



1 May 2012

ASX Announcement Funtastic Trading Update

Funtastic Limited today provides an update on earnings for the third quarter ended April 2012 as well as the fourth quarter ended July 2012. Third quarter revenues will be approximately \$37m with Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA) for the quarter expected to be \$2.6m and Net Profit expected to be \$0.4m. Revenue for the fourth quarter is expected to be in the region of \$49m with EBITDA of approximately \$6.9m and Net Profit of approximately \$4.5m. These results reflect the seasonal profile of the business in which the first and fourth quarters are the strongest, influenced as they are by Christmas and the midyear toy catalogues respectively.

The impact on full year earnings is expected to be as follows:

\$m	Half Year ended January 2012	Quarter ended April 2012	Quarter ended July 2012	Year ended July 2012	Year ended July 2011
Revenue	88.1	37.1	49.2	174.4	183.1
EBITDA	10.6	2.6	6.9	20.1	(29.1) ¹
NPAT ²	5.5	0.4	4.5	10.4	(38.2) ¹

¹Includes \$16.2m of impairment & restructuring costs

²Note that Funtastic has extensive tax losses resulting in no taxation charges for the foreseeable future

Whilst revenues for the year are expected to be approximately 5% lower than the corresponding period, this is in line with the ongoing portfolio rationalisation. However the profitability of the business has increased significantly due to improved margins and cost reductions. This guidance is based on unaudited preliminary quarter 3 results and management estimates for quarter 4.

The much improved operating performance has enabled the Company to make inroads into its debt and will make repayments totaling \$10m by the end of the FY12 financial year.

Stewart Downs, Chief Executive Officer, commented that “the third quarter has been a solid result given the tough economic environment and reinforces the strength of the Funtastic brand portfolio. It is also encouraging to note that in this, the softest quarter for Funtastic, the business has traded profitably. Given the business’s ability to be more accurate in forecasting and the confidence of our brands we are now able to provide full year guidance; this demonstrates the success of Funtastic’s turnaround.” He also added that “it is pleasing to note that in the fourth quarter our International business, Funtastic Brands, will begin to contribute to the overall business performance.”

In light of the FY12 forecast, the strong brand portfolio, the new product pipeline and the annualisation of the results of both Pillow Pets™ and Lego®, the Board is confident that the business will achieve growth in revenue and profit in FY13.

- copy ends -

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

For personal use only