27th February 2009

MEDIA ANNOUNCEMENT

RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2008

Funtastic Limited today announced its financial results.

Key factors for the year include the following:

- EBITA from continuing operations of $28.1 million
- Toy and Sporting business delivered a significant turnaround in profitability
- Net bank debt down to $67.1 million from $85.1 million
- Slow moving inventory almost halved from $22.6 million to $11.6 million
- Recent announcement of a potential capital raising of $22 million fully underwritten; the net proceeds of which will be used to reduce debt and fund a potential acquisition
- Significant one off expenditure and write-offs of $64.1 million after tax ($49.2 million non cash)

Please refer to the Appendix 4E for details

Operating results

Revenue from continuing operations was down by 2.6% for the year due to lower sales to the ABC Group (following its receivership). In addition, following a strategic review of the Softgoods business, the Board made the decision to withdraw from the low margin generic Apparel business. Toys and Sporting increased revenue by 6.6% from last year. The DVD and Interactive Entertainment business recorded a strong result with a 30% plus increase in revenue.

Gross profit percentage for the year increased despite increased clearance activity in the first part of the year as a result of better management of input costs and improved inventory management.

The Toy and Sporting business delivered on our objectives of "Returning Toys to Profitability" with an improvement in EBITA back to acceptable levels. This was achieved through improved execution at the retail level with a dedicated merchandising force; strong supply chain improvements in forecasting inventory levels; new controls and disciplines; and a significant increase in talent within the team.

Net cash flow from operating activities totalled $12.2 million (2007: $20.9 million) despite the non receipt of approximately $11.3 million as a result of the collapse of the ABC Group. Net bank debt decreased from $85.1 million to $67.1 million over the period.

Significant items

As a consequence of the current receivership of the ABC Group and the decision to restructure both the Judius Australia and My Paintbox USA businesses, the Board has made provisions and written down the carrying value of the intangible asset of the Judius business. Total ABC Group related provisions and write offs were pre tax $54.8 million ($36 million non cash). The Board also wrote down the carrying value of its Softgoods and Toys New Zealand business by $14.4 million (non cash) and has recognised other impairment charges of $13.7 million (non cash).

After taking into account tax, the total impact on Funtastic's after tax profit was $64.1 million, of which $49.2 million were non cash charges.

Subsequent Events

On 19 February, 2009 the Board announced a number of initiatives including the intention to complete a $22.0 million fully underwritten capital raising, the signing of a non-binding heads of agreement in relation to the potential acquisition of NSR (HK) Limited and senior management changes. The net proceeds will be used to fund the potential acquisition and retire debt.

The Board recently announced the appointment of Stewart Downs as the new Chief Executive Officer. Stewart was previously Group General Manager of Toys and Sporting and contributed to the turn around of this business back to profitability in 2008.

Funtastic Chairman Graeme Yeomans stated "*Following the actions taken by the Board; the recently announced proposed capital raising to repair the balance sheet; the proposed acquisition of NSR and the appointment of Stewart Downs as CEO, the company should be better placed to continue its turn around and provide a positive vision for future growth".*

For more information on Funtastic, visit the web site at www.funtastic.com.au and for comment contact Anna Kirby, Public Relations for Funtastic on 03 9486 9357.