

# Appendix 4E

## Preliminary Final Report

Name of entity

<b>FANTASTIC HOLDINGS LIMITED</b>
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ABN

<b>19 004 000 775</b>
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Current Period

Financial Year Ended <b>30 June 2015</b>
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Previous Corresponding Period

Financial Year Ended <b>30 June 2014</b>
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### Results for announcement to the market

(All comparisons to year ended 30 June 2014)

(000's)

Revenue from continuing operations ( <i>item 1.1</i> )	Up	11.0%	to	\$496,921
Profit from continuing operations after tax attributable to members ( <i>item 1.19</i> )	Up	125.4%	to	\$13,204
Profit for the period attributable to members ( <i>item 1.19</i> )	Up	125.4%	to	\$13,204
Dividends (distributions)	Amount per share	Franked amount per share at 30%		
Final dividend ( <i>item 10.4</i> )	5.00¢	5.00¢		
Interim dividend ( <i>item 10.6</i> )	6.00¢	6.00¢		
Special dividend (Half Year) ( <i>item 10.8</i> )	4.00¢	4.00¢		
Record date for determining entitlements to the dividend ( <i>see item 10.2</i> )	1 October, 2015			
Date final dividend is payable ( <i>see item 10.1</i> )	15 October, 2015			

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Current Period - \$'000	Previous Corresponding Period - \$'000
1.1 Sales revenues from continuing operations	496,921	447,772
1.2 Cost of sales	(275,723)	(248,589)
<b>1.3 Gross Profit</b>	<b>221,198</b>	<b>199,183</b>
1.4 Other income	3,171	3,702
1.5 Employment expenses	(87,062)	(76,614)
1.6 Property expenses	(58,600)	(57,719)
1.7 Marketing expenses	(34,885)	(33,299)
1.8 Sales related expenses	(5,908)	(5,581)
1.9 Depreciation and amortisation	(5,136)	(6,853)
1.10 Other expenses	(12,877)	(14,145)
1.11 Share of loss of a joint venture, net of tax (item 11.3)	(865)	-
<b>1.12 Results from Continuing Operations</b>	<b>19,036</b>	<b>8,674</b>
1.13 Financial income	364	120
1.14 Financial expense	(124)	(434)
<b>1.15 Net Financing Income / (Expense)</b>	<b>240</b>	<b>(314)</b>
<b>1.16 Profit Before Tax from Continuing Operations</b>	<b>19,276</b>	<b>8,360</b>
1.17 Income tax expense	(6,072)	(2,572)
<b>1.18 Profit After Tax from Continuing Operations</b>	<b>13,204</b>	<b>5,788</b>
<b>Attributable to:</b>		
1.19 Equity holders of the Parent	13,204	5,859
1.20 Non-controlling interest	-	(71)
	<b>13,204</b>	<b>5,788</b>
<b>1.21 Other Comprehensive Income</b>		
1.22 Exchange differences on translation of foreign operations	1,380	(457)
1.23 Gain on cash flow hedges	2,011	-
1.24 Income tax effect	(1,017)	127
<b>1.25 Total Comprehensive Income for the year net of tax</b>	<b>15,578</b>	<b>5,458</b>
<b>Attributable to:</b>		
1.26 Equity holders of the Parent	15,578	5,529
1.27 Non-controlling interest	-	(71)

Basic earnings per share ( <i>cents per share</i> ) (see item 6.1)	<b>12.79¢</b>	<b>5.68¢</b>
Diluted earnings per share ( <i>cents per share</i> ) (see item 6.1)	<b>12.79¢</b>	<b>5.68¢</b>

### Notes

- (a) Underlying NPAT in the previous corresponding period was \$9.1M

## Consolidated Statement of Changes in Equity

### Retained Profits

	Current Period - \$'000	Previous Corresponding Period - \$'000
1.28 Retained earnings at the beginning of the financial year	84,444	84,840
1.29 Profit after tax from continuing operations (item 1.18)	13,204	5,788
1.30 Dividends paid	(13,418)	(6,184)
<b>1.31 Retained Earnings at the End of the Financial Year</b>	<b>84,230</b>	<b>84,444 <sup>(1)</sup></b>

### Notes

(1) Includes retained earnings attributable to non-controlling interest in prior corresponding period of \$71K loss

### Share Capital and Reserve

1.32 Ordinary shares at the beginning of the financial year	23,270	23,270
1.33 Shares Issued during the year	338	-
<b>1.34 As at the end of the financial period (item 2.27)</b>	<b>23,608</b>	<b>23,270</b>
<b>1.35 Reserve (item 2.28)</b>	<b>2,078</b>	<b>(295)</b>
<b>1.36 Non-controlling interest</b>	<b>-</b>	<b>3,150</b>
<b>1.37 Total Equity as at the End of the Financial Year</b>	<b>109,916</b>	<b>110,569</b>

## Consolidated Statement of Financial Position

	Current Period - \$'000	Previous Corresponding Period - \$'000
<b>Current Assets</b>		
2.1 Cash and cash equivalents	36,721	21,127
2.2 Trade and other receivables	4,630	9,304
2.3 Other financial assets	2,011	-
2.4 Inventories	90,544	81,278
<b>2.5 Total Current Assets</b>	<b>133,906</b>	<b>111,709</b>
<b>Non-Current Assets</b>		
2.6 Investment property ( <i>see item 13.1</i> )	3,712	24,423
2.7 Property, plant and equipment	27,115	30,275
2.8 Investment in a joint venture	5,644	-
2.9 Intangible assets	7,772	8,069
2.10 Deferred tax assets	8,984	7,564
2.11 Other non-current assets	-	49
<b>2.12 Total Non-Current Assets</b>	<b>53,227</b>	<b>70,380</b>
<b>2.13 TOTAL ASSETS</b>	<b>187,133</b>	<b>182,089</b>
<b>Current Liabilities</b>		
2.14 Trade and other payables	38,415	35,726
2.15 Interest-bearing loans and borrowings	5,000	-
2.16 Current tax payables	4,000	-
2.17 Employee benefits	20,263	13,499
2.18 Provisions	1,688	1,454
<b>2.19 Total Current Liabilities</b>	<b>69,366</b>	<b>50,679</b>
<b>Non-Current Liabilities</b>		
2.20 Interest-bearing loans and borrowings	-	15,000
2.21 Employee benefits	1,952	1,581
2.22 Provisions	3,564	2,518
2.23 Deferred tax liabilities	2,335	1,742
<b>2.24 Total Non-Current Liabilities</b>	<b>7,851</b>	<b>20,841</b>
<b>2.25 TOTAL LIABILITIES</b>	<b>77,217</b>	<b>71,520</b>
<b>2.26 NET ASSETS</b>	<b>109,916</b>	<b>110,569</b>
<b>Equity</b>		
2.27 Share capital	23,608	23,270
2.28 Reserves	2,078	(295)
2.29 Retained earnings	84,230	84,515
<b>2.30 Equity attributable to Equity Holders of the Parent</b>	<b>109,916</b>	<b>107,490</b>
2.31 Non-controlling interest	-	3,079 <sup>(1)</sup>
<b>2.32 TOTAL EQUITY</b>	<b>109,916</b>	<b>110,569</b>

(1) Includes share capital and retained earnings attributable to non-controlling interest in prior corresponding period of \$71K loss

## Consolidated Statement of Cash Flows

	Current Period - \$'000	Previous Corresponding Period - \$'000
<b>Cash Flows from Operating Activities:</b>		
3.1 Cash receipts from customers	552,464	504,683
3.2 Cash payments to suppliers and employees	(527,850)	(484,978)
3.3 Interest received	364	120
3.4 Interest paid	(124)	(434)
3.5 Income tax paid	(541)	(7,667)
<b>3.6 Net Cash Provided by Operating Activities</b>	<b>24,313</b>	<b>11,724</b>
<b>Cash Flows from Investing Activities:</b>		
3.7 Payments for acquisitions of property, plant and equipment	(4,950)	(7,490)
3.8 Proceeds from sale of property, plant and equipment	-	12,056
3.9 Proceeds from sale of investments	26,811	-
3.10 Payment for investments	(1,712)	(487)
3.11 Payment for intangibles	(1,328)	(310)
3.12 Deconsolidation of China Subsidiary (item 9.1 (i))	(4,142)	-
<b>3.13 Net Cash generated from Investing Activities</b>	<b>14,679</b>	<b>3,769</b>
<b>Cash Flows from Financing Activities:</b>		
3.14 Repayments of external borrowings	(10,000)	(10,324)
3.15 Proceeds from Issuance of Shares to Non Controlling Interest	-	3,150
3.16 Dividends paid	(13,418)	(6,184)
<b>3.17 Net Cash (used in) Financing Activities</b>	<b>(23,418)</b>	<b>(13,358)</b>
<b>3.18 Net Increase in Cash Held</b>	<b>15,574</b>	<b>2,135</b>
3.19 Net Foreign Exchange Difference	20	(1)
<b>3.20 Cash at the Beginning of the Financial Year (see Reconciliation of cash)</b>	<b>21,127</b>	<b>18,993</b>
<b>3.21 Cash at the End of the Financial Year (see Reconciliation of cash)</b>	<b>36,721</b>	<b>21,127</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

	Current Period - \$'000	Previous Corresponding Period - \$'000
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.		
4.1 Cash at bank and on hand	26,721	21,127
4.2 Deposits at call	10,000	-
<b>4.3 Total cash at end of period (item 3.21)</b>	<b>36,721</b>	<b>21,127</b>

## Ratios

	Current Period	Previous Corresponding Period
<b>Profit before tax / sales revenue</b>		
5.1 Profit before tax attributable to members of the parent entity as a percentage of sales revenue (item 1.1)	3.9%	1.9%
<b>Profit after tax / equity interests</b>		
5.2 Profit after tax (item 1.19) as a percentage of equity attributable to members of the parent entity (item 2.30)	12.0%	5.5%

## Earnings per share (EPS)

	Current Period	Previous Corresponding Period
6.1		
(a) Basic EPS (cents per share)	12.79¢	5.68¢
(b) Diluted EPS (cents per share)	12.79¢	5.68¢
(c) Weighted average number of ordinary shares outstanding during the period used in the calculation of Basic EPS	103,196,297	103,061,190

## NTA backing

	Current Period	Previous Corresponding Period
7.1 Net tangible asset backing per ordinary share (cents per share)	98.92¢	96.46¢

## Control gained over entities having material effect

8.1 There was no gain of control of any entities having material effect during the current period.

## Loss of control of entities having material effect

9.1 (i) On 1 July 2014, Fantastic Holdings Limited (the Group or the consolidated entity) equity accounted its interest in Fantastic International Manufacturing Jiangsu Co. Ltd, which is domiciled in People's Republic of China and is a joint venture with Changzhou Pioneer Furnishing Co Ltd, a company incorporated in Hong Kong. The Group maintains a 60% interest in this Joint Venture operation. The deconsolidation of the subsidiary, resulted in a gain of \$101,623 in the current year. The Group's share of loss in the joint venture operation was \$865,216 in the current year.

(ii) On 25 January 2015, the Group sold its entire interest in D. Gallery Pty Ltd (Dare Gallery) for a cash consideration of \$4.1M. The sale was above book value. The profit contribution from the sale of Dare Gallery in the current year was not material to the Group's results.

## Dividends

10.1	Date the final dividend is payable	<b>15 October, 2015</b>
10.2	Record date to determine entitlements to the dividend (i.e., on the basis of registerable 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>1 October, 2015</b>
10.3	If it is a final dividend, has it been declared?	<b>Yes, on 27 August, 2015</b>

## Amount per share

		Amount per share	Franked amount per share at 30% tax	Amount per share of foreign source dividend
10.4	<b>Final dividend:</b> Current Period	5.00¢	5.00¢	N/A
10.5	Previous Corresponding Period	3.00¢	3.00¢	N/A
10.6	<b>Interim dividend:</b> Current Period	6.00¢	6.00¢	N/A
10.7	Previous Corresponding Period	3.00¢	3.00¢	N/A
10.8	<b>Special dividend:</b> Current Period	4.00¢	4.00¢	N/A
10.9	Previous Corresponding Period	-	-	N/A

## Total dividend (interim *plus* final)

10.10	Ordinary shares	Current Period \$'000		Previous Corresponding Period - \$'000	
	• Interim dividend paid	8 April 2015	6,196	14 April 2014	3,092
	• Final dividend paid/ payable	15 October 2015	5,163	15 October 2014	3,092
	• Special dividend paid	8 April 2015	4,130	-	-
			<b>15,489</b>		<b>6,184</b>
10.11	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)

N/A
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## Details of aggregate share of profits (losses) of associates and joint venture entities

### 11.1 Name of Entity

Fantastic International Manufacturing Jiangsu Co, Ltd	
Current Period	Previous Corresponding Period
60%	-
(\$865,216)	-

### 11.2 % ownership interest

### 11.3 Contribution to net profit/(loss)

## Reports for industry and geographical segments

### 12.1

The chief operating decision makers of the consolidated entity 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 table any issues in regard to each of these segments at the monthly Board meeting.

### Operating Segments

For internal reporting purposes, the consolidated entity 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, Le Cornu, Ashley Furniture HomeStore and Dare Gallery (until date of sale) brands in Australia. These businesses have been aggregated as one operating segment and reportable operating segment as they display similar current and long term gross margins, long term growth rates and financial performance. The retail segment also includes the manufacturing operation as it manufactures lounges and mattresses for the Fantastic Furniture business. The manufacturing operation is considered immaterial and hence, has been aggregated as part of the Retail segment.

#### Property

The property business purchases and develops sites for use by the consolidated entity and leases surplus requirements to external tenants. The property business is a reportable operating segment. Segment information has been prepared in accordance with the consolidated entity's segment accounting policy.

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



**Year Ended 30 June 2015**

	<b>Retail \$'000</b>	<b>Property \$'000</b>	<b>Reportable Segments \$'000</b>	<b>Eliminations \$'000</b>	<b>Total \$'000</b>
<i>Revenue</i>					
Revenue from external customers	496,921	-	496,921	-	496,921
Other revenue	1,754	1,417	3,171	-	3,171
Inter-segment revenue	-	456	456	(456)	-
<b>Total segment revenue</b>	<b>498,675</b>	<b>1,873</b>	<b>500,548</b>	<b>(456)</b>	<b>500,092</b>
Unallocated revenue					-
<b>Total revenue</b>					<b>500,092</b>
<i>Result</i>					
Segment result	18,475	561	19,036	-	19,036
Net unallocated revenue /(expense)					-
<b>Profit before tax and finance cost</b>					<b>19,036</b>
Net finance costs					240
Income tax (expense)/benefit					(6,072)
<b>Net profit for the year</b>					<b>13,204</b>
<i>Assets and liabilities</i>					
Segment assets	181,049	6,866	187,915	(782)	187,133
Unallocated assets					-
<b>Total assets</b>					<b>187,133</b>
Segment liabilities	71,762	6,237	77,999	(782)	77,217
Unallocated liabilities					-
<b>Total liabilities</b>					<b>77,217</b>
<i>Other segment information</i>					
Capital expenditure	6,270	574	6,844	-	6,844
Depreciation and amortisation	6,235	790	7,025	-	7,025
Other non-cash expense	2,258	-	2,258	-	2,258

**Year Ended 30 June 2014**

	<b>Retail \$'000</b>	<b>Property \$'000</b>	<b>Reportable Segments \$'000</b>	<b>Eliminations \$'000</b>	<b>Total \$'000</b>
<i>Revenue</i>					
Revenue from external customers	447,772	-	447,772	-	447,772
Other revenue	1,546	2,156	3,702	-	3,702
Inter-segment revenue	-	745	745	(745)	-
<b>Total segment revenue</b>	449,318	2,901	452,219	(745)	451,474
Unallocated revenue					-
<b>Total revenue</b>					451,474
<i>Result</i>					
Segment result	5,773	2,901	8,674	-	8,674
Net unallocated revenue /(expense)					-
<b>Profit before tax and finance cost</b>					8,674
Net finance costs					(314)
Income tax (expense)/benefit					(2,572)
<b>Net profit for the year</b>					5,788
<i>Assets and liabilities</i>					
Segment assets	175,578	28,584	204,163	(22,073)	182,089
Unallocated assets					-
<b>Total assets</b>					182,089
Segment liabilities	71,257	22,336	93,593	(22,073)	71,520
Unallocated liabilities					-
<b>Total liabilities</b>					71,520
<i>Other segment information</i>					
Capital expenditure	7,725	562	8,287	-	8,287
Depreciation and amortisation	10,090	1,110	11,200	-	11,200
Other non-cash expense	2,949	20	2,969	-	2,969

### 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 \$456,367 (2014: \$744,648).

### Products

Fantastic Holdings Limited and its controlled entities, retail, manufacture and import one group of product, household furniture.

### Geographical areas

The Group engages in the retail, manufacturing and import of household furniture in Australia. The Group has a manufacturing facility in Vietnam and a joint venture manufacturing operation in China. There is no material effect on profit or loss to the Group from the manufacturing operations.

### Major Customer

Fantastic Holdings Limited and its controlled entities do not rely on any major customer.

## Investment Property

13.1	Consolidated Entity	
	Year Ended 30 June 2015	Year Ended 30 June 2014
	\$'000	\$'000
Opening balance as at 1 July 2014	24,423	30,099
Additions	566	487
Disposals	(20,561)	(5,147)
Depreciation	(716)	(1,016)
<b>Closing Balance as at 30 June 2015</b>	<b>3,712</b>	<b>24,423</b>

Each investment property is valued at cost. The investment properties have been depreciated using the straight line method, using effective lives of 40 years. The investment property at 30 June 2015 is located at Rockhampton, QLD. As per an independent valuation performed by Herron Todd White in 2013, the property was valued at \$4,000,000. During the year, the Group sold its Dandenong property for \$ 22,700,000.

During the year the Group received external rental income of \$1,417,103 (2014: \$2,746,968) and incurred operating expenses of \$1,732,169 (2014: \$1,791,826).

## Comments by Directors

The Group announces a full year statutory NPAT of \$13.2M. This result represents an increase of 125.4% on the previous financial year. Statutory Group EBIT of \$19.0M (FY14: \$8.8M) reflects the increased sales volumes.

### Earnings per share

Earnings per share increased by 125.2% from 5.68 cents per share to 12.79 cents per share.

### Dividends

The Board has declared a fully franked final dividend of 5.00 cents which will be paid on 15 October 2015. The closing date for shareholders to be registered for this dividend is 5pm on 1 October 2015. This brings the total dividend for financial year 2015 to 11.00 cents per share (excluding special dividends) reflecting a pay-out ratio of 86.0% of NPAT. This represents an increase of 83.3% on the previous financial year.

### **Sales and store openings**

Group sales for the full year increased by \$49.1M to \$496.9M, a record result for the group. Comparative store sales have increased 12.2%. Group sales in the second half improved by 13.2% on pcp and comparative store sales in the second half was positive 16.1%.

Fantastic Furniture and Plush account for 85% of group sales and Plush has increased sales by 43% on the prior year delivering a strong financial result.

During the financial year, Fantastic Furniture opened its first store in Far North Queensland (Townsville) and closed Stanmore in NSW. The Group launched its first Ashley Furniture HomeStore in Gepps Cross, SA and the Original Mattress Factory opened two new stores in Belrose and Caringbah, NSW. The Dare Gallery business was sold which comprised 10 stores. As at 30 June 2015, the Group operates 126 company owned stores nationally, with an additional two franchise stores.

### **Trends in performance and other factors**

All businesses were profitable during the full year to June 2015. Group undelivered customer orders at 30 June 2015 stood at \$34.3M. Like for like sales for July increased by 12.8%.

Like for like sales in Fantastic Furniture increased 8.7% for the year, with a strong second half increase of 15.9%. Undelivered customer orders for Fantastic Furniture at June 2015 was \$14.1M an increase of 33.8% over prior year. Plush like for like sales increased by 43.4% for the year with sales for the second half increasing by 35.1% over the pcp. The undelivered customer orders for Plush was \$16.1M a 4.3% increase from prior year.

An enhanced product offering, improved customer service, a better engaged workforce and more efficient marketing in Fantastic Furniture and Plush have driven the increase in sales.

The Le Cornu business faced a number of challenges during the financial year and was impacted by Fantastic Furniture's growth in the South Australian market and the opening of the Ashley Furniture HomeStore. Management are focused on delivering a refreshed product strategy, improved marketing initiatives and delivering on identified structural changes over the next six months.

The first Ashley Furniture HomeStore (trial store) opened in Gepps Cross, SA during the current period and the store is trading in line with expectations. Ashley Furniture HomeStore is North America's largest furniture retail company.

The OMF business continues to deliver growth in sales and profit. The business is focused on delivering key business objectives to enable store growth beyond NSW.

The divestment of the Dare Gallery business has allowed management to reposition its capital resources to focus on its core business strategies. The China joint venture manufacturing facility has commenced direct to store shipments and has expanded its production range of sofa products.

The appointment of Robyn Watts as a non-executive director has further strengthened the board. Robyn Watts brings strong business strategy and marketing skills to the board.

We would like to thank our shareholders, the entire Fantastic Holdings Group team and our valued customers for their continued support as we continue to build the foundations for long term success and growth. We will continue to focus on our product offer, customer service and employee engagement to increase shareholder value.

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

**Rydges Bankstown  
Corner Hume Highway and Strickland Street  
Bass Hill**

Date

**27 October, 2015**

Time

**10:30 am**

Approximate date the annual report will be available

**28 September, 2015**

## 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 give a true and fair view of the matters disclosed.
- 4 This report is based on accounts which are in the process of being audited.
- 5 The entity has a formally constituted Audit and Compliance Committee.

Sign here: ..... Date: 27 August 2015  
(Director)

Print name: **Stephen Heath**

## 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 xx% 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.