Appendix 4E

Preliminary Final Report

Name of entity

FANTASTIC HOLDINGS LIMITED

ABN	Current Period	Previous Corresponding Period
19 004 000 775	Financial Year Ended **30 June 2016**	Financial Year Ended **30 June 2015**

Results for announcement to the market

(All comparisons to year ended 30 June 2015) **(000's)**

Revenue *(item 1.1)*	Up	9.4%	to	$543,700
Profit after tax attributable to members (*item 1.18*)	Down	13.4%	to	$11,437
Profit for the period attributable to members *(item 1.18)*	Down	13.4%	to	$11,437

Dividends (distributions)	Amount per share	Franked amount per share at 30%
Final dividend (item 10.4)	7.00¢	7.00¢
Interim dividend (item 10.6)	7.00¢	7.00¢
Special dividend (item 10.8)	15.00¢	15.00¢

Record date for determining entitlements to the dividend (*see item 10.2)*	5 September, 2016
Date final dividend is payable *(see item 10.1)*	19 September, 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

		Current Period - $'000	Previous Corresponding Period - $'000
1.1	Sales revenues	543,700	496,921
1.2	Cost of sales	(306,949)	(275,723)
1.3	**Gross Profit**	**236,751**	**221,198**
1.4	Other income	2,402	3,171
1.5	Employment expenses	(91,436)	(87,062)
1.6	Property expenses	(58,411)	(58,600)
1.7	Marketing expenses	(36,534)	(34,885)
1.8	Sales related expenses	(8,715)	(5,908)
1.9	Depreciation and amortisation	(5,557)	(5,136)
1.10	Other expenses	(21,895)	(12,877)
1.11	Share of loss of a joint venture, net of tax (item 11.3)	(371)	(865)
1.12	**Earnings before interest and tax**	**16,234**	**19,036**
1.13	Financial income	584	364
1.14	Financial expense	(153)	(124)
1.15	**Net Financing Income**	**431**	**240**
1.16	**Profit Before Tax**	**16,665**	**19,276**
1.17	Income tax expense	(5,228)	(6,072)
1.18	**Profit After Tax**	**11,437**	**13,204**
1.19	**Other Comprehensive Income**		
1.20	Exchange differences on translation of foreign operations	166	1,380
1.21	Gain / (Loss) on cash flow hedges	(2,346)	2,011
1.22	Income tax effect	654	(1,017)
1.23	**Total Comprehensive Income for the year net of tax**	**9,911**	**15,578**

Basic earnings per share *(cents per share) (see item 6.1)*	**11.08¢**	**12.79¢**
Diluted earnings per share *(cents per share) (see item 6.1)*	**11.08¢**	**12.79¢**

a) Non-continuing items included in the above consolidated statement of profit & loss and other comprehensive income comprises trading losses for Le Cornu & Ashley of $4.8m, Le Cornu Keswick store closure asset adjustments of $5.0m and restructuring costs $4.1m before tax. Excluding these items, continuing NPAT is $21.4m.

Consolidated Statement of Changes in Equity

Retained Profits

		Current Period - $'000	Previous Corresponding Period - $'000
1.24	Retained earnings at the beginning of the financial year	84,230	84,444
1.25	Profit after tax from continuing operations (item 1.18)	11,437	13,204
1.26	Dividends paid	(12,391)	(13,418)
1.27	**Retained Earnings at the End of the Financial Year**	**83,276**	**84,230**

Share Capital and Reserve

1.28	Ordinary shares at the beginning of the financial year	23,608	23,270
1.29	Shares Issued during the year	-	338
1.30	**As at the end of the financial period (item 2.26)**	**23,608**	**23,608**
1.31	**Reserve (item 2.27)**	**552**	**2,078**
1.32	**Total Equity as at the End of the Financial Year**	**107,436**	**109,916**

Consolidated Statement of Financial Position

		Current Period - $'000	Previous Corresponding Period - $'000
	Current Assets		
2.1	Cash and cash equivalents	31,863	36,721
2.2	Trade and other receivables	5,796	4,630
2.3	Other financial assets	-	2,011
2.4	Inventories	93,326	90,544
2.5	**Total Current Assets**	**130,985**	**133,906**
	Non-Current Assets		
2.6	Investment property *(see item 13.1)*	-	3,712
2.7	Property, plant and equipment	28,833	27,115
2.8	Investment in a joint venture	5,463	5,644
2.9	Intangible assets	6,760	7,772
2.1	Deferred tax assets	12,527	8,984
2.11	Other non-current assets	3	-
2.12	**Total Non-Current Assets**	**53,586**	**53,227**
2.13	**TOTAL ASSETS**	**184,571**	**187,133**
	Current Liabilities		
2.14	Trade and other payables	39,737	38,415
2.15	Interest-bearing loans and borrowings	-	5,000
2.16	Current tax payables	3,196	4,000
2.17	Employee benefits	19,171	20,263
2.18	Provisions	7,736	1,688
2.19	**Total Current Liabilities**	**69,840**	**69,366**
	Non-Current Liabilities		
2.20	Employee benefits	2,225	1,952
2.21	Provisions	3,165	3,564
2.22	Deferred tax liabilities	1,905	2,335
2.23	**Total Non-Current Liabilities**	**7,295**	**7,851**
2.24	**TOTAL LIABILITIES**	**77,135**	**77,217**
2.25	**NET ASSETS**	**107,436**	**109,916**
	Equity		
2.26	Share capital	23,608	23,608
2.27	Reserves	552	2,078
2.28	Retained earnings	83,276	84,230
2.29	**TOTAL EQUITY**	**107,436**	**109,916**

Consolidated Statement of Cash Flows

		Current Period - $'000	Previous Corresponding Period - $'000
	Cash Flows from Operating Activities:		
3.1	Cash receipts from customers	600,888	552,464
3.2	Cash payments to suppliers and employees	(571,851)	(527,850)
3.3	Interest received	584	364
3.4	Interest paid	(83)	(124)
3.5	Income tax paid	(9,329)	(541)
3.6	**Net Cash Provided by Operating Activities**	**20,209**	**24,313**
	Cash Flows from Investing Activities:		
3.7	Payments for acquisitions of property, plant and equipment	(6,152)	(4,950)
3.8	Proceeds from sale of property, plant and equipment	106	-
3.9	Proceeds from sale of investments	-	26,811
3.10	Payment for investments	-	(1,712)
3.11	Payment for intangibles	(1,682)	(1,328)
3.12	Deconsolidation of China Subsidiary	-	(4,142)
3.13	**Net Cash (invested) / generated from Investing Activities**	**(7,728)**	**14,679**
	Cash Flows from Financing Activities:		
3.14	Repayments of external borrowings	(5,000)	(10,000)
3.15	Interest Dividends paid	(12,391)	(13,418)
3.16	**Net Cash (used in) Financing Activities**	**(17,391)**	**(23,418)**
3.17	**Net (Decrease) / Increase in Cash Held**	**(4,910)**	**15,574**
3.18	Net Foreign Exchange Difference	52	20
3.19	**Cash at the Beginning of the Financial Year** *(see Reconciliation of cash)*	**36,721**	**21,127**
3.20	**Cash at the End of the Financial Year** *(see Reconciliation of cash)*	**31,863**	**36,721**

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

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	31,863	26,721
4.2	Deposits at call	-	10,000
4.3	**Total cash at end of period** *(item 3.20)*	**31,863**	**36,721**

Ratios

		Current Period	Previous Corresponding Period
	Profit before tax / sales revenue		
5.1	Profit before tax attributable to members of the parent entity as a percentage of sales revenue (*item 1.1*)	3.07%	3.9%
	Profit after tax / equity interests		
5.2	Profit after tax (*item 1.18*) as a percentage of equity attributable to members of the parent entity (*item 2.29*)	10.64%	12.0%

Earnings per share (EPS)

		Current Period	Previous Corresponding Period
6.1			
	(a) Basic EPS (cents per share)	11.08¢	12.79¢
	(b) Diluted EPS (cents per share)	11.08¢	12.79¢
	(c) Weighted average number of ordinary shares outstanding during the period used in the calculation of Basic EPS	103,257,398	103,196,297

NTA backing

		Current Period	Previous Corresponding Period
7.1	Net tangible asset backing per ordinary share (cents per share)	97.50¢	98.92¢

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

Dividends

10.1	Date the final dividend is payable	**19 September, 2016**
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 CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if securities are CHESS approved)	**5 September, 2016**
10.3	If it is a final dividend, has it been declared?	**Yes, on 25 August, 2016**

Amount per share

			Amount per share	Franked amount per share at 30% tax	Amount per share of foreign source dividend
10.4	**Final dividend:**	Current Period	7.00¢	7.00¢	N/A
10.5		Previous Corresponding Period	5.00¢	5.00¢	N/A
10.6	**Interim dividend:**	Current Period	7.00¢	7.00¢	N/A
10.7		Previous Corresponding Period	6.00¢	6.00¢	N/A
10.8	**Special dividend:**	Current Period	15.00¢	15.00¢	N/A
10.9		Previous Corresponding Period	4.00¢	4.00¢	N/A

Total dividend (interim *plus* final)

10.10 Ordinary shares	Current Period $'000		Previous Corresponding Period - $'000	
• Interim dividend paid	21 March 2016	7,228	8 April 2015	6,196
• Final dividend paid/ payable	19 Sep 2016	7,228	15 October 2015	5,163
• Special dividend paid/payable	19 Sep 2016	15,489	8 April 2015	4,130
		29,945		**15,489**
10.11 Preference shares		-		-

The dividend or distribution plans shown below are in operation.

N/A

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

Details of aggregate share of profits (losses) of associates and joint venture entities

		Fantastic International Manufacturing Jiangsu Co, Ltd	
		Current Period	Previous Corresponding Period
11.1	**Name of Entity**		
11.2	**% ownership interest**	60%	60%
11.3	**Contribution to net profit/(loss)**	($371,443)	($865,216)

Reports for industry and geographical segments

12.1

The chief operating decision maker of the Group has been identified as the Board of Directors. The Board reviews the financial and operating performance of the business based on the segments identified below determines resource allocations for the businesses based on past and expected future performance.

Operating Segments

For internal reporting purposes, the Group is divided into three 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 and Ashley Furniture HomeStore brands in Australia. These businesses have been aggregated as one operating segment and reportable operating segment as over the long term they have operated in similar consumer markets which generally have comparable risks and financial parameters.

Manufacturing

The manufacturing business produces sofas and mattresses in Australia and China for the Fantastic Furniture brand and also manufactures sofas, mattresses and other household furniture in Vietnam for Fantastic Furniture and other global retailers. The manufacturing businesses are a reportable operating segment which includes the equity accounted investment for manufacturing facility in China.

Other

Includes group costs; includes central support functions, treasury and other corporate entity expenses. Group costs is not considered an operating segment and includes activities that are not allocated to other operating segments. Also includes property business which purchases and develops sites for use by the Group and leases surplus requirements to external tenants

Interest income and expenditure are not allocated to operating segments, as this type of activity is managed on a group basis.

Year Ended 30 June 2016

	Retail $'000	Manufacturing $'000	Other & Unallocated $'000	Reportable Segments $'000	Eliminations $'000	Total $'000
Revenues						
Revenue from external customers	541,679	2,021	-	543,700	-	543,700
Other revenue	2,317	-	85	2,402	-	2,402
Inter-segment revenue	-	67,237	677	67,914	(67,914)	-
Total segment revenue	**543,996**	**69,258**	**762**	**614,016**	**(67,914)**	**546,102**
Total revenue						**546,102**
Result						
Share of loss of a joint venture	-	(371)	-	(371)	-	**(371)**
Segment result	17,685	3,428	(4,508)	16,605	-	**16,605**
Profit before tax and interest						**16,234**
Net interest income						**431**
Income tax expense						**(5,228)**
Net profit for the year						**11,437**
Assets and liabilities						
Total assets	**126,855**	**52,941**	**33,426**	**213,222**	**(28,651)**	**184,571**
Total liabilities	**85,498**	**7,859**	**12,429**	**105,786**	**(28,651)**	**77,135**
Other segment information						
Capital expenditure	5,954	1,117	763	7,834	-	7,834
Depreciation and amortisation	5,456	719	741	6,916	-	6,916
Other non-cash expense	7,509	328	-	7,837	-	7,837

Year Ended 30 June 2015

	Retail $'000	Manufacturing $'000	Other & Unallocated $'000	Reportable Segments $'000	Eliminations $'000	Total $'000
Revenue						
Revenue from external customers	494,944	1,977	-	496,921	-	496,921
Other revenue	1,553	-	1,618	3,171	-	3,171
Inter-segment revenue	-	53,706	456	54,162	(54,162)	-
Total segment revenue	**496,497**	**55,683**	**2,074**	**554,254**	**(54,162)**	**500,092**
Total revenue						**500,092**
Result						
Share of loss of a joint venture	-	(865)	-	(865)	-	(865)
Segment result	26,639	1,095	(7,833)	19,901	-	19,901
Profit before tax and finance cost						**19,036**
Net interest income						240
Income tax expense						(6,072)
Net profit for the year						**13,204**
Assets and liabilities						
Total assets	111,337	49,673	47,741	208,751	(21,618)	187,133
Total liabilities	61,931	6,082	30,822	98,835	(21,618)	77,217
Other segment information						
Capital expenditure	5,017	303	1,524	6,844	-	6,844
Depreciation and amortisation	5,048	628	1,349	7,025	-	7,025
Other non-cash expense	2,205	50	3	2,258	-	2,258

Intersegment transactions

Any transfers between segments are determined on an arm's length basis and are eliminated on consolidation. The key inter-segmental revenue items are sale of products from the Manufacturing segment to the Retail segment of $67,236,904 (2015: $53,705,821) and internal rent charged by the Property (Other and Unallocated) segment to the Retail segment of $677,348 (2015: $456,367).

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 international 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 2016 $'000	Year Ended 30 June 2015 $'000
Opening balance as at 1 July	3,712	24,423
Additions	-	566
Disposals	-	(20,561)
Depreciation	-	(716)
Reclassification to Property, Plant & Equipment	(3,712)	-
Closing Balance as at 30 June	**-**	**3,712**

The investment property is located at Rockhampton, QLD and was reclassified to property, plant & equipment during FY16.

During the year the Group received external rental income of $nil (2015: $1,417,104) and incurred operating expenses of $950,101 (2015: $1,732,169) in relation to the Rockhampton Property. All rental income was earned from inter segment.

Significant items

14.1 Closure of the Le Cornu Keswick Store

On 6th July 2016, the Company announced changes to its South Australian operations with the closure of the Le Cornu Keswick store. The financial impact of the closure are as follows:

	Year Ended 30 June 2016 $'000
Assets impairment and costs to dispose	4,975
Restructure provisions	4,100
Total	**9,075**

Comments by Directors

Refer to Media Release issued by Fantastic Holdings Limited on 25 August 2016.

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	**26 October, 2016**
Time	**10:30 am**
Approximate date the annual report will be available	**28 September, 2016**

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: 25 August 2016
(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 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.