



Appendix 4E (rule 4.3A) – Preliminary Final Report for the year ended 31 July 2018

Name of Entity:	Funtastic Limited
ABN:	94 063 886 199
Current Financial Period Ended:	Year ended 31 July 2018
Previous Corresponding Reporting Period:	Year ended 31 July 2017

Results for Announcement to the Market

	\$ '000	Up/Down	% Movement
Revenue from ordinary activities from continuing operations	41,748	Down	-25%
Net profit/(loss) from ordinary activities before tax from continuing operations	28,002	Up	-200%
Net profit/(loss) from ordinary activities after tax from continuing operations	28,167	Up	-195%
Net profit/(loss) from ordinary activities after tax from discontinued operations	91	Up	-102%
Net profit/(loss) from ordinary activities after tax from continuing and discontinued operations (all attributable to members of Funtastic Limited)	28,258	Up	n/a
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		Jul-2018	Jul-2017
Net tangible assets per security		(13.07) cents	(7.53) cents
Other information			
This report is based on the consolidated financial statements which are in the process of being audited by Grant Thornton Audit Pty Ltd.			
Further details regarding the results above can be found in the attached announcement.			

28th September 2018

Funtastic Limited

ABN 94 063 886 199

Preliminary Final Report

Announcement of results for the year ended 31 July 2018

Funtastic Limited (ASX: FUN) today released its preliminary results for the year ended 31 July 2018, with reported preliminary net profit after tax (NPAT) from continuing operations of \$28.2m (unaudited). This compares to the previous years' result of a net loss of \$29.7m.

Funtastic's operating EBITDA is \$2.5m, in line with the guidance previously released to the ASX.

Key Financials AUD 'm	FY18	FY17	% Change
Revenue	41.7	55.7	-25.0%
EBITDA	31.5	(22.8)	-238.1%
Profit/(Loss) before Tax	28.0	(28.0)	-200.0%
Net profit/(loss) after tax	28.2	(29.7)	-194.8%
Basic EPS (cents)	32.5	(102.5)	-131.7%
Dividend per share (cents)	N/A	N/A	
ROE ¹	28.98%	-15.98%	45.0%
Net Debt (\$m)	14.3	51.9	-72.5%
Gearing ²	(1.83)	(1.02)	79.7%

1 - NPAT/average shareholder equity;

2 - Net debt/shareholder equity;

Reconciliation of Statutory EBITDA to Operating EBITDA

	\$'000
Statutory EBITDA of continuing operations	31,490
Bank Debt Forgiveness net of costs	(35,003)
Impairment of intangible assets	1,951
Redundancy and restructuring costs	1,941
Impairment of contingent assets	1,312
Non-recurring significant legal costs	596
Provision for inventory to be returned to supplier	225
Operating EBITDA	2,512

The Period in Review

The financial year ended 31 July 2018 was a year of significant change and turnaround for Funtastic with the business returning to profitability following several loss-making years. The strategic plan outlined at the beginning of the year has begun to deliver the sustainable revenue and profitability growth that it has been designed to do. The review of the cost base has delivered significant savings and there will remain an ongoing focus of minimising both fixed and variable costs. The implementation of improved, disciplined business processes combined with enhanced commercial acumen has begun to streamline the product range and will drive ongoing margin improvements. A focus on developing long term supply partnerships and reducing dependence on transactional opportunities has led to the business being awarded a number of significant licensing opportunities.

Highlights for the year ended 31 July 2018 included:

- A return to profitability with operating FY18 EBITDA of \$2.5m, \$8.1m higher than FY17 operating EBITDA loss of (\$5.6m).
- The completion of the sale of a segment of the previously loss-making international business for \$2.1m, reducing fixed costs and significantly improving cashflows.
- Completion of a fixed cost review that has delivered an ongoing reduction in fixed overheads by \$2.0m.
- Completion of the transition to a variable logistics model that has delivered cost savings of \$1.2m per annum.
- Securing the Toy Story 4 licensing rights for Australia and New Zealand, a major achievement that has positioned the company within the top 150 licensing companies globally, building on the foundation of other major licenses such as JoJo Siwa, Paw Patrol, LOL and others.
- A restructuring of debt facilities was completed in the first half of FY18, reducing debt by \$36.0m.
- A successful capital raising of \$8.4m was completed in September 2017. Together with the debt reduction noted above the Company's balance sheet was significantly strengthened.

Post balance date events:

- Post balance date, a further restructuring of debt facilities was announced and is expected to be completed in mid-October 2018. Additionally, an \$8.2m capital raising via a placement and entitlement offer was announced and this is also expected to be completed in mid-October 2018. The debt restructure and capital raising together will return the Company to a positive net asset position and the balance sheet is equipped for future growth.

The Board's key strategies for FY19 performance include:

1. Ongoing enhancement of the licencing portfolio, building on key relationships
2. Development and growth of our own brands
3. Capitalising on emerging technologies and trends
4. Further improvement of cash management disciplines, driving balance sheet strength
5. Continual investment in our people, culture and leadership

Outlook

Funtastic expects the following business outlook for FY19:

- Funtastic sells, markets and distributes products within the Toy, Apparel, Tech and Confectionery categories. These categories remain relevant and valued by both major and specialty retailers. All categories are profitable with Toys, dominated by one off transactions, being our largest strategic challenge.
- Funtastic has secured the licensing rights for Toy Story 4 and will continue to seek other licensing opportunities, building on its foundation of the licenses for JoJo Siwa, Paw Patrol, LOL and others.
- Funtastic has secured the Australia/New Zealand distribution rights for Pai International and Learning Resources as the company expands its consumer offering into the learning and STEM¹ categories.
- The Australian e-commerce and speciality channels are poised for growth as consumer purchasing behaviour evolves. Funtastic has resourced and positioned itself to maximise growth from this opportunity.
- Opportunities to develop and grow own brands (Pillow Pets, Chill factor and Floaties) both domestically and internationally continue to be pursued. Improved distribution and consumption opportunities exist in brands such as Razor, Beacon, JoJo, LOL Accessories and Orbeez.
- Divestment, refinancing and successful implementation of a lower cost structure have positioned the business to accelerate growth initiatives.
- Funtastic will continue to build on its strong customer and supplier relationships and sourcing competency.
- The Company expects to build on its return to profitability in FY18 and deliver further growth and profitability in FY19.

1 – Science, Technology, Engineering, Maths

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. Given the post balance date debt restructuring and capital raising currently taking place, the directors are satisfied that the Company will continue as a going concern.

Consolidated Statement of Profit or Loss and other Comprehensive Income for the year ended 31 July 2018

	Note	31-Jul-18 \$'000	31-Jul-17 \$'000
Revenue	4	41,748	55,707
Cost of Goods Sold		(26,717)	(38,797)
Gross profit		15,031	16,910
Investment Income		2	439
Warehouse and Distribution Expenses		(3,272)	(3,964)
Marketing and Selling Expenses		(1,150)	(6,345)
Administration Expenses		(12,299)	(12,689)
Bank Forgiveness		35,003	-
Profit on sale of subsidiary		126	-
Impairment of Goodwill and Intangible Assets		(1,951)	(17,144)
Earnings before interest, taxation, amortisation and depreciation (EBITDA)		31,490	(22,793)
Finance Costs		(1,917)	(3,559)
Depreciation and Amortisation Expenses		(1,571)	(1,645)
Profit/(Loss) before income tax		28,002	(27,997)
Income tax (expense)/benefit	5	165	(1,690)
Profit/(Loss) for the period from continuing operations		28,167	(29,687)
Discontinued operations			
Profit/(Loss) from Discontinued Operations	3	91	(3,779)
Profit/(Loss) for the year		28,258	(33,466)
Other comprehensive income (net of tax)			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(122)	212
Gain on cash flow hedges taken to equity		88	131
Other comprehensive income/(loss) for the year (net of tax)		(34)	343
Total comprehensive income/(loss) for the year attributable to the members of Funtastic		28,224	(33,123)
Earnings per share			
Basic earnings per share (cents per share)		32.60	(115.75)
Diluted earnings per share (cents per share)		31.64	(115.75)
Earnings per share - continuing operations			
Basic earnings per share (cents per share)		32.49	(102.50)
Diluted earnings per share (cents per share)		31.54	(102.50)

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 2018

	Note	31-Jul-18 \$'000	31-Jul-17 \$'000
Current Assets			
Cash	6	718	664
Receivables	7	2,932	2,532
Inventories	8	5,305	7,010
Tax Receivable		133	-
Other Assets	9	1,414	2,744
Assets classified as held for sale	10	-	1,653
Total Current Assets		10,502	14,603
Non-Current Assets			
Property, Plant and Equipment	11	156	457
Goodwill	12	-	-
Other Intangibles	13	976	4,287
Other Assets	9	241	29
Total Non-Current Assets		1,373	4,773
Total Assets		11,875	19,376
Current Liabilities			
Payables		3,834	9,213
Interest Bearing Liabilities (excluding Bill Finance)	14	18,129	24,597
Bill Finance	14	2,000	27,965
Provisions		457	671
Tax Liabilities		-	117
Other Financial Liabilities		-	87
Other Liabilities	15	1,625	5,417
Liabilities classified as held for sale	10	-	1,895
Total Current Liabilities		26,045	69,962
Non-Current Liabilities			
Provisions		21	27
Provision for Deferred Tax Liabilities		-	-
Other Liabilities	15	75	101
Total Non-Current Liabilities		96	128
Total Liabilities		26,141	70,090
Net Liabilities		(14,267)	(50,714)
Equity			
Issued capital	16	217,400	209,483
Accumulated Losses		(231,369)	(259,727)
Reserves		(297)	(470)
Total Deficiency		(14,266)	(50,714)

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 2018

	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 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 sharebased payments	-	-	-	(493)	-	(493)
Transfer of sharebased payments	-	1,643	-	(1,643)	-	-
Balance at 31 July 2017	209,483	(259,727)	(499)	117	(88)	(50,714)
Profit for the year	-	28,258	-	-	-	28,258
Other comprehensive income	-	-	(122)	-	88	(34)
Total comprehensive profit	-	28,258	(122)	-	88	28,224
Issue of ordinary shares	7,917	-	-	-	-	7,917
Recognition of sharebased payments	-	-	-	307	-	307
Transfer of sharebased payments/expenses	-	100	-	(100)	-	0
Balance at 31 July 2018	217,400	(231,369)	(621)	324	-	(14,266)

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

Consolidated Statement of Cashflows for the year ended 31 July 2018

	Note	Year ended 31-Jul-18 \$'000	Year ended 31-Jul-17 \$'000
Cash Flows from Operating Activities			
Receipts from customers		46,463	61,731
Payments to suppliers and employees		(52,147)	(60,897)
Cash (utilised)/generated from operations		(5,684)	834
Income taxes refunded/(paid)		49	(25)
Interest and other costs of finance paid		(1,917)	(3,559)
Net cash outflow from operating activities		(7,552)	(2,750)
Cash Flows from Investing Activities			
Interest and other investment income received		2	439
Payments for plant and equipment		(145)	(888)
Payments for other intangible assets		(281)	(540)
Proceeds from sale of plant and equipment		-	-
Proceeds from sale of International		126	-
Net cash outflow from investing activities		(298)	(989)
Cash Flows from Financing Activities			
Proceeds from borrowings		-	3,647
Proceeds from share issue		8,355	-
Costs from share issue		(438)	-
Net cash inflow from financing activities		7,917	3,647
Net increase/(decrease) in Cash Held		67	(92)
Cash and cash equivalents at the beginning of the year		664	764
Effects of exchange rate changes on the balance of cash held in foreign currencies		(13)	(8)
Cash and cash equivalents at the end of the year	6	718	664

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.

The profit for the period from continuing operations is \$28,167,000.

The net asset deficiency as at 31st July 2018 of \$14,266,000 is in the process of being addressed post balance sheet date with the announcement of a full and final settlement of the NAB bank debt (subject to a debt repayment of approximately \$5,000,000 and other obligations) funded by a proposed capital raising that is expected to be completed in mid-October 2018.

Funtastic is now well positioned to deliver improved results in future years.

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

- Sustaining the improved financial results through normal trading and achieving budgeted results
- Continued support of creditors and customers through appropriate trading terms

The directors believe that the Group will be able to achieve the improved results and are satisfied that 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, financial assets and financial liabilities for which fair value accounting has been applied.

Notes to the Financial Statements

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 – Australia/NZ and Rest of the world. The Group's revenue from external customers and information by geographical location is as follows:

	Revenue from External Customers		Non-Current Assets	
	Year ended 31-Jul-18 \$'000	Year ended 31-Jul-17 \$'000	Year ended 31-Jul-18 \$'000	Year ended 31-Jul-17 \$'000
Australia/NZ	40,839	45,059	1,373	4,698
Rest of the world	909	10,648	-	75
	41,748	55,707	1,373	4,773

Information about major customers

Included in revenues of Australia of \$40,839,000 are revenues of approximately \$27,104,000 (2017: \$34,344,000), which arose from sales to that region's 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).

Notes to the Financial Statements

NOTE 3: Discontinued operations

	Year ended 31 July 2018 \$'000	Year ended 31-Jul-17 \$'000
Results of discontinued operation		
Revenue	279	1,046
Expenses	(188)	(4,825)
Profit/(Loss) before tax	91	(3,779)
Attributable income tax expense	-	-
Result from operating activities, net of tax	91	(3,779)
Comprising:		
Discontinued operation – USA	(80)	(1,959)
Discontinued operation – Madman & Wellington Rd	171	(1,820)
Profit/(Loss) for the year from discontinued operations	91	(3,779)
Basic Profit/(Loss) per share (cents per share)	0.11	(0.53)
Diluted Profit/(Loss) per share (cents per share)	0.10	(0.53)

NOTE 4: Revenue

	Year ended 31-Jul-18 \$'000	Year ended 31-Jul-17 \$'000
Revenue from the sale of goods		
Gross revenue	45,689	60,234
Less settlement discounts and rebates	(3,941)	(4,986)
	41,748	55,248
Other	-	459
	41,748	55,707

Notes to the Financial Statements

NOTE 5: Income tax

	Year ended 31-Jul-18 \$'000	Year ended 31-Jul-17 \$'000
(a) Income tax expense/(benefit) relating to continuing operations		
Tax expense comprises:		
Current tax expense in respect of the current year	(528)	117
Adjustments recognised in the current year in relation to the current tax expense of prior years	(165)	-
	(693)	117
Deferred tax expense comprises:		
Deferred tax (benefit) expense relating to the origination and reversal of temporary differences	528	1,573
Total tax expense/(benefit) relating to continuing operations	(165)	1,690

Tax Losses and temporary differences

As at 31 July 2018 the Australian Group has carried forward revenue tax losses of approximately \$61,206,614 (2017: 97,527,433). As at 31 July 2018 a deferred tax asset of \$nil (2017: \$nil) has been booked relating to revenue tax losses and deferred assets relating to temporary differences of \$nil (2017: \$nil). The Company made losses in the 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 2018 of \$61,206,614 and net deferred tax asset relating to temporary difference of \$1,064,492 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-Jul-18 \$'000	Year ended 31-Jul-17 \$'000
Cash and cash equivalents	718	664

Notes to the Financial Statements

NOTE 7: Current Assets – Trade and Other Receivables

	Year ended 31-Jul-18 \$'000	Year ended 31-Jul-17 \$'000
Trade receivables	4,893	3,470
Allowance for doubtful debts	(1,898)	(23)
Allowance for credit notes, rebates & settlement discounts	(543)	(1,265)
	2,452	2,182
Other receivables	480	350
Total Current Receivables	2,932	2,532

NOTE 8: Current assets – Inventories

	Year ended 31-Jul-18 \$'000	Year ended 31-Jul-17 \$'000
Stock at cost	6,327	8,916
Obsolescence provision	(1,022)	(1,906)
Stock at Net Realisable Value	5,305	7,010

NOTE 9: Other Assets

Note	Year ended 31-Jul-18 \$'000	Year ended 31-Jul-17 \$'000
Current other assets		
Prepaid royalties	665	197
Prepayments	169	550
Prepaid inventory	580	1,997
	1,414	2,744
Other non-current assets		
Product development costs	241	29
	241	29

Notes to the Financial Statements

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. There are no assets held for sale on the 31st July 2018.

	Year ended 31-Jul-18 \$'000	Year ended 31-Jul-17 \$'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-Jul-18 \$'000	Year ended 31-Jul-17 \$'000
Plant and equipment – at cost	1,252	4,332
Less: accumulated depreciation	(1,110)	(3,875)
	142	457
Leasehold improvements – at cost	16	1,141
Less: accumulated amortisation	(2)	(1,141)
	14	-
	156	457

Notes to the Financial Statements

NOTE 12: Non-current assets – Goodwill

	Year ended 31-Jul-18 \$'000	Year ended 31-Jul-17 \$'000
Carrying Amount		
Balance at the beginning of financial year	-	14,163
Impairment losses for the year	-	(14,163)
Balance at the end of financial year	-	-

Assessment of carrying amount

In FY17 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 was appropriate.

Note 13: Non-current Assets – Other Intangibles

	Year ended 31-Jul-18 \$'000	Year ended 31-Jul-17 \$'000
Brand names	1,015	1,015
Accumulated amortisation and impairment	(1,015)	(334)
	-	681
Software costs	3,320	6,214
Accumulated amortisation and impairment	(3,042)	(5,695)
	278	519
Chill Factor – Trademarks and patents	10,423	10,423
Accumulated amortisation and impairment	(10,249)	(9,666)
	174	757
Licenses, trademarks, distribution agreements & supplier relationships	10,924	10,924
Accumulated amortisation and impairment	(10,400)	(8,594)
	524	2,330
	976	4,287

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 FY2019 budget and management's view of longer-term performance expectations. The estimated product life cycle was included in the calculation.

Notes to the Financial Statements

NOTE 14: Borrowings

	Year ended 31-Jul-18 \$'000	Year ended 31-Jul-17 \$'000
Secured – at amortised cost		
Current		
Trade finance	7,617	6,294
Overdraft	10,512	18,303
Interest bearing liabilities (excluding Bill finance)	18,129	24,597
Bill finance	2,000	27,965
Total Current	20,129	52,562

The Company's total facilities with National Australia Bank are under review as at the 30th September 2018, and therefore they have been classified as current in accordance with accounting standards.

NOTE 15: Other Liabilities

	Year ended 31-Jul-18 \$'000	Year ended 31-Jul-17 \$'000
Current		
Accrued royalties	244	1,652
GST payable	(24)	21
Payroll accruals	51	77
Other creditors	60	75
Other accrued expenses	1,294	3,018
Accrued revenue / Sales Deposits	-	574
Total Current	1,625	5,417
Non-current		
Lease incentives	75	101
Total Non-current	75	101

Notes to the Financial Statements

NOTE 16: Issued Capital

Share Capital	Year ended 31-Jul-18 \$'000	Year ended 31-Jul-17 \$'000
96,025,827 fully paid ordinary shares (2017: 723,286,390)	217,400	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.

	31/07/2018 Pre Consolidation		31/07/2018 Post Consolidation		31-Jul-17	
	Number of Shares	Share Capital \$'000	Number of Shares	Share Capital \$'000	Number of Shares	Share Capital \$'000
Movements in Ordinary Share Capital						
Opening balance	737,094,723	209,483	29,484,124	209,483	762,234,723	209,483
ESLS 1 cancellations	-	-	-	-	(200,000)	-
ESLS 2 cancellations	-	-	-	-	(1,000,000)	-
ESLS 3 cancelations	-	-	-	-	(3,600,000)	-
ESLS 4 cancelations	(400,000)	-	(16,000)	-	(4,840,000)	-
ESLS 5 cancelations	(7,075,000)	-	(283,000)	-	(15,500,000)	-
Capital Raise 19 Sep 17	1,670,998,391	7,917	66,840,703	7,917	-	-
Closing balance	2,400,618,114	217,400	96,025,827	217,400	737,094,723	209,483
Treasury Shares (ESLS)	-	-	-	-	(7,475,000)	-
	2,400,618,114	217,400	96,025,827	217,400	729,619,723	209,483

Notes to the Financial Statements

NOTE 17: Earnings per share

	31-Jul-18 Cents per share	31-Jul-17 Cents per share
Basic profit/(loss) per share		
From continuing operations	32.49	(102.50)
From discontinued operations	0.11	(13.25)
Total Earnings per share	32.60	(115.75)
Diluted profit/(loss) per share		
From continuing operations	31.54	(4.10)
From discontinued operations	0.10	(0.53)
Total profit/(loss) per share	31.64	(4.63)
Basic earnings per share calculation:	\$'000	\$'000
Net profit/(loss) after tax for the year – continuing operations	28,167	(29,687)
Net profit/(loss) after tax for the year – discontinued operations	91	(3,779)
Profit/(Loss) used in the calculation of total basic EPS	28,258	(33,466)
	No. '000	No. '000
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic profit/(loss) per share	86,686	723,286
Diluted earnings per share calculation:		
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic profit/(loss) per share	86,686	723,286
Add: Shares deemed to be issued for no consideration in respect of:		
Performance and service rights	2,623	
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	89,309	723,286

NOTE 18: Dividends on equity instruments

There were no dividends declared or paid during the financial year (2017: nil). The franking account balance at 31 July 2018 is \$19,302 (2017: \$19,302).

Notes to the Financial Statements

NOTE 19: Subsidiaries

Name of Entity	Country of Incorporation	Equity Holding	
		Year ended 31-Jul-18 %	Year ended 31-Jul-17 %
Company			
Funtastic Limited(i). (iii)	Australia	100	100
Subsidiaries			
JNH Australia Pty Limited (ii), (iii), (v)	Australia	100	100
Fun International Limited	Hong Kong	100	100
Funtastic International Limited	Hong Kong	-	100
Funtastic (NZ) Pty Limited (ii), (iii), (v)	Australia	100	100
Dorcy Irwin Pacific Pty Limited (iii), (v)	Australia	100	100
Funtastic Employee Share Loan Scheme Trust (iv)	Australia	100	100
Dorcy Investments Pty Limited (iii), (v)	Australia	100	100
Irwin Pacific Pty Limited (ii), (v)	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)	Australia	100	100
Chill Factor Global Pty Limited (ii), (iii)	Australia	100	100
Hydro-Turbine Developments Pty Limited (ii), (iii), (v)	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) Companies are in the process of a voluntary deregistration

NOTE 20: Subsequent Events

Bank debt restructure – The Company has been in negotiations with its Bankers, the National Australia Bank (NAB) regarding the future and structure of the bank debt. Thanks to the significant support of the NAB, who have been with the Company for many years, it was agreed on 7th September 2018 for a full and final settlement of all liabilities owing to NAB subject to the payment of approximately \$5.0 million and satisfactory completion of several other obligations. The reduction in financial indebtedness will total approximately \$21.3 million comprising a \$5.0 million repayment and a \$16.3 million debt forgiveness. The full impact of this was discussed in the recent Capital Raising documents announced to the ASX and will be included in the January 2019 half year accounts.

Capital raising – On 13th September 2018, the Company successfully completed a capital raising of \$1.2 million by way of a share placement to sophisticated and professional investors. An additional \$7.0 million is being raised by way of a 1 for 1 non-renounceable rights issue which is expected to be completed by the 9th October 2018.

The combination of the above events has significantly restructured and strengthened the Group's balance sheet which will further support the Group's profitability improvement and strategic initiatives moving forwards.

Notes to the Financial Statements

NOTE 21: General Information

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

Distribution of equity securities as at 24th September 2018.

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

Range	Ordinary Shares		
	Holders	Options	Performance share rights
1-1,000	2646	-	-
1,001-5,000	397	-	-
5,001-10,000	165	-	-
10,001-100,000	234	-	-
100,001 and over	116	-	-
	3,558	-	-

Twenty largest quoted equity security holders		Shares	%
1	JASZAC INVESTMENTS PTY LTD <JASON SOURASIS INVESTMNT A/C>	13,766,880	11.808%
2	G HARVEY NOMINEES PTY LTD <HARVEY 1995 DISCRETIONARY AC>	11,056,801	9.484%
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	9,333,454	8.005%
4	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	6,642,088	5.697%
5	PHILRENE PTY LTD <PHILRENE SUPER FUND A/C>	5,777,589	4.956%
6	WATSON PROMOTIONS PTY LTD <WATSON FAMILY A/C>	5,000,000	4.289%
7	APES WITH WINGS PTY LTD <SALOM FAMILY 3 A/C>	4,200,000	3.602%
8	KOYONGKOOT PTY LIMITED <L MATHIESON FAMILY A/C>	3,895,949	3.342%
9	UBS NOMINEES PTY LTD	2,675,000	2.294%
10	MRS ANNABEL JANE MACKENZIE	2,392,500	2.052%
11	CITICORP NOMINEES PTY LIMITED	2,193,997	1.882%
12	BT PORTFOLIO SERVICES LIMITED <LPS INVESTMENT CO UNIT A/C>	2,172,000	1.863%
13	BELL POTTER NOMINEES LTD <BB NOMINEES A/C>	2,007,617	1.722%
14	MR SHANE FRANCIS TANNER & MS LISA JANE WHEELER <TANNER SUPER FUND A/C>	1,767,807	1.516%
15	BNP PARIBAS NOMINEES PTY LTD	1,678,000	1.439%
16	MR STEVEN DOUGLAS LEIGHTON <THE S F & G FAMILY A/C>	1,600,000	1.372%
17	VAWDREY NOMINEES PTY LTD <THE VAWDREY FAMILY ACCOUNT>	1,295,200	1.111%
18	GRACELITE PTY LTD <SIGSTON FAMILY A/C>	1,238,269	1.062%
19	HEATH NOMINEES (AUST) PTY LTD <THE HEATH FAMILY A/C>	1,149,863	0.986%
20	BT PORTFOLIO SERVICES LIMITED <JDZ INVESTMENTS A/C>	1,074,400	0.922%

Unquoted equity securities	Number on Issue	Number of holders
Options issued under the Employee Share Loan Plan	-	-

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.