

**ASX Code: FAN**

62 Hume Hwy,  
Chullora NSW 2190

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PO Box 445  
Chester Hill, NSW 2162

Company Announcements Office  
Australian Securities Exchange  
Level 4 Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

Tel: (02) 8717 2600  
Fax: (02) 8717 2660

[www.fantasticholdings.com.au](http://www.fantasticholdings.com.au)  
ABN: 19 004 000 775

### **UPDATE ON PROGRESS OF FANTASTIC HOLDINGS LIMITED MANAGEMENT TRANSITION ARRANGEMENTS**

The Non-Executive Directors of Fantastic Holdings Limited (ASX: FAN, 'Fantastic Holdings' or 'the Company') met on Tuesday, 2 February 2016 to further discuss the transitional leadership arrangements following the recent resignations of CEO Stephen Heath and CFO George Saoud.

While speculation in the media has suggested that the resignations of the CEO and CFO were related to the application of the Company's Long Term Incentive plan ('LTI') for senior management, the Board had not finalised the application of the LTI outcomes at the time of their resignations. The Board's practice with respect to performance related compensation is to determine the outcomes after the release of the financial year results to which those compensation plans were tied. The Board acknowledges that the lack of certainty as to the LTI outcomes was, at the time, a contributing factor to the CEO's decision to resign.

With respect to implementing arrangements for interim management at the investment holding company level, good progress has been made, although a number of items remain to be resolved. The Board and Stephen Heath have agreed that the completion of a handover plan for transition to an interim CEO must now be completed as soon as possible and discussions continue in that regard. The Board will work to expedite the interim CEO appointment and will announce that appointment and handover arrangements when finalised.

Discussions with executive search firms as to the parameters for the search for a permanent CEO have been initiated and the process will include external as well as internal candidates. Russell Reynolds has been engaged to assist the Board to identify a new CFO, and that process is well underway.

As previously advised, the underlying businesses of Fantastic Furniture, Plush, Original Mattress Factory and Le Cornu are operating without disruption and as a group are performing very well. The individual CEOs of those businesses as well as of the Company's manufacturing business have demonstrated a strong focus on improving the businesses. This work resulted in the earnings guidance, including a like-for-like sales increase of 15.7%, issued by the Company on 25 January 2016.

For media enquiries: Judith Robinson – 0413 270 843

## About Fantastic Holdings

Fantastic Holdings Limited (ASX:FAN) is a leading Australian furniture retailer and manufacturer. FAN operates over 125 stores across four furniture retail chains including, national retailers Fantastic Furniture, Plush and Le Cornu in South Australia and the Northern Territory and the Original Mattress Factory in NSW and ACT. FAN is also Australia's largest sofa manufacturer, has one of the country's leading mattress manufacturers and operates a national supply chain to service all FAN's retail brands. FAN has recently expanded its manufacturing activities into China and Vietnam.