

# Appendix 4E

## Preliminary Final Report

Introduced 1/1/2003.

Name of entity

**FANTASTIC HOLDINGS LIMITED**

ABN

**19 004 000 775**

Current Period

Financial Year Ended  
**30 June 2009**

Previous corresponding Period

Financial Year Ended  
**30 June 2008**

### Results for announcement to the market

Revenue from continuing operations ( <i>item 1.1</i> )	Up	32%	to	402,072,609
Profit from continuing operations after tax attributable to members ( <i>item 1.15</i> )	Up	-0.12%	to	18,592,822
Profit for the period attributable to members ( <i>item 1.16</i> )	Up	-0.12%	to	18,592,822
Dividends (distributions)		Amount per share		Franked amount per share at 30%
Final dividend ( <i>item 10.4</i> )		5.50¢		5.50¢
Interim dividend ( <i>item 10.6</i> )		4.00¢		4.00¢
Record date for determining entitlements to the dividend ( <i>see item 10.2</i> )		30 September, 2009		
Date the dividend is payable ( <i>see item 10.1</i> )		14 October, 2009		

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## Consolidated Income Statement

	Current Period - \$A	Previous corresponding period - \$A
1.1 Revenues from continuing operations	402,072,609	305,590,868
1.2 Cost of sales	(221,367,127)	(172,550,625)
<b>1.3 Gross profit</b>	<b>180,705,482</b>	<b>133,040,243</b>
1.4 Other income	2,776,097	1,211,599
1.5 Employment expenses	(65,363,038)	(44,679,951)
1.6 Property expenses	(40,195,090)	(27,818,956)
1.7 Marketing expenses	(29,662,143)	(21,363,590)
1.8 Other expenses	(22,192,051)	(13,987,175)
<b>1.9 Results from continuing operations</b>	<b>26,069,257</b>	<b>26,402,170</b>
1.10 Financial income	413,343	726,742
1.11 Financial expense	(820,958)	(331,781)
<b>1.12 Net financing income</b>	<b>(407,615)</b>	<b>394,961</b>
<b>1.13 Profit before tax from continuing operations</b>	<b>25,661,642</b>	<b>26,797,131</b>
1.14 Income tax expense	(7,068,820)	(8,181,521)
<b>1.15 Profit after tax from continuing operations</b>	<b>18,592,822</b>	<b>18,615,610</b>
<b>1.16 Profit attributable to the equity holders of the company</b>	<b>18,592,822</b>	<b>18,615,610</b>
Basic earnings per share ( <i>cents per share</i> ) (see item 6.1)	<b>19.37¢</b>	<b>19.57¢</b>
Diluted earnings per share ( <i>cents per share</i> ) (see item 6.1)	<b>19.37¢</b>	<b>19.57¢</b>

## Consolidated Statement of Changes in Equity

### Retained Profits

1.17 Retained earnings at the beginning of the Financial year	52,118,357	44,636,463
1.18 Profit after tax attributable to members (item 1.16)	18,592,822	18,615,610
1.19 Dividends paid	(9,831,243)	(11,133,716)
<b>1.20 Retained Earnings at the End of the Financial Year Attributable to Members of the Company (item 2.26)</b>	<b>60,879,936</b>	<b>52,118,357</b>

### Issued Capital

1.21 As at the beginning of the financial period	9,616,139	7,155,584
1.22 Issue of shares	9,038,770	2,460,555
<b>1.23 As at the end of the financial period (item 2.25)</b>	<b>18,654,909</b>	<b>9,616,139</b>
<b>1.24 Total equity as at the end of the financial period</b>	<b>79,534,845</b>	<b>61,734,496</b>

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## Balance Sheet

	Current Period - \$A	Previous corresponding period - \$A
<b>Current Assets</b>		
2.1 Cash and cash equivalents	12,058,520	8,071,675
2.2 Trade and other receivables	8,124,477	6,277,876
2.3 Inventories	79,003,458	56,462,098
<b>2.4 Total Current Assets</b>	<b>99,186,455</b>	<b>70,811,649</b>
<b>Non-Current Assets</b>		
2.5 Property, plant and equipment	34,097,758	26,915,083
2.6 Intangibles	7,649,025	2,620,020
2.7 Deferred tax assets	5,449,648	3,606,887
2.8 Other	3,200	6,037
<b>2.9 Total Non-current Assets</b>	<b>47,199,631</b>	<b>33,148,027</b>
<b>2.10 Total Assets</b>	<b>146,386,086</b>	<b>103,959,676</b>
<b>Current Liabilities</b>		
2.11 Bank overdraft		
2.12 Trade and other payables	31,229,398	17,868,986
2.13 Interest-bearing loans and borrowings	9,570,041	553,420
2.14 Current tax payable	409,976	2,205,108
2.15 Employee benefits	11,585,600	7,146,184
2.16 Provisions	2,431,847	1,627,472
<b>2.17 Total Current Liabilities</b>	<b>55,226,862</b>	<b>29,401,170</b>
<b>Non-Current Liabilities</b>		
2.18 Interest-bearing loans and borrowings	6,467,175	9,125,483
2.19 Employee benefits	1,146,283	737,079
2.20 Provisions	3,410,942	2,625,435
2.10 Deferred tax liabilities	599,979	336,013
<b>2.22 Total Non-current Liabilities</b>	<b>11,624,379</b>	<b>12,824,010</b>
<b>2.23 Total Liabilities</b>	<b>66,851,241</b>	<b>42,225,180</b>
<b>2.24 Net Assets</b>	<b>79,534,845</b>	<b>61,734,496</b>
<b>Equity</b>		
2.25 Issued capital	18,654,909	9,616,139
2.26 Retained profits	60,879,936	52,118,357
<b>2.27 Total Equity</b>	<b>79,534,845</b>	<b>61,734,496</b>

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## Consolidated Statement of Cash Flows

		Current period - \$A	Previous corresponding period - \$A
<b>Cash flows from operating activities</b>			
3.1	Cash receipts from customers	447,562,335	339,288,302
3.2	Cash payments to suppliers and employees	(423,013,039)	(315,236,857)
3.3	Interest received	421,690	712,571
3.4	Interest paid	(1,231,536)	(685,743)
3.5	Income taxes paid	(10,442,747)	(7,005,991)
<b>3.6</b>	<b>Net cash flows from operating activities</b>	<b>13,296,703</b>	<b>17,072,282</b>
<b>Cash flows from investing activities</b>			
3.7	Payment for purchases of property, plant and equipment	(10,022,346)	(5,787,090)
3.8	Proceeds from sale of property, plant and equipment	50,431	-
3.9	Payment for intangibles	(3,043,174)	(100,000)
3.10	Acquisition of subsidiary, net of cash acquired(see item 8.1)	(531,357)	-
<b>3.11</b>	<b>Net cash flows used in investing activities</b>	<b>(13,546,446)</b>	<b>(5,887,090)</b>
<b>Cash flows from financing activities</b>			
3.12	Proceeds from issues of shares	10,543,654	1,357,672
3.13	Proceeds from borrowings	4,417,301	1,100,000
3.14	Repayment of hire purchase liability principal	(491,124)	(425,578)
3.15	Dividends paid	(9,831,243)	(11,133,716)
3.16	Share issue costs	(402,000)	-
<b>3.17</b>	<b>Net cash flows (used in) /from financing activities</b>	<b>4,236,588</b>	<b>(9,101,622)</b>
<b>3.18</b>	<b>Net increase (decrease) in cash held</b>	<b>3,986,845</b>	<b>2,083,570</b>
3.19	Cash at beginning of the period <i>(see Reconciliation of cash)</i>	8,071,675	5,988,105
<b>3.20</b>	<b>Cash at end of the period</b> <i>(see Reconciliation of cash)</i>	<b>12,058,520</b>	<b>8,071,675</b>

## Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. If an amount is quantified, show comparative amount.

Nil
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## Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current Period - \$A	Previous corresponding period - \$A
4.1 Cash at bank and on hand	2,052,899	5,091,116
4.2 Deposits at call	10,005,621	2,980,559
4.3 Bank overdraft	-	-
4.4 Other	-	-
<b>4.5 Total cash at end of period (item 3.20)</b>	<b>12,058,520</b>	<b>8,071,675</b>

## Ratios

	Current period	Previous corresponding Period
<b>Profit before tax / revenue</b>		
5.1 Consolidated profit from continuing operations before income tax (item 1.13) as a percentage of revenue (item 1.1)	6.38%	8.77%
<b>Profit after tax / equity interests</b>		
5.2 Consolidated profit for the period attributable to members (item 1.16) as a percentage of equity attributable to members of the parent entity (item 2.27)	23.38%	30.15%

## Earnings per share (EPS)

	Current period	Previous corresponding period
6.1 (a) Basic EPS (cents per share)	19.37¢	19.57¢
(b) Diluted EPS (cents per share)	19.37¢	19.57¢
(c) Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	96,003,763	95,108,527

## NTA backing

	Current period	Previous corresponding period
7.1 Net tangible asset backing per ordinary share (cents per share)	71.68¢	61.82¢

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## Control gained over entities having material effect

### 8.1 Name of entity (or group of entities)

On 15 July 2008, the Company acquired a 95% controlling interest in White Label Investments Pty Limited which operates Le Cornu Furniture stores in Darwin and Adelaide. The contribution of this entity to profit attributable to equity holders of the Company was \$407,076 for the period ended 30 June 2009. It is considered impracticable to report on the results of this entity for the previous corresponding period due to the fact that White Label Investments Pty Limited was only in operation for four months of the prior year, and the results were unaudited, which would not give a fair and reasonable comparative.

The acquisition had the following effect on the consolidated entity's assets and liabilities on acquisition date:

	Value on Acquisition date (\$)
Property, plant & equipment	1,205,988
Intangible assets	499,960
Inventories	4,456,070
Trade & other receivables	1,315,755
Cash & cash equivalents	768,647
Deferred tax assets	1,009,162
Loans & borrowings	(2,427,680)
Trade and other payables	(7,099,504)
Net identifiable assets and liabilities	<u>(271,602)</u>
Goodwill on acquisition	<u>1,571,606</u>
Consideration paid, satisfied in cash	<u>1,300,004</u>
Cash acquired	<u>(768,647)</u>
Net cash outflow	<u>531,357</u>

On 1 April 2009, the remaining 5% interest in White Label Investments Pty Limited was acquired for \$10.

## Loss of control of entities having material effect

### 9.1 Name of entity (or group of entities)

N/A

## Reports for industry and geographical segments

Fantastic Holdings Limited and its controlled entities operate in one industry and geographical segment. They retail, manufacture, and import household furniture in Australia.

## Dividends

10.1	Date the final dividend is payable	<b>14 October, 2009</b>
10.2	Record date to determine entitlements to the dividend (ie, on the basis of registrable transfers received by 5.00 pm if securities are not CHES approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if securities are CHES approved)	<b>30 September, 2009</b>
10.3	If it is a final dividend, has it been declared?	<b>Yes, on 21 August, 2009</b>

## Amount per share

		Amount per share	Franked amount per share at 30% tax	Amount per share of foreign source dividend
<b>10.4</b>	<b>Final dividend:</b> Current period	5.50¢	5.50¢	N/A
10.5	Previous corresponding period	6.20¢	6.20¢	N/A
<b>10.6</b>	<b>Interim dividend:</b> Current period	4.00¢	4.00¢	N/A
10.7	Previous corresponding period	6.20¢	6.20¢	N/A

## Total dividend (interim plus final)

10.8	Ordinary shares	Current period - \$A	Previous corresponding period - \$A	
	• Interim Dividend paid	8 April 2009	3,840,707	1 April 2008
	• Final Dividend paid/ payable	14 October 2009	5,640,985	10 October 2008
			<b>9,481,692</b>	<b>11,888,494</b>
10.9	Preference shares	-		-

The dividend or distribution plans shown below are in operation.

N/A
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The last date(s) for receipt of election notices for the dividend or distribution plans	N/A
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Any other disclosures in relation to dividends (distributions)

There will be a share issue during September 2009 in accordance with the rules of the Fantastic Holdings Limited Employee Share Trust. These shareholders will be entitled to participate in the final dividend being paid on 14 October 2009, which will change the amount payable.
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## Details of aggregate share of profits (losses) of associates and joint venture entities

<b>11.1</b>	<b>Name of Entity</b>	N/A	
		Current period	Previous corresponding period
<b>11.2</b>	<b>% ownership interest</b>	0%	0%
<b>11.3</b>	<b>Contribution to net profit</b>	\$0	\$0

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## Comments by Directors

The financial year ended 30 June 2009 has been focused on establishing a strong foundation to securely manage the continued sales growth of the Group. The financial results have been much stronger in the second half of the year as compared with the first half, largely as a result of aggressive marketing and improved economic conditions.

### Profit

Net profit before tax from continuing operations was down 4% to \$25.7 million. Net profit after tax was the same as last year at \$18.6 million.

### Earnings per share

Earnings per share decreased 1% from 19.57 cents per share to 19.37 cents per share.

### Dividend

The Board has declared a fully franked final dividend of 5.50 cents for the year. This dividend will be paid on 14th October 2009. The closing date for shareholders to be registered for this dividend is 5pm on 30 September 2009. This brings the total year's dividend to 9.50 cents per share.

### Sales and store openings

Our company and franchisee store retail sales (including GST) increased 32% to \$451 million for the year, while comparable store sales of Fantastic Furniture, Plush, OMF and Dare (6 weeks) increased by 5% on the previous year. Like for like increases of these Brands in the second half of the year were 10%.

Fantastic Holdings now have 110 retail stores within the Group. During the year we opened 20 new stores and closed three Dare stores. Fantastic Furniture now has a total of 67 stores, Plush has 25 stores, Original Mattress Factory has 9 stores, Dare Gallery has 7 stores and Le Cornu has 2 stores.

The Fantastic Furniture brand opened four stores in Western Australia located at Mandurah, Rockingham, Joondalup and Osbourne Park, two stores in New South Wales at Burwood and Mittagong, two stores in Queensland at Helensvale and Ipswich and one store in Victoria at Bendigo.

The Plush brand opened five stores during the financial year at Erina and Warrawong in New South Wales, Frankston and Highpoint in Victoria and at Oxley in Queensland.

A decision was taken to expand Original Mattress Factory in New South Wales and three stores were opened at Nowra, Auburn and Penrith. The extra stores in Sydney will also allow enhanced exposure and marketing opportunities.

Dare was acquired in May 2008 and has been the subject of a complete reengineering process. During the year we opened one store at Frankston, Victoria and closed stores at Highpoint and Hoppers Crossing in Victoria and Mile End in South Australia.

Le Cornu has also been the subject of a reengineering process. The remaining 5% minority interest was acquired for \$10 on 1 April 2009.

Sustained growth continues to be our priority and we believe that the current economic conditions provide a major opportunity for each one of our five brands.

### Trends in performance and other factors

The year was one of significant contrast in trading conditions. Our first half results were very weak however as a result of interest rate reductions and fiscal stimulus provided by the Australian Government, confidence returned and our second half results have been much stronger.

Group Statutory Sales in the second half increased by 43% as compared with an increase of 21% in the first half.



Net profit after tax of \$18.6 million was consistent with that reported in 2008, however the second half profit of \$11.3 million exceeded the first half profit by 53%.

A major factor impacting on last year's profitability was the steep decline in the Australian dollar against the US dollar. In August 2008, the dollar was trading at highs of 96 cents and fell to 60 cents in November 2008. This placed significant pressure on the margin of imported product. We managed this through a prolonged process of reducing costs and increasing prices finally re-establishing our required margin in May 2009. Trading conditions have improved considerably since November 2008, however, it remains to be seen whether this can be sustained and to what extent during the next six months. Interest rates are predicted to rise from an all time low and employment would appear to be stabilising. Government stimulus packages such as the first home owners grants will benefit the Group and as a retailer who places price, service and value at the core of its proposition, Fantastic Furniture traditionally attracts customers when consumers need to seek out the very best value for their furniture needs so we should be better placed than our competitors in the furniture sector.

We continue to plan the growth of our businesses on a strong, solid foundation. Our existing brands are all still on a growth cycle and we have a team of highly skilled and motivated people devoted to driving the business forward and who are dedicated to providing superior service and value to our customers and shareholders.

In December 2008, Fantastic Furniture entered the West Australian market opening four stores and a warehouse. Sales in each store have been well below initial forecast, resulting in a loss of \$2 million during the six month period. Sales have recently improved and with further stores planned to open this year, existing expenses will be amortised against the increased sales.

In July 2008 we announced that we had completed the acquisition of two retail Brands - Dare Gallery and Le Cornu Furniture.

Dare Gallery sells what may be described as concept furniture and has seven stores, three of which are franchised. As previously advised, we have focused initially on re-engineering all processes and procedures including management, product offer and marketing. Notwithstanding that the Company had been in Administration, we have found this to be a challenging task. During the period, we decided to focus rebuilding in Victoria and closed three stores but opened a new concept store at Frankston. Another will soon open in Geelong. We are relocating the support office to premises occupied by Plush support staff and outsourcing our warehousing to a third party provider. The Division is now profitable but as a consequence of initial poor sales and reengineering costs it has a loss before tax of \$1.8 million for the year ended 30 June 2009.

Le Cornu Furniture is a furniture "category killer" and has dominated the South Australian market for many years. There are two stores located in Adelaide and Darwin, with the Adelaide store being the largest furniture store in Australia. The concept also required a detailed review in order to update current processes and establish a concept that will allow us to expand the brand into other states. This process is ongoing. Profit before interest and tax of \$750,000 was disappointing, however we believe this will improve over time.

Another major ongoing project is the implementation of a new IT Platform throughout the Group. In April 2009, we successfully converted our Finance Department to the new system and have begun rolling it out into Fantastic Furniture stores.

The next financial year will continue to be challenging and highly competitive, but if consumer sentiment continues to improve, it will provide the Group with significant opportunities for growth and profitability. We have laid the foundation for very strong sales growth in very uncertain financial times. We also believe that our strong balance sheet, combined with improved logistics and resources, will allow us to take advantage of any opportunities that present themselves during the year.

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible)

N/A

## Annual meeting

The annual meeting will be held as follows:

Place	<b>Ryldges Bankstown Corner Hume Highway and Strickland Street Bass Hill</b>
Date	<b>28 October, 2009</b>
Time	<b>10:30 am</b>
Approximate date the annual report will be available	<b>28 September, 2009</b>

## Compliance statement

- 1 This report has been prepared in accordance with AASB standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX.
- 2 This report, and the accounts upon which the report is based, use the same accounting policies.
- 3 This report ~~does not~~\* (*delete one*) give a true and fair view of the matters disclosed.
- 4 This report is based on accounts to which one of the following applies.  
(*Tick one*)
 

<input checked="" type="checkbox"/> The accounts have been audited.	<input type="checkbox"/> The accounts have been subject to review.
<input type="checkbox"/> The accounts are in the process of being audited or subject to review.	<input type="checkbox"/> The accounts have <i>not</i> yet been audited or reviewed.
- 5 The audit report ~~is~~ is not attached. No audit qualifications apply.
- 6 The entity has a formally constituted Audit and Compliance Committee.

Sign here: ..... Date: 24 August 2009  
(Director)

Print name: **Julian Tertini**

## Notes

1. **For announcement to the market** The percentage changes referred to in this section are the percentage changes calculated by comparing the current period's figures with those for the previous corresponding period.
2. **True and fair view** If this report does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) a note will be attached providing additional information and explanations to give a true and fair view.
3. **Income tax** If the amount provided for income tax in this report differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, a note will be included to explain the major items responsible for the difference and their amounts.

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