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# Result presentation

## Year ended 30 June 2005

# FH05 Highlights

- Sales of $54.2m
  - increase of 25% over FY04
- NPAT of $8.1m
  - increase of 20% over FY04
  - **5% above April 2004 Prospectus forecast of $7.7m**
- EPS of 10.0 cents
- Dividends of 6.5 cents per share, fully franked
  - Final dividend of 3.5 cents per share, fully franked
- 4 store openings
  - Aspley (Brisbane), Fortitude Valley (Brisbane), Norwest (Sydney), Mile End (Adelaide)
- Acquired Payneham Home Furnishings (3 stores) in Adelaide in March 2005

# Financial performance

| Y/End 30 Jun ($m) | FY04 | FY05 | Change |
|---|---|---|---|
| **Sales revenue** | **43.4** | **54.2** | **24.9%** |
| Cost of sales | (18.0) | (22.5) | |
| **Gross profit** | **25.4** | **31.7** | |
| Other income | 0.1 | 0.2 | |
| Operating expenses | (15.5) | (20.2) | |
| **EBITDA** | **9.9** | **11.7** | **18.4%** |
| Depreciation | (0.7) | (0.6) | |
| **EBIT** | **9.3** | **11.1** | **20.2%** |
| Net interest | 0.3 | 0.4 | |
| **Profit before tax** | **9.6** | **11.5** | |
| Taxation | (2.8) | (3.4) | |
| **NPAT** | **6.7** | **8.1** | **20.0%** |
| Gross margin | 58.5% | 58.5% | |
| Op expenses / sales | 35.8% | 37.2% | |
| EBITDA margin | 22.8% | 21.7% | |
| EBIT margin | 21.3% | 20.5% | |
| Effective tax rate | 29.6% | 29.5% | |

- Profit constrained by difficult trading conditions in 2nd half & additional expenses incurred to provide for future growth
- Sales growth of 24.9% included:
  - Same-store sales growth of negative 2.9%
  - Same-store comparison including stores open for less than 12 months during previous period: 7.8%
- Increase in operating expenses as a percentage of sales due to:
  - Increased costs of being a listed company (including increased management remuneration)
  - Increased Distribution Centre costs due to Brisbane expansion and Adelaide opening
  - Decline in same store sales

# Cash flow

| Y/End 30 Jun ($m) | FY04 | FY05 |
|---|---|---|
| **EBITDA** | **9.9** | **11.7** |
| Net interest | 0.3 | 0.4 |
| Tax paid | (3.5) | (2.7) |
| Working capital / other | 0.0 | (1.6) |
| **Operating Cash Flow** | **6.8** | **7.8** |
| Capital expenditure | (0.6) | (1.9) |
| Proceeds from disposals | 0.0 | |
| Acquisitions | | (2.4) |
| **Investing Cash Flow** | **(0.6)** | **(4.3)** |
| Equity proceeds (net) | 3.4 | |
| Borrowings | | (2.2) |
| Related party payments | (5.1) | |
| Dividends | (4.3) | (3.2) |
| Other | (0.1) | (0.0) |
| **Financing Cash Flow** | **(6.1)** | **(5.4)** |
| **Net Cash Flow** | **0.0** | **(1.9)** |

- Increased working capital largely due to:
  - Increased inventory from new store openings
- Capital expenditure of $1.9m included:
  - Fitout of Brisbane and Adelaide Distribution Centres
  - Fitout of new stores
  - Existing store refurbishment

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# Financial position

| Y/End 30 Jun ($m) | Jun04 | Jun05 |
|---|---|---|
| Cash | 8.6 | 6.7 |
| Receivables | 0.2 | 2.2 |
| Inventories | 6.4 | 9.9 |
| Fixed assets | 1.6 | 2.9 |
| Intangibles | | 2.4 |
| Other | 0.6 | 0.6 |
| **Total Assets** | **17.4** | **24.6** |
| Borrowings | 2.2 | 0.0 |
| Payables | 6.7 | 10.5 |
| Current tax payable | 0.7 | 1.4 |
| Provisions | 0.3 | 0.5 |
| **Total Liabilities** | **9.9** | **12.3** |
| **Net Assets** | **7.5** | **12.3** |
| Net cash (debt) | 6.4 | 6.7 |
| Working capital | (0.1) | 1.6 |

- Acquisition of Payneham Home Furnishings (Adelaide) in March 2004 involved:
  - Cash payment of $2.1m
  - Goodwill (including costs) of $2.4m
- $1.6m of forward cover at year end recognised as both a receivable and a payable (in line with new accounting standards)

## Outlook

- Full year contribution in FY06 from 4 stores opened and 3 stores acquired during FY05
- Victoria
  - Open first store in January 2006
  - Open distribution centre in April 2006
  - Potential to negatively impact on profits in FY06
- Expect to open 4-5 new stores during FY06
  - Most expected to be in the second half
- Sydney distribution centre to be increased by 50% to cater for growth
- Market conditions expected to remain subdued in immediate term