30 September 2017

Manager Company Announcements
ASX Limited
Level 4
20 Bridge Street
Sydney NSW 2000

By E-Lodgement

Funtastic Limited 2017 Appendix 4E

This release contains an announcement to the Australian Stock Exchange (ASX) regarding the following Appendix 4E in accordance with listing rule 4.3A of the ASX Listing Rules.

Your faithfully
Funtastic Limited

Grant Mackenzie
Chief Financial officer and Company Secretary

Appendix 4E (rule 4.3A) – Preliminary Final Report for the year ended 31 July 2017

Name of Entity:	Funtastic Limited
ABN:	94 063 886 199
Current Financial Period Ended:	Year ended 31 July 2017
Previous Corresponding Reporting Period:	Year ended 31 July 2016

Results for Announcement to the Market

		Up/Down	**%**
Revenue from ordinary activities from continuing operations	55,707	Down	(37%)
Net loss from ordinary activities before tax from continuing operations	(27,997)	Up	(47%)
Net loss from ordinary activities after tax from continuing operations	(29,687)	Up	(44%)
Net loss from ordinary activities after tax from discontinued operations	(3,779)	Up	(16%)
Net loss from ordinary activities after tax from continuing and discontinued	(33,466)	Up	(40%)

Dividend Information	**Amount per Share (cents)**	**Franked amount per Share (cents)**	**Tax rate for Franking Credit**
Interim Dividend – Current reporting period	nil	nil	n/a
Final Dividend – Current reporting period	nil	nil	n/a
Final Dividend Dates			
Ex-dividend date	Not applicable		
Record date	Not applicable		
Payment date	Not applicable		
Details of any dividend reinvestment plan (DRP) in operation	Not applicable		
The last date for receipt of an election notice for participation in any dividend reinvestment plan	Not applicable		

Net Tangible Liabilities	**31 July 2017**	**31 July 2016**
Net tangible assets per security	(7.53) cents	(5.28) cents

Other information

This report is based on the consolidated financial statements which are in the process of being audited by Grant Thornton.

For a brief explanation of any figures above please refer to the Announcement on the results for the year ended 31 July 2017 and the attached Annual Financial Report

30th September 2017

Funtastic Limited

ABN 94 063 886 199

Preliminary Final Report Announcement of results for the year ended 31 July 2017

Funtastic Limited (ASX: Fun) today released its preliminary results for the year ended 31 July 2017, with reported preliminary net loss after tax (NPAT) of $33.5m (unaudited). This compares to the previous years' result of a net loss of $23.9m.

The net loss after tax is $1.2m lower than the guidance previously provided largely due to the reversal of a previously recognised deferred tax asset. The group has Revenue tax losses of $97.5m and not expected to pay tax in the medium term. This is a non-cash item.

The Group's Earnings Before Interest, Depreciation and Amortisation (EBITDA) from continuing operations was within guidance and a loss of $5.6 million before accounting for an impairment charge of $17.1 million.

The following adverse factors significantly contributed to this lower than expected result:

1. A significant fall in international sales over the second half of the year; and
2. Delay of key product launches due to delayed quality control assessments, now moved into the FY18 financial year.

Key Financials (Continuing Activities)

AUD 'm	FY17	FY16 (restated)	% Change
Revenue	55.7	88.9	↓63%
EBITDA	(22.8)	(11.8)	↓193%
Loss before Tax	(28.0)	(19.1)	↓47%
Net loss after tax	(29.7)	(20.6)	↓44%
Basic EPS (cents)	(4.10)	(3.04)	↓35%
Dividend per share (cents)	N/A	N/A	N/A
ROE[i]	(15.98%)	(11.42%)	↓40%
Net Debt ($m)	52.1	48.2	↑8%
Gearing[ii]	(1.01)	(2.82)	↓64%

[i]NPAT/average shareholder equity;

[ii]Net debt/shareholder equity;

Review of operations

During the past three years, the company embarked on a major turnaround strategy to reduce the reliance on the concentrated retail environment in Australia and its high dependency on agency business. Whilst the market environment has continued to be difficult both domestically and internationally the results have been extremely disappointing. However, four significant achievements have been delivered in the last several months that have finally delivered the platform / foundations we have been working towards and effectively enable the company to better influence and control its own future.

1.Debt Level

As announced to the market the company has been in long negotiations with its Bankers the National Australia Bank with regards to the future and structure of the debt. Thanks to the significant support of the NAB who have been with the company over many years, we concluded on 30th August 2017 a debt restructure resulting in a $36 million reduction by way of a debt forgiveness. The full impact of this is discussed in the recent Capital Raising documents and will be included in the January 2018 half year accounts.

This is a significant outcome for the company as the structure of the balance sheet now has more appropriate gearing levels for a business of its size and it enables the company to be a smaller and more nimble operation.

2.Capital Raising

The debt restructure has allowed the company to go to the market and successfully raise $8.2 million in fresh equity, completed on the 19th August 2017. The significance of the restructure has allowed the company to resource it balance sheet more appropriately. We welcome both our existing and new shareholders to the expanded registry.

As outlined in the documents, this capital has been used to finalise the debt restructure, and provide the first significant injection of new working capital into the business for several years.

3.Sale of a part of the International Business

On 31st July 2017, an agreement was entered to sell a segment of the International business for $2.1 million by way of management buy-out to key personnel based in Hong Kong. This transaction subsequently settled on 7th September 2017. This will result in a general reduction in overheads and major reduction in cash burn of $3.5 million per annum as the operation has been reduced and streamlined to focus on owned brands and product more aligned to the businesses core values and methods of operation.

4.Reductions in Fixed Costs

The company over the past 18 months has reviewed, refocused and rebuilt its fixed cost base. The changes have included significant staff reductions in head count and exited several leases and long-term contracts that were no longer appropriate and weighed on the businesses bottom line. In June, it relocated its Head Office to smaller premises in Mount Waverly at a cost more appropriate both to the size of the operation and in line with current market conditions. Cumulatively the fixed cost base has been reduced by an annualised $3.9 million, in addition to the savings from the disposal of the international assets.

The Board's key strategies for FY18 performance include:

1. Enhancing current licencing portfolio by re-establishing key relationships.
2. International foot print to be reset.
3. Strong brand/portfolio management both domestically and internationally.
4. Leverage re-set cost base and balance sheet to attract new business partners for FY19.
5. New and Streamlined Senior management team.

Outlook

Following significant and sustained efforts, the company is now significantly more stable than in previous financial periods, with a better structured Balance Sheet, enhanced internal controls, sound cash management principles, and reduced excess inventories and a significantly lower fixed cost base. The first quarter has started positively and the Board is confident that the company will meet its targets for 2018 as a profitable entity.

As noted last year, the company remains committed to its strategy of re-defining its core business and rightsizing the organisation for the future with the appropriate focus on the right products and markets. The organisation has gone through significant structural changes appointing key people in positions aligned to the company's long-term strategy. This has resulted in increased employee engagement with sound commitment and capabilities supported by appropriate incentive programs.

The company continues to focus on developing a strong, diverse and relevant range of new and innovative products enabling the company to effectively leverage its cost base.

The Directors would like to thank all our staff, shareholders, bankers, suppliers, key agency partners and customers for their ongoing loyalty, support and patience. We look forward to a much more prosperous FY18.

Audit report

While the accounts are in the process of being audited, the accounts are likely to contain an independent audit report that is subject to an emphasis of matter in relation to the material uncertainty related to going concern. Subsequent to the year end the reduction of debt by $36m and capital raise of $8.2m significantly mitigates the going concern risk as noted under note 1.

Consolidated Statement of Profit or Loss and other Comprehensive Income for the year ended 31 July 2017

	Note	31 July 2017 $'000	31 July 2016 Restated $'000
Revenue	4	**55,707**	88,888
Cost of Goods Sold		**(38,797)**	(63,754)
Gross profit		**16,910**	25,134
Investment Income		**439**	651
Warehouse and Distribution Expenses		**(3,964)**	(4,685)
Marketing and Selling Expenses		**(6,345)**	(10,782)
Administration Expenses		**(12,689)**	(15,667)
Impairment of Goodwill and Intangible Assets	12/13	**(17,144)**	(6,424)
Earnings before interest, taxation, amortisation and depreciation (EBITDA)		**(22,793)**	(11,773)
Finance Costs		**(3,559)**	(3,794)
Depreciation and Amortisation Expenses		**(1,645)**	(3,497)
Loss before income tax		**(27,997)**	(19,064)
Income tax expense	5	**(1,690)**	(1,533)
Loss for the period from continuing operations		**(29,687)**	(20,597)
Discontinued operations			
Loss from Discontinued Operations	3	**(3,779)**	(3,257)
Loss for the year		**(33,466)**	(23,854)
Other comprehensive income (net of tax)			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		**212**	318
Gain on cash flow hedges taken to equity		**131**	58
Other comprehensive income for the year (net of tax)		**343**	376
Total comprehensive loss for the year attributable to the members of Funtastic		**(33,123)**	(23,478)
Earnings per share			
Basic earnings per share (cents per share)		**(4.63)**	(3.52)
Diluted earnings per share (cents per share)		**(4.63)**	(3.52)
Earnings per share - continuing operations			
Basic earnings per share (cents per share)		**(4.10)**	(3.04)
Diluted earnings per share (cents per share)		**(4.10)**	(3.04)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position as at 31 July 2017

	Note	31 July 2017 $'000	31 July 2016 $'000
Current Assets			
Cash	6	**664**	764
Receivables	7	**2,532**	8,684
Inventories	8	**7,010**	10,340
Other Assets	9	**2,744**	2,187
		12,950	21,975
Assets classified as held for sale	10	**1,653**	-
Total Current Assets		**14,603**	21,975
Non-Current Assets			
Property, Plant and Equipment	11	**457**	1,455
Goodwill	12	**-**	14,163
Other Intangibles	13	**4,287**	7,524
Deferred Tax Asset		**-**	1,821
Other Assets		**29**	194
Total Non-Current Assets		**4,773**	25,157
Total Assets		**19,376**	47,132
Current Liabilities			
Payables		**9,213**	9,805
Interest Bearing Liabilities (excluding Bill Finance)	14	**24,597**	20,950
Bill Finance	14	**27,965**	27,965
Provisions		**671**	947
Tax Liabilities		**117**	236
Other Financial Liabilities		**87**	313
Other Liabilities	15	**5,417**	3,752
		68,067	63,968
Liabilities classified as held for sale	10	1,895	-
Total Current Liabilities		**69,962**	63,968
Non-Current Liabilities			
Provisions		**27**	60
Provision for Deferred Tax Liabilities		**-**	37
Other Liabilities		**101**	165
Total Non-Current Liabilities		**128**	262
Total Liabilities		**70,090**	64,230
Net Assets		**(50,714)**	(17,098)
Equity			
Issued capital	16	**209,483**	209,483
Accumulated Losses		**(259,727)**	(227,904)
Reserves		**(470)**	1,323
Total Equity		**(50,714)**	(17,098)

The above statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity for the year ended 31 July 2017

	Issued Capital $'000	Accumulated Losses $'000	Foreign Currency Translation Reserve $'000	Equity-settled Employee Benefits Reserve $'000	Cash Flow Hedging Reserve $'000	Total $'000
Balance at 1 August 2015	**208,372**	**(204,050)**	**(1,029)**	**2,099**	**(277)**	**5,115**
Loss for the year	-	(23,854)	-	-		(23,854)
Other comprehensive income	-	-	318	-	58	376
Total comprehensive (loss)	-	(23,854)	318	-	58	(23,478)
Issue of ordinary shares	1,111	-	-	-	-	1,111
Recognition of share based payments	-	-	-	154	-	154
Balance at 31 July 2016	**209,483**	**(227,904)**	**(711)**	**2,253**	**(219)**	**(17,098)**
Loss for the year	-	(33,466)	-	-	-	(33,466)
Other comprehensive income	-	-	212	-	131	343
Total comprehensive (loss)	-	(33,466)	212	-	131	(33,123)
Recognition of share-based payments	-	-	-	(493)	-	(493)
Transfer of share-based payments	-	1,643	-	(1,643)	-	-
Balance at 31 July 2017	**209,483**	**(259,727)**	**(499)**	**117**	**(88)**	**(50,714)**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

	Note	Year ended 31 July 2017 $'000	Year ended 31 July 2016 $'000
Cash Flows from Operating Activities			
Receipts from customers		**64,231**	94,773
Payments to suppliers and employees		**(63,863)**	(98,145)
Cash (utilised) generated from operations		**368**	(3,372)
Income taxes paid		**(25)**	(163)
Interest and other costs of finance paid		**(3,557)**	(3,794)
Net cash outflow from operating activities		**(3,214)**	(7,329)
Cash Flows from Investing Activities			
Interest and other investment income received		**439**	651
Payments for plant and equipment		**(888)**	(884)
Payments for other intangible assets		**(313)**	(325)
Proceeds from sale of plant and equipment		**-**	-
Net cash inflow from investing activities		**(762)**	(558)
Cash Flows from Financing Activities			
Proceeds from borrowings		**3,647**	7,457
Repayment of commercial bills		**-**	(1,000)
Proceeds from share issue		**-**	1,111
Net cash inflow from financing activities		**3,647**	7,568
Net decrease in Cash Held		**(329)**	(319)
Cash and cash equivalents at the beginning of the year		**764**	904
Effects of exchange rate changes on the balance of cash held in foreign currencies		**229**	179
Cash and cash equivalents at the end of the year	6	**664**	764

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

NOTE 1: Basis of preparation

This preliminary final report has been prepared in accordance with ASX listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

This preliminary final report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the *Australian Accounting Standards Board and the Corporations Act 2001.*

The preliminary final report covers the consolidated group of Funtastic Limited and its controlled entities (Consolidated Group). Funtastic Limited is a public company, incorporated and domiciled in Australia.

The preliminary final report of Funtastic Limited and its controlled entities complies with all International Financial Reporting Standards (IFRS) in their entirety.

Going concern basis

The financial report has been prepared on the going concern basis which contemplates the continuity of business activities and the realisation of assets and the payment of liabilities in the normal course of business.

Whilst the EBITDA loss excluding impairment charges was $5.6m, a net loss for the year of $33.5m and there is a net asset deficiency of $50.7m management have made significant changes to the business which is expected to result in improved results going forward. These include:

- An improved debt structure through the permanent reduction of $36m in bank debt by way of a debt forgiveness subsequent to year end
- Raising further capital of $8.2 million subsequent to year end
- Changes in the management structure
- Continued focus on cost management
- Sale of the international business which was completed subsequent to year end

The ability for the Group to continue as a going concern is dependent upon the following factors:

- Achievement of improved financial results through normal trading and the achievement of budgeted results.
- Continued support of creditors and customers through appropriate trading terms as well as the NAB (National Australia bank).

If these matters are not achieved, there may be uncertainty as to whether the Group will continue as a going concern and, therefore, whether it will realise its assets and settle its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that the Group will be able to achieve the required results and are satisfied the Group will continue as a going concern. Accordingly, the financial report has been prepared on a going concern basis.

Reporting basis and conventions

The preliminary final report has been prepared on an accrual basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which fair value accounting has been applied.

NOTE 2: Segment information

Based on the reports reviewed by the Chief Executive Officer to make strategic and operating decisions, management has determined that the Group has one operating segment.

Geographical Information

The Group operates in two principal geographical areas (excluding discontinued operations) – Australia and Hong Kong. The Group's revenue from external customers and information by geographical location is as follows:

	Revenue from External Customers		**Non-Current Assets(i)**	
		Restated		**Restated**
	Year ended	**Year ended**	**Year ended**	**Year ended**
Revenue from External Customers	**31-Jul-17**	**31-Jul-16**	**31-Jul-17**	**31-Jul-16**
	$'000	**$'000**	**$'000**	**$'000**
Australia	**45,059**	68,457	**4,773**	22,046
Hong Kong	**10,648**	20,431	**-**	1,270
	55,707	88,888	**4,773**	23,337

Information about major customers

Included in revenues of Australia of $45,059,000 are revenues of approximately $34,344,000 (2016: $56,806,000), which arose from sales to that region's four largest customers.

Included in the revenues of Hong Kong $10,649,000 are revenues of approximately $5,243,000 (2016: $8,184,000), which arose from sales to that regions four largest customers.

Information about products and services

The Group generates all of their revenue from the sale of consumer products (toys,sporting, confectionery, apparel and lifestyle products).

NOTE 3: Discontinued operations

USA Operation

After an extensive review, slower than anticipated sales growth and with regards to the costs incurred with servicing the USA market it was decided to close the USA operation in September 2016 and service the existing customer base from the Head Office in Australia.

Madman and Wellington Rd

The Losses resulting from Madman arose from the write-off of the amount receivable and legal costs arising out of the dispute around working capital and warranty claims that were settled in January 2017. The losses from Wellington Rd are the result of make good claims from the Landlord at the expiration of the lease agreement. The Wellington Rd property was a property previously used by Madman and sub-let in 2010. The Company has provided the full amount claimed by the Landlord, and is currently assessing its legal position around this claim.

Results of discontinued operation	**Year ended 31 July 2016 $'000**	**Year ended 31 July 2016 Restated $'000**
Revenue	**1,046**	1,976
Expenses	**(4,825)**	(5,233)
Loss before tax	**(3,779)**	(3,257)
Attributable income tax expense	**-**	-
Result from operating activities, net of tax	**(3,779)**	(3,257)
Comprising:		
Discontinued operation – USA	**(1,959)**	(2,836)
Discontinued operation – Madman & Wellington Rd	**(1,820)**	(421)
Loss for the year from discontinued operations	**(3,779)**	(3,257)
Basic loss per share (cents per share)	**(0.53)**	(0.48)
Diluted loss per share (cents per share)	**(0.53)**	(0.48)

NOTE 4: Revenue

	Year ended 31 July 2017 $'000	Year ended 31 July 2016 Restated $'000
Revenue from the sale of goods		
Gross revenue	**60,234**	96,231
Less settlement discounts and rebates	**(4,986)**	(7,899)
	55,248	88,332
Other	**459**	556
	55,707	88,888

NOTE 5: Income tax

	Year ended 31 July 2017 $'000	Year ended 31 July 2016 $'000
(a) Income tax expense relating to continuing operations		
Tax expense comprises:		
Current tax expense in respect of the current year	**117**	99
Adjustments recognised in the current year in relation to the current tax expense of prior years	**-**	-
	117	99
Deferred tax expense comprises:		
Effect of reversal of previously recognised and unused tax losses	**-**	2,177
Deferred tax (benefit) expense relating to the origination and reversal of temporary differences	**1,573**	(768)
	-	-
Deferred tax reclassified from equity to profit or loss	**-**	25
Total tax expense relating to continuing operations	**1,690**	1,533

Tax Losses and temporary differences

As at 31 July 2017 the Australian Group has carried forward revenue tax losses of approximately $97,527,433 (2016: $86,363,306). As at 31 July 2017 a deferred tax asset of $nil (2016: $nil) has been booked relating to revenue tax losses and deferred assets relating to temporary differences of $nil (2016: $nil). The Company made losses in the current and previous reporting period. Following the assessment of the probability of recovery, having considered forecast future taxable income and current tax legislation with respect to carrying forward revenue tax losses and temporary differences, the full balance of tax losses available at 31 July 2017 of $97,527,433 and net deferred tax asset of $1,556,000 have not been booked as a deferred tax asset in these financial statements.

NOTE 6: Cash

For the purposes of the statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the Statement of Financial Position as follows:

	Year ended 31 July 2017 $'000	Year ended 31 July 2016 $'000
Cash and cash equivalents	**664**	764

NOTE 7: Current Assets – Trade and Other Receivables

	Year ended 31 July 2017 $'000	Year ended 31 July 2016 $'000
Trade receivables	**3,470**	9,989
Allowance for doubtful debts	**(23)**	(30)
Allowance for credit notes, rebates & settlement discounts	**(1,265)**	(1,852)
	2,182	8,107
Other receivables	**350**	577
Total Current Receivables	**2,532**	8,684

NOTE 8: Current assets – Inventories

	Year ended 31 July 2017 $'000	Year ended 31 July 2016 $'000
Stock at NRV	**660**	1,898
Stock at cost	**6,350**	8,442
Finished goods	**7,010**	10,340

NOTE 9: Other Assets

	Note	Year ended 31 July 2017 $'000	Year ended 31 July 2016 $'000
Current other assets			
Prepaid royalties		**197**	118
Prepayments		**550**	601
Prepaid inventory		**1,997**	1,393
Other		**0**	75
		2,744	2,187
Other non-current assets			
Product development costs		**29**	194
		29	194

NOTE 10: Assets held for sale

On 31st July 2017, an agreement was entered to sell a segment of the International business for $2.1 million AUD by way of a management buy-out to key personnel based in Hong Kong. This transaction subsequently settled on 7th September 2017.

	Year ended 31 July 2017 $'000	Year ended 31 July 2016 $'000
Current assets		
Receivables	**67**	-
Inventories	**86**	-
Other Assets	**591**	-
Non-current assets		
Property, Plant & Equipment	**661**	-
Trademarks & Registrations	**124**	-
Other	**124**	-
Assets classified as held for sale	**1,653**	-
Current Liabilities		
Payables	**1,816**	-
Provisions	**79**	-
Liabilities classified as held for sale	**1,895**	-

NOTE 11: Non-current assets – Plant and equipment

	Year ended 31 July 2017 $'000	Year ended 31 July 2016 $'000
Plant and equipment – at cost	**4,332**	4,673
Less: accumulated depreciation	**(3,875)**	(3,345)
	457	1,328
Leasehold improvements – at cost	**1,141**	1,485
Less: accumulated amortisation	**(1,141)**	(1,358)
	-	127
	457	1,455

NOTE 12: Non-current assets – Goodwill

	31 July 2017 $'000	31 July 2016 $'000
Carrying Amount		
Balance at the beginning of financial year	**14,163**	14,163
Impairment losses for the year	**(14,163)**	-
Balance at the end of financial year	**-**	14,163

Assessment of carrying amount

As a result of the assessment of the carrying amount and the significant restructuring of the business, the Directors determined that full impairment of goodwill is appropriate.

Notes to the Financial Statements

Note 13: **Non-current Assets – Other Intangibles**

	Year ended 31 July 2017 $'000	Year ended 31 July 2016 $'000
Brand names	**1,015**	1,015
Accumulated amortisation and impairment	**(334)**	(290)
	681	725
Software costs	**6,214**	5,846
Accumulated amortisation and impairment	**(5,695)**	(5,579)
	519	267
Chill Factor – Trademarks and patents	**10,423**	10,423
Accumulated amortisation and impairment	**(9,666)**	(6,681)
	757	3,742
Licenses, trademarks, distribution agreements & supplier relationships	**10,945**	10,924
Accumulated amortisation and impairment	**(8,615)**	(8,134)
	2,330	2,790
	4,287	7,524

As impairment indicators were present for intangible assets, AASB136 required performance of an impairment assessment of the various other intangibles. This has been performed, based on the royalty relief method by applying a market related royalty rate to the expected future sales and terminal growth rate, which is a level three valuation in the fair value hierarchy. Projected sales were calculated based on approved FY2018 budget and management's view of longer term performance expectations. The estimated product life cycle was included in the calculation.

Outcome of assessment

Failure to meet budgeted performance expectations in FY17 and a re-assessment of future performance expectations resulted in an impairment charge of $2,981,000 to the intangibles. (FY16 $6,424,000)

NOTE 14: **Borrowings**

Secured – at amortised cost	Year ended 31 July 2017 $'000	Year ended 31 July 2016 $'000
Current		
Finance lease liabilities	-	23
Trade finance	**6,294**	17,233
Overdraft	**18,303**	3,694
Interest bearing liabilities (excluding Bill finance) (i)	**24,597**	20,950
Bill finance (i)	**27,965**	27,965
Total Current	**52,561**	48,915

Subsequent to the end of the financial year a significant restructuring of the bank debt was completed resulting the overall debt being reduced by $36 million by way of a debt forgiveness.

(i) Although the Company's facilities with National Australia Bank (excluding Overdraft facility which expires in June 2018) do not expire until November 2018, they have been classified as current in accordance with accounting standards as there is a review in November 2017. The bill finance of $27,965,000 would otherwise have been classified as long term.

Notes to the Financial Statements

NOTE 15: Other Liabilities

	Note	Year ended 31 July 2017 $'000	Year ended 31 July 2016 $'000
Current			
Accrued royalties		**1,652**	1,310
GST payable		**21**	123
Lease incentives		**-**	91
Payroll accruals		**77**	70
Other creditors		**75**	238
Other accrued expenses		**3,018**	1,441
Accrued revenue / Sales Deposits		**574**	479
Total Current		**5,417**	3,752
Non-current			
Lease incentives		**101**	165
Total Non-current		**101**	165

NOTE 16: Issued Capital

Group	**Year ended 31 July 2017 $'000**	**Year ended 31 July 2016 $'000**
Share Capital		
723,286,390 fully paid ordinary shares (2016: 723,286,390)	**209,483**	209,483

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

	31-Jul-17		**31-Jul-16**	
Details	**Number of Shares**	**Share Capital $'000**	**Number of Shares**	**Share Capital $'000**
Movements in Ordinary Share Capital				
Opening balance	**762,234,723**	**209,483**	686,369,723	208,402
ESLS 1 cancellations	**(200,000)**	**-**	-	-
ESLS 2 cancellations	**(1,000,000)**	**-**	-	-
ESLS 3 cancelations	**(3,600,000)**	**-**	(13,500,000)	-
ESLS 4 cancelations	**(4,840,000)**	**-**	(995,000)	(30)
ESLS 5 cancelations	**(15,500,000)**	**-**	-	-
Unlisted options	**(6,333,333)**	**-**		
Shares issued under ESLS 4 19th October 2015	**-**	**-**	9,110,000	-
Shares issued under ESLS 5 23rd December2015	**-**	**-**	18,800,000	-
Shares issued as part of the Institutional Placement (net of share issue costs)	**-**	**-**	62,450,000	1,111
Closing balance	**730,761,390**	**209,483**	762,234,723	209,483
Treasury Shares (ESLS)	**(7,475,000)**	**-**	(38,948,333)	-
	723,286,390	**209,483**	723,286,390	209,483

Capital Raising

Post Balance date the company undertook a capital raising of $8.2 million comprising of a pro-rata renounceable Entitlement Offer, underwritten by Institutional and private Investors. The funds raised will go towards the reduction of short term interim funding from NAB which was advanced to the Company whilst it completed the Capital Raising and Debt Restructure, and additional working capital for the Company.

Notes to the Financial Statements

NOTE 17: Earnings per share

	31 July 2017 Cents per share	**31 July 2016 Restated Cents Per share**
Basic loss per share		
From continuing operations	**(4.10)**	(3.04)
From discontinued operations	**(0.53)**	(0.48)
Total Earnings per share	**(4.63)**	(3.52)
Diluted loss per share		
From continuing operations	**(4.10)**	(3.04)
From discontinued operations	**(0.53)**	(0.48)
Total loss per share	**(4.63)**	(3.52)

Basic earnings per share calculation:

	31 July 2017 $'000	**31 July 2016 Restated $'000**
Net loss after tax for the year – continuing operations	**(29,687)**	(20,597)
Net loss after tax for the year – discontinued operations	**(3,779)**	(3,257)
Loss used in the calculation of total basic EPS	**(33,466)**	(23,854)

	2017 No. '000	**2016 Restated No. '000**
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	**723,286**	676,988
Diluted earnings per share calculation:		
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	**723,286**	676,988
Add: Shares deemed to be issued for no consideration in respect of:		
Employee Share Loan Scheme	**-**	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**723,286**	676,988

(i) The potential shares relating to the Employee Share Loan Scheme are anti-dilutive and therefore excluded from the weighted average number of potential ordinary shares.

NOTE 18: Dividends on equity instruments

There were no dividends declared or paid during the financial year (2016: nil). The franking account balance at 31 July 2017 is $19,302 (2016: $19,302).

Notes to the Financial Statements

NOTE 19: Subsidiaries		**Equity Holding**	
		Year ended	**Year ended**
	Country of	**31 July 2016**	**31 July 2015**
Name of Entity	**Incorporation**	**%**	**%**
Company			
Funtastic Limited[(i), (iii)]	Australia	100	100
Subsidiaries			
JNH Australia Pty Limited[(ii), (iii)]	Australia	100	100
Fun International Limited	Hong Kong	100	100
Funtastic International Limited	Hong Kong	100	100
Funtastic (NZ) Pty Limited[(ii), (iii)]	Australia	100	100
Dorcy Irwin Pacific Pty Limited[(iii)]	Australia	100	100
Funtastic Employee Share Loan Scheme Trust[(iv)]	Australia	100	100
Dorcy Investments Pty Limited[(iii)]	Australia	100	100
Irwin Pacific Pty Limited[(ii)]	Australia	100	100
Dorcy NZ Pty Limited[(v)]	New Zealand	50	50
Funtastic USA Pty Limited (formerly Judius Pty Limited)[(ii), (iii)]	Australia	100	100
Funtastic America Inc. (formerly My Paint Box Inc.)	USA	100	100
NSR (HK) Limited[(iii)]	Hong Kong	100	100
Safety Products International Pty Limited[(ii), (v)]	Australia	100	100
Chill Factor Global Pty Limited[(ii), (iii)]	Australia	100	100
Hydro-Turbine Developments Pty Limited[(ii), (iii)]	Australia	100	100
Fun Toy Products Consulting (Shenzhen) Company Limited	China	100	100

(i) Funtastic Limited is the head entity within the tax consolidated Group

(ii) These companies are members of the tax consolidated Group

(iii) These wholly-owned subsidiaries have entered into a deed of cross guarantee with Funtastic Limited pursuant to ASIC Class Order 98/1418 and are relieved from the requirement to prepare and lodge an audited financial report. The subsidiaries became a party to the deed of cross guarantee on 23 July 2008.

(iv) During 2013 the Board established the Funtastic Employee Share Loan Scheme Trust for the purpose of purchasing and holding shares on behalf of participants in accordance with ESLS Rules. The assets of the scheme are held separately from those of the Company and are administered by trustees appointed by the Company. The Trust is consolidated into the Group financial statements at each reporting date.

(v) The value attributed to the minority interest is $nil (2014: $nil).

NOTE 20: Subsequent Events

Sale of international – The sale of a significant segment of the International business by way of a management buyout was made on 31st July 2017 with settlement effected on 7th September 2017.

Bank debt restructure – After significant and lengthy negotiations, the Group completed a major restructuring of its debt facility with it bankers the National Australia Bank effective on 30th August 2017. The impact of this was a reduction of debt by $36 million by way of a debt forgiveness.

Capital raising –the company undertook a successful capital raising of $8.2 million which was completed on 20th September 2017.

The combination of the above and continued overhaul of the fixed cost base has significantly restructured and strengthened the groups balance sheet for the future.

NOTE 21: General Information

Funtastic limited (the Company) is a limited company incorporated in Australia.

Distribution of equity securities as at 29th September 2017.

Analysis of numbers of equity security holders by size of holdings:

	Ordinary Shares		
Range	**Holders**	**Options**	**Performance share rights**
1-1,000	693	-	-
1,001-5,000	1,112	-	-
5,001-10,000	504	-	-
10,001-100,000	819	-	-
100,001 and over	556	9	-
	3,684	**9**	**-**

	Twenty largest quoted equity security holders	**Shares**	**%**
1	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	280,993,966	11.561%
2	G HARVEY NOMINEES PTY LTD <HARVEY 1995 DISCRETIONARY AC>	276,420,014	11.373%
3	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LTD <VFA A/C>	221,231,905	9.102%
4	PHILRENE PTY LTD <PHILRENE SUPER FUND A/C>	144,439,706	5.943%
5	KOOYONGKOOT PTY LIMITED <L MATHIESON FAMILY A/C>	97,398,724	4.007%
6	MRS ANNABEL JANE MACKENZIE	83,129,958	3.420%
7	JASZAC INVESTMENTS PTY LTD <JASON SOURASIS INVESTMNT A/C>	53,493,968	2.201%
8	BT PORTFOLIO SERVICES LIMITED <LPS INVESTMENT CO UNIT A/C>	51,800,000	2.131%
9	BELL POTTER NOMINEES LTD <BB NOMINEES A/C>	50,190,414	2.065%
10	MR SHANE FRANCIS TANNER & MS LISA JANE WHEELER <TANNER SUPER FUND A/C>	44,195,175	1.818%
11	MR STEVEN DOUGLAS LEIGHTON <THE S F & G FAMILY A/C>	40,000,000	1.646%
12	CITICORP NOMINEES PTY LIMITED	39,968,467	1.644%
13	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	37,528,971	1.544%
14	MR ANTON WHITEHEAD	36,871,984	1.517%
15	AET SFS PTY LTD <FUNTASTIC ESLP A/C>	29,925,000	1.231%
16	HEATH NOMINEES (AUST) PTY LTD <THE HEATH FAMILY A/C>	28,746,554	1.183%
17	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	28,679,559	1.180%
18	PIZ BY PIZ PTY LTD	27,853,448	1.146%
19	B4 SNOW PTY LTD <B4 SNOW SUPER FUND A/C>	25,000,000	1.029%
20	VISION TECH NOMINEES PTY LTD	24,000,000	0.987%

Unquoted equity securities	**Number on Issue**	**Number of holders**
Options issued under the Employee Share Loan Plan	7,475,000	9

Voting Rights

The voting rights attaching to each class of equity securities are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options and Performance Share Rights

No voting rights.