segment accounting policy.

The following is an analysis of the Group's revenue and results by reportable operating segment:

Half-Year to 27 December 2015

	Retail	Property	Reportable Segments	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenues					
Revenues from external customers	272,759	-	272,759	-	272,759
Other revenue	757	3	760	-	760
Inter-segment revenue	-	265	265	(265)	-
Total segment revenue	273,516	268	273,784	(265)	273,519
Total revenue					273,519
Result					
Share of loss of a joint venture	(51)	-	(51)	-	(51)
Segment result	15,363	(382)	14,981	-	14,981
Profit before tax and finance cost					14,930
Net finance revenue					246
Income tax expense					(4,257)
Net profit for the half-year					10,919
Assets and liability					
Segment assets	180,258	7,494	187,752	-	187,752
Total assets					187,752
Segment liabilities	72,711	2,368	75,079	(1,785)	73,294
Total liabilities					73,294
Other segment information					
Capital expenditure	3,915	606	4,521	-	4,521
Depreciation and amortisation	3,235	102	3,337	-	3,337
Other non-cash expense	1,350	-	1,350	-	1,350

Notes to the Interim Condensed Consolidated Financial Statements (Continued)
FOR THE HALF-YEAR ENDED 27 DECEMBER 2015

8. Segment Information (continued)

Half-Year to 28 December 2014

	Retail	Property	Reportable Segments	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenues					
Revenues from external customers	244,279	-	244,279	-	244,279
Other revenue	646	1,057	1,703	-	1,703
Inter-segment revenue	-	241	241	(241)	-
Total segment revenue	244,925	1,298	246,223	(241)	245,982
Revenue reclassification	(792)	-	(792)	-	(792)
Total revenue					245,190
Result					
Share of loss of a joint venture	(707)	-	(707)	-	(707)
Segment result	11,078	107	11,185	(241)	10,944
Profit before tax and finance cost					10,237
Net finance revenue					18
Income tax (expense)/benefit					(3,283)
Net profit for the year					6,972
Assets and liability					
Segment assets	156,504	28,913	185,417	-	185,417
Total assets					185,417
Segment liabilities	72,363	23,526	95,889	(22,992)	72,897
Total liabilities					72,897
Other segment information					
Capital expenditure	2,502	336	2,838	-	2,838
Depreciation and amortisation	3,081	541	3,622	-	3,622
Other non-cash expense	779	-	779	-	779

Intersegment transactions
Any transfers between segments are determined on an arm's length basis and are eliminated on consolidation. The key inter-segmental revenue item is internal rent charged by the Property segment to the Retail segment of \$265,466 (2014: \$241,227).

Products

The Group engages in the retail, manufacture and import of one group of product, household furniture.

Geographical areas

The Group engages in the retail, manufacture and import of household furniture in Australia. The Group has a manufacturing facility in Vietnam. There is no material effect on the profit of the Group from the Vietnam manufacturing operations.

The Vietnam manufacturing operations are identified as non-reportable segments as:

- (a) its revenue from sales to external customers and from sales to other segments is less than 10% of the total segment revenues of all segments; or
- (b) its segments result, whether profit or loss is less than 10% of the combined result of all segments that earned a profit or loss; or
- (c) its assets are less than 10% of the total segment assets of all segments.

Major Customer

The Group does not rely on any major customer.

12. Contingencies

There have been no material changes in contingent assets or liabilities since the last annual reporting date.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)
FOR THE HALF-YEAR ENDED 27 DECEMBER 2015

10. Share Capital

	27 December 2015 \$'000	30 June 2015 \$'000
103,257,398 (30 June 2015: 103,257,398) ordinary shares, fully paid	23,608	23,608
Ordinary shares at beginning of the period	23,608	23,270
Shares issued during the period (a)	-	338
Ordinary shares at the end of the period	23,608	23,608

(a) During the half-year ended 27 December 2015, the company issued nil new shares (2014: 275,000 shares) as part of shares held by the Performance Hurdle Executive Share Trust for key executives. The holders of ordinary shares are entitled to receive dividends as declared and having voting rights that allow one vote for each fully paid share held. All shares rank equally with regard to the Company's residual assets.

11. Events Subsequent to Balance Date

On 18 January 2016, the Company announced that George Saoud, the Chief Financial Officer and Company Secretary tendered his resignation. The effective date of resignation as the Chief Financial Officer was 18 February 2016 and Company Secretary was 15 February 2016. Judith Robinson was appointed as Company Secretary effective 15 February 2016 till 16 February 2016. On 17 February 2016, Brian Cassell was appointed as Chief Financial Officer and Company Secretary.

On 22 January 2016, the Company announced that Stephen Heath, the Managing Director and Chief Executive Officer tendered his resignation. The effective date of resignation is 26 February 2016.

Directors' Declaration

FOR THE HALF-YEAR ENDED 27 DECEMBER 2015

1. In the opinion of the Directors:

In accordance with a resolution of the Directors of Fantastic Holdings Limited:

- (a) The financial statements and notes of Fantastic Holdings Limited for the half-year ended 27 December 2015 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity as at 27 December 2015 and of the performance, for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 "Interim Financial Reporting" and Corporations Regulations 2001; and
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations required by section 295A of the Corporations Act 2001 from the Chief Executive Officer and the Chief Financial Officer for the half-year ended 27 December 2015.

Signed in accordance with a resolution of the Directors



Julian Tertini
Chairman



Stephen Heath
Managing Director and Chief Executive Officer

Dated this 25th day of February 2016

Auditor's Independence Declaration

FOR THE HALF-YEAR ENDED 27 DECEMBER 2015



AUDITOR'S INDEPENDENCE DECLARATION

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Fantastic Holdings Limited.

As lead audit partner for the review of the financial statements of Fantastic Holdings Limited and its Controlled Entities for the half-year ended 27 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely,

A handwritten signature in black ink that reads "Felsers".

Felsers
Chartered Accountants

Michael Kersch
Partner
Sydney

A handwritten signature in black ink that reads "Michael Kersch".

Dated: 25th February 2016

Level 6, 1 Chifley Square
Sydney, New South Wales 2000
Australia

Telephone: +61 2 8226 1655
Facsimile: +61 2 8226 1616
Web: www.accru.com

Chartered Accountants + Business Advisors
Sydney + Melbourne + Brisbane
Perth + Adelaide + Hobart + Auckland

Accru Felsers is an autonomous and separately accountable member of Accru and CPA Associates International Inc.
Liability limited by a scheme approved under Professional Standards Legislation.



INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
FANTASTIC HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

REPORT ON THE HALF-YEAR FINANCIAL REPORT

We have reviewed the accompanying half-year financial report of Fantastic Holdings Limited (the company) and its Controlled Entities (the consolidated entity), which comprises the interim condensed consolidated statement of financial position as at 27 December 2015, and the interim condensed consolidated statement of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

DIRECTORS' RESPONSIBILITY FOR THE HALF-YEAR FINANCIAL REPORT

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of Fantastic Holdings Limited and its Controlled Entities financial position as at 27 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the consolidated entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

MATTERS RELATING TO ELECTRONIC PUBLICATION OF THE FINANCIAL REPORT

This paragraph relates to the financial report of Fantastic Holdings Limited and its Controlled Entities for the half year ended 27 December 2015 included on the website of Fantastic Holdings Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. The financial report refers only to the subject matter described above. We do not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of the financial report are concerned with the inherent risk arising from publication on a website, they are advised to refer to the hard copy of the financial report to confirm the information contained in the website version of the financial report.

INDEPENDENCE

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

CONCLUSION

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Fantastic Holdings Limited and its Controlled Entities is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 27 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Felsers
Chartered Accountants

Michael Kersch
Partner
Sydney
Dated: 25 February 2016

Level 6, 1 Chifley Square
Sydney, New South Wales 2000
Australia

Telephone: +61 2 8226 1655
Facsimile: +61 2 8226 1616
Web: www.accru.com

Chartered Accountants + Business Advisors
Sydney + Melbourne + Brisbane
Perth + Adelaide + Hobart + Auckland

Accru Felsers is an autonomous and separately accountable member of Accru and CPA Associates International Inc.
Liability limited by a scheme approved under Professional Standards Legislation.

For personal use only

Corporate Information

FOR THE HALF-YEAR ENDED 27 DECEMBER 2015

ABN

19 004 000 775

DIRECTORS

Julian Tertini	Non-executive Chairman
Peter Brennan OAM	Non-executive Director
Stephen Heath	Managing Director and Chief Executive Officer (Resignation 26 February 2016)
Geoffrey Squires	Non-executive Director
Margaret Haseltine	Non-executive Director
Robyn Watts	Non-executive Director

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

62 Hume Highway
Chullora NSW 2190

Telephone: 02 8717 2600
Facsimile: 02 8717 2660

AUDITORS

Accru Felsers Chartered Accountants

Level 6, 1 Chifley Square
Sydney NSW 2000

Telephone: 02 8226 1655
Facsimile: 02 8226 1616

SHARE REGISTRY

Computershare Investor Services Pty Limited

Level 3, 60 Carrington St
Sydney NSW 2000

Telephone: 1300 850 505
Facsimile: 03 9473 2500

BANKERS

Australian and New Zealand Banking Group Limited

ANZ Centre Melbourne
Level 9, 833 Collins Street
Docklands, VIC 3008



For personal use only