



Full Year Guidance 31 July 2011

27 September 2011, Melbourne

Funtastic Limited (FUN: "the Group") presents its Earnings Guidance for the year ended 31 July 2011. FUN advises that its revenue, EBITDA and one-off costs are expected to be as follows (ranges and comparatives shown):

	12 months Ended 31 July 2011 \$m	7 months ended 31 July 2010 \$m
Revenue	182.0 - 184.0	111.1
EBITDA before Impairment, Restructuring Costs & Other Material Items	3.0 - 4.0	2.0
Impairment charges	(11.0) - (12.0)	-
Restructuring costs	(4.0) - (5.0)	-
Other material items	(16.0) - (17.0)	(0.5)
EBITDA Profit/(Loss)	(28.0) - (30.0)	1.5
Net Loss	(37.0) - (39.0)	(3.6)

Period under Review

Further to guidance provided in May 2011, which indicated weaker earnings by the Group in the second half and highlighted weak consumer sentiment, the business has reassessed the carrying value of a number of assets on the Group's balance sheet, resulting in the above provisions and impairment charges. Additionally, in light of the current retail environment, the Group has further restructured its cost base to provide an annualised cost base reduction of c\$9m.

Outside the broader economic retail pressures, Funtastic has experienced its own issues:

- A key retailer embarked on a major strategic realignment which resulted in delisting Funtastic's secondary brands and concentrating on direct imports of their own brand;
- A weakening of the home entertainment category for Madman; and
- A significant decline in sales of Razor product driven by the Ripstik brand not annualising previous volume.

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The Group has realigned its product portfolio with a significant brand reduction in line with market conditions and has launched, and will continue to launch, new brands with proven International success to strengthen its portfolio in these tough trading conditions.

Appendix 4E

The Group's Appendix 4E Preliminary Final Report and its Annual Financial Report for the year ended 31 July 2011 will be lodged with the ASX on or before 30 September 2011 which will provide additional detail with regards to the Group's performance and its outlook.

Financing Arrangements

The Group is pleased to advise that it has recently secured an extension of its financing arrangements with its senior lender, National Australia Bank, to 31 August 2013. The lender has introduced financial covenants, including that the Group will not be permitted to pay dividends before 31 August 2013.

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For more information on Funtastic, visit the web site at www.funtastic.com.au and for comment contact Stewart Downs, Ph: 03 8531 0000.