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Results presentation

Half year ended 31 December 2004

1H05 Highlights

- Sales of $26.9m
  - increase of 18.2% over $22.7m in 1H04
- NPAT of $4.7m
  - increase of 16.3% over $4.1m in 1H04
- Store openings:
  - Aspley (Brisbane) – 18 Nov 04
  - Norwest (Sydney) – 27 Dec 04
  - Fortitude Valley (Brisbane) – 27 Dec 04
- Dividend of 3.0 cents per share, fully franked (representing a 51% payout ratio)

Financial performance – 1H05 v 1H04

Y/E 30 June ($m)	1H04	2H04	1H05	% Var on pcp
Sales revenue	**22.7**	**20.7**	**26.9**	**18.2%**
Gross profit	**13.1**	**12.3**	**15.4**	
Operating expenses	(7.3)	(8.2)	(8.6)	
EBITDA	**5.9**	**4.0**	**6.9**	
Depreciation	((0.2)	(0.4)	(0.3)	
EBIT	**5.6**	**3.6**	**6.6**	**16.9%**
Net interest	0.2	0.1	0.2	
PBT	**5.8**	**3.7**	**6.8**	
Income tax	(1.8)	(1.1)	(2.1)	
NPAT	**4.1**	**2.6**	**4.7**	**16.3%**
Gross margin	58.0%	59.1%	57.4%	
Op exps / sales	32.2%	39.5%	31.8%	
EBITDA margin	25.9%	19.5%	25.5%	
EBIT margin	24.8%	17.5%	24.6%	
Tax rate	30.3%	30.0%	30.1%	

- Revenue growth of 18.2% included:
  - Same-store sales growth of 3.3%
  - Full period contribution from Fyshwick store (opened April 2004) – which has exceeded forecasts
  - Minimal contribution from Aspley
- Gross margin maintained above prospectus forecast of 56.4%
- Operating expenses as a percentage of sales reduced from 39.5% in 2H04 to 31.8% in 1H05

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Cash flow

Y/End 30 June ($m)	1H05
EBITDA	**6.9**
Net interest	0.2
Income tax paid	(1.4)
Working capital / other	(4.2)
Net operating cash flow	**1.5**
Capital expenditure	(0.4)
Net investing cash flow	**(0.4)**
Dividends paid	(0.8)
Other	-
Net financing cash flow	**(0.8)**
Net cash flow	**0.3**
Closing cash balance	**8.9**

- Increased working capital largely due to:
  - No refinancing of LC's from July 2004 – hence $2.2m payment of refinanced LC's outstanding at June 04
  - Increased inventory of $0.9m

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Financial position

Y/End 30 June ($m)	Dec 2004	Jun 2004
Cash	8.9	8.6
Receivables	0.4	0.2
Inventories	7.3	6.4
Plant & equipment	1.7	1.6
Other assets	1.1	0.6
Total assets	**19.4**	**17.4**
Payables	6.3	6.7
Debt	-	2.2
Tax liabilities	1.3	0.7
Provisions	0.4	0.3
Total liabilities	**8.0**	**9.9**
Net assets	**11.4**	**7.5**
Net cash (debt)	**8.9**	**6.4**

- $3.0m of cash will be used to settle acquisition of Payneham Home Furnishings (Adelaide) on 1 March 2004

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Outlook

- Contributions to commence during 2H05 from Aspley, Norwest and Fortitude Valley – which were opened late in 1H05
- Commence trading in Adelaide in March 2005:
  - Payneham Home Furnishings (comprising 3 stores) acquired effective 1 March
  - New Mile End store scheduled to open 15 March – which is expected to be approximately breakeven during 2H05
  - New distribution centre being filled with existing PHF stock and new inventory
- Other potential store openings during the current half (2H05) are:
  - Townsville (in a new Homemaker Centre) – planned for June
- Currently intend to open a further 2-3 additional stores by end of calendar 2005
- New larger Brisbane distribution centre to be functional in March to cater for growth
- Strong sales orders in January 2005
- On track to at least achieve prospectus FY05 forecast of sales of $52.9m and NPAT of $7.7m

Questions

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