



1 February 2012

ASX Announcement

Funtastic Trading Update

Funtastic Limited today provides earnings guidance for the first half FY12 (6 months ended January 2012). Revenue for the first half is expected to be in the region of \$84m, approximately 15% lower than the corresponding period, reflecting the ongoing portfolio rationalization. Significant improvements to margins, and the company's cost base, have resulted in a sharp increase in profitability. Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA) for the period is expected to be between \$10m and \$11m, more than double the corresponding FY11 result. Net Profit for the period has increased by in excess of \$5m from the same period in FY11 and is expected to be in the range of \$5m to \$6m. This guidance is based on unaudited preliminary results.

The Company repaid debt of \$5m in the first 5 months of the year, in line with the requirements under its banking agreements.

Chief Executive, Stewart Downs stated that "the results of the company in the first half are ahead of our internal plan and are particularly pleasing given the challenges some of our retail customers are currently facing. The improvement in the financial performance of the company is a direct result of the tough actions taken throughout the last 2 years. We now have a brand portfolio in our Toy & Sporting Division which is working well for us and we have shifted the business model away from the promotionally driven business of old to a more sustainable model based on everyday core brands. We have also completely re-engineered the business to achieve a more appropriate cost base".

Downs went on to say that "whilst we are delighted with the first half result and the turnaround of the business generally, January was challenging and we remain cautious. We do not foresee an upturn in current retail conditions in the near term."

6 months Ended Jan (\$m)	FY12	FY11
Revenue	84.0	98.7
EBITDA	10 - 11	5.0
Net Profit	5 - 6	0.1

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For more information on Funtastic visit the web site at www.funtastic.com.au and for comment contact Shane Tanner (Chairman). Ph: 03 8531 0002.