

Full Year Results Presentation

to 31 December 2008



Agenda

1. FY2008 Results Review
2. FY2008 Financial Analysis
3. Capital Raising / NSR Acquisition
4. Business Portfolio
5. Questions



1. FY2008 Results Review

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2008 Full Year Result

- Reported Net Profit after tax (NPAT) was **\$(50.8)m** compared to 2007 of **\$5.2m**
- After taking into account tax, the total Significant items impact on Funtastic's after tax profit was **\$64.1m**, of which **\$49.2m** were non cash charges
- Earnings Before Interest Tax and Amortisation (EBITA) **\$30.4m** compared to 2007 of **\$22.1m**
- EBITA of **\$28.1m** for continuing businesses (ex Publishing) compared to 2007 of **\$22.9m**
- Revenue of **\$367.2m** in 2008 compared to **\$376.3m** in 2007
- Net Bank Debt was **\$67.1m** in 2008 which was **\$18.0m** lower than 2007
- Inventory was **\$56.0m** at the end 2008 compared to **\$53.5m** at the end of 2007.



2. FY2008 Financial Analysis

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2008 Full Year Result

| | Full Year | | | |
|---------------------------------------|-----------------|----------------|-----------------|---------------------|
| | 2008 | 2007 | Variance | |
| \$'000 | Actual | Actual | \$ | % |
| Revenue | | | | |
| Continuing operations | 366,501 | 376,279 | (9,778) | (2.6)% |
| Discontinued operations | 1,716 | 18,051 | (16,335) | (90.5)% |
| Group Revenue | 368,217 | 394,330 | (26,113) | (6.6)% |
| EBITA | | | | |
| Continuing operations | 28,051 | 28,953 | (902) | (3.1)% |
| Discontinued operations | 2,341 | (855) | 3,196 | >100.0% |
| EBITA before significant items | 30,392 | 28,098 | 2,294 | 8.2% |
| Significant items | (83,368) | (6,027) | (77,341) | >(100.0)% |
| Group EBITA | (52,976) | 22,071 | (75,047) | >(100.0)% |
| NPAT | (50,847) | 5,153 | (56,000) | >(100.0)% |
| Amortisation (after tax) | 1,720 | 3,643 | (1,923) | (52.8)% |
| NPAT (Before Amortisation) | (49,127) | 8,796 | (57,923) | >(100.0)% |



2008 Full Year Result

| Balance Sheet \$'000 | 2008 | 2007 |
|--|----------------|----------------|
| Current Assets | | |
| Cash | 5,769 | 2,726 |
| Receivables | 56,225 | 66,773 |
| Inventories | 55,982 | 53,469 |
| Other | 28,714 | 31,153 |
| Current tax assets | 2,109 | 6,231 |
| Other financial assets | - | 2,049 |
| Total Current Assets | 148,799 | 162,401 |
| Non-Current Assets | | |
| Property, plant and equipment | 6,019 | 7,167 |
| Goodwill | 97,634 | 112,481 |
| Other intangibles | 676 | 39,133 |
| Other assets | - | 6,100 |
| Deferred tax assets | 5,396 | 4,797 |
| Total Non-Current Assets | 109,725 | 169,678 |
| Total Assets | 258,524 | 332,079 |
| Current Liabilities | | |
| Trade payables | 22,571 | 18,203 |
| Borrowings | 23,463 | 37,779 |
| Provisions | 9,251 | 2,169 |
| Interest bearing deferred purchase consideration | 2,261 | 2,400 |
| Other liabilities | 23,067 | 24,683 |
| Other financial liabilities | 2,305 | - |
| Total Current Liabilities | 82,918 | 85,234 |
| Non-Current Liabilities | | |
| Borrowings | 49,370 | 50,000 |
| Provisions | 903 | 950 |
| Deferred tax liabilities | 9,083 | 22,517 |
| Interest bearing deferred purchase consideration | 4,469 | 6,705 |
| Total Non-Current Liabilities | 63,825 | 80,172 |
| Total Liabilities | 146,743 | 165,406 |
| Net Assets | 111,781 | 166,673 |
| Net Bank Debt | 67,064 | 85,053 |



2008 Full Year Result – Cash Flow

| Statement of Cash Flows \$'000 | 2008 | 2007 |
|---|-----------------|-----------------|
| Cash Flows from Operating Activities | | |
| Receipts from customers (inclusive of GST) | 416,362 | 430,769 |
| Payments to suppliers and employees (inclusive of GST) | (399,643) | (397,308) |
| Receipts from customers less payments to suppliers and employees | 16,719 | 33,461 |
| Income taxes paid | 3,872 | (4,004) |
| Interest and other costs of finance paid | (8,379) | (8,574) |
| Net Cash Inflow / (Outflow) from Operating Activities | 12,212 | 20,883 |
| Cash Flows from Investing Activities | | |
| Interest received | 416 | 231 |
| Payments for acquisition of businesses | (2,751) | (7,613) |
| Payments for property, plant and equipment | (2,169) | (2,331) |
| Payments from sale of property, plant and equipment | 90 | 30 |
| Proceeds from sale of business | 10,178 | - |
| Net Cash Inflow / (Outflow) from Investing Activities | 5,764 | (9,683) |
| Cash Flows from Financing Activities | | |
| Dividends paid | - | 8,709 |
| Proceeds from issue of shares | - | 614 |
| Repayment of borrowings | (14,947) | (2,911) |
| Repayment of hire purchase liabilities | - | (469) |
| Net Cash (Outflow) from Financing Activities | (14,947) | (11,475) |
| Net Increase / (decrease) in Cash Held | 3,029 | (275) |
| Cash and cash equivalents at the beginning of the year | 2,726 | 3,025 |
| Effect of exchange rate changes on cash held in foreign currencies | 14 | (24) |
| Cash and cash equivalents at the end of the year | 5,769 | 2,726 |



3. Capital Raising \ NSR Acquisition



Capital Raising

- Significant step in Funtastic's ongoing restructuring program
- \$22 million fully underwritten by interests associated with Craig Mathieson
- Non-renounceable rights issue to eligible shareholders on a 1:1 basis at 13.5 cents per share
- Proceeds will reduce debt and repair the balance sheet following previously announced write downs
- Subject to finalisation of underwriting arrangements and conditional on binding agreements in the proposed NSR Acquisition.
- Shareholder approval will be sought at AGM



NSR Acquisition

- Non-binding heads of agreement to purchase NSR (HK) Limited from interests associated with Nir Pizmony, a previous Director of Funtastic
- NSR is based in HK with a global business in design and manufacture of licensed and non-licensed products particularly in the novelty and role play segments
- Licences include Ben 10, Bakugan, In the Night Garden, various Disney properties and Noddy
- NSR year ending 31 December 2009 budgeted sales revenue is \$15 million, expecting to contribute \$2 million EBIT
- NSR has direct international relationships with key retailers including TRU International, Costco, Wal-Mart, Carrefour and Tesco
- Consideration for the NSR Transaction will be predominantly scrip based and will include a minimum of 10 million of Funtastic Shares at 13.5 cents, assumption of bank debt and payment of loans by Funtastic
- Agreement will contain an earn-out formula based on EBIT in 2009 and 2010
- Due Diligence will be undertaken and an Independent Experts Report provided
- Is pre-conditional on the capital raising proceeding



4. Business Portfolio

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TOYS - Turning Turned the corner!

- Returned to acceptable profitability
- Revenue up 6.6%
- #2 Toy Player 2008
- Started 2009 #1 Toy Player



The Toy Box is overflowing with exciting new things!!!!

News Flash!!
 Little Sunshine
 (Zapf Creation)
 wins European Toy of the
 Year Award at 2009
 Nuremberg Toy Fair!!!



Discovery
 CHANNEL

Scan! Learn! Collect!
 Discovery Channel's NEW Electronic Talking
 Encyclopedia launches this March!

My mini BABY born® is the new
 cheeky mini doll that can do anything!!!



TMNT 25th ANNIVERSARY!!!!

- 5th highest ranked Action Figure brand in AUS
- 29.3% growth by value YOY (GFK wk 7 2009, Total TMNT property)



STAR TREK THE MOVIE!

Join Spock and Kirk as they travel into space in the hugely anticipated Star Trek blockbuster! Star Trek in theatres May 7th 2009!!!



The Toy Box is overflowing with exciting new things!!!!



Let's get ready to read!

Following the HUGE success of 2008 Toy of the Year, Tag, LeapFrog is proud to introduce Tag Junior!

For toddlers aged 2-4 years, Tag Junior introduces phonics, words and story-telling. Available August 2009.

LeapFrog is up 16.2% by value YOY (GFK wk 7 2009, Total LeapFrog brand)



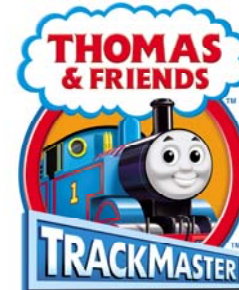
#1 Pre-School TV Series ABC in 2008!!

Series 2 launches in May 2009



BEN 10 - SUPER HOT!!!!

- 2008 = #1 Action Figure Brand
- 2008 = 7 of Top 10 Action figures in 2008!!
- 2009 = +1000% increase YTD 09 vs 08



- 2008 saw Thomas grow 10% in the market, with Funtastic share growing from 18-30% in 2009
- February 2009 - launch of brand new platform for Thomas and Friends – Trackmaster
- September 09 - launch of very first Talking Thomas product range that will include the preschool Interactive toy – Lets Go Thomas!!!



The Toy Box is overflowing with exciting new things!!!!

TO INFINITY & BEYOND!!!



Most successful Movie Property of all time!

Toy Story product range will be launched in the later part of 2009 in anticipation of release of Toy Story 3 in June 2010!!!



- #1 Outdoor sporting brand in 2008!!
- #1 Item – Ripstik – in entire market, over 80% growth 08 vs 0
- 2009 launches to include the latest Phenomenon sweeping the and Europe The Powerwing and a new scooter range Sweet Pe
- Razor will continue to be the backbone of the Funtastic Sportin area.



Lookout for other new properties such as:

- G Force – Disney latest live action movie from acclaimed director Jerry Bruckheimer!
- 2009 will also see growth and large amount of activity from brands such as The Wiggles and Tamagotchi!



Kooky Clickers - The craze sweeping the US with over 1 million sold each month!!!

Over 30,000 units sold in Australia January 2009 to date!!!!



**Roary exceeded all expectations in 2008, with retail sales of \$3m and in only 3 moths in the market!!
TV series to continue through 2009 and 2010.**



Madman - 2008 / 2009 Best-Seller Highlights

KIDS & ANIMATION



- **Ben 10**
 - Over 250,000 DVDs sold and the hottest boys' action property of 2008 and 2009.



- **Robot Chicken: Star Wars Special**
 - Official Star Wars product and over 45,000 units sold!
- **Elmo's Potty Time**
 - Sesame Street brand launch and over 10,000 units sold.

FILMS & LIVE-ACTION



- **The Counterfeiters & Man on Wire**
 - Academy Award® Winners 2007 & 2008.
- **Chopper**
 - Evergreen Australian classic – close to 45,000 units sold!
- **Keating!**
 - Three time Helpmann Award Winner, screened nationally on ABC 1 & 2.
 - 15,000 units to date.
- **Danny Bhoj: Live at the Sydney Opera House**
 - Sold-out 6-month tour in 2007 and over 65,000 tickets estimated for 2009 tour.
 - 20,000 units to date.
 - Madman has licensed his 2009 production



Madman - 2008 / 2009 Best-Seller Highlights

TV & SBS



- **Food Safari Season 1-3**
 - 43,000 units combined. Series 3 available in March.
- **Skins Season 1-2**
 - Indie sensation with 44,000 combined units to date.
- **First Australians**
 - 20,000 units to date and one of the top 3 documentary titles Christmas period 2008.
- **Midsomer Murders Season 10**
 - 20,000 units combined to date. Midsomer Murders still truly evergreen.



Madman 2009 Upcoming Highlights



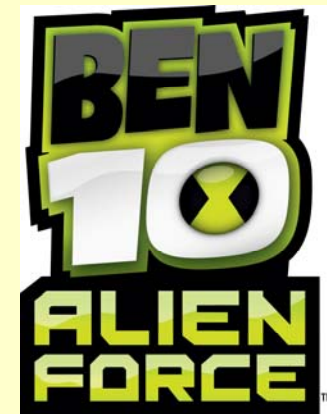
Ponyo

- An animated adventure centered on a 5-year-old boy and his relationship with a goldfish princess who longs to become human.
- Ponyo marks the highly anticipated directorial return of Hayao Miyazaki, pioneer of Studio Ghibli and is a visually spectacular, heartwarming tale for the whole family to enjoy.



Iron Man: Armored Adventures

- This brand-new animated Marvel series follows Iron Man (aka Tony Stark) as he battles with the enemies of world peace using his revolutionary powered armor suit technology.
- Iron Man begins screening on the ABC from May, 2009.



Ben 10: Alien Force

- A force to be reckoned with, Ben 10 was the number one boy's action title across the board for 2008. Now a little older and a little wiser, Ben 10: Alien Force is set to take 2009 by storm.



Madman 2009 Upcoming Highlights



Huntik

- Based on the popular Huntik TCG (Trading Card Game) – the Huntik TV series is an action & adventure show about a group of seekers traveling around the globe in search of ancient amulets that can invoke different types of monsters.



Transformers G1 Complete Collection – Decepticon Edition

- With Transformers: Revenge of the Fallen at the top of everyone's 'must-see' blockbuster lists for 2009, it's set to be a massive year yet again for the Transformers brand.
- The Decepticon Edition refreshes 2007's best-selling Transformers G1 Complete Collection with all-new exclusive artwork and A reduced price point.



Eric's Bana's - Love The Beast

- Eric Bana casts himself in his perfect role: exploring the meaning of a 25-year-long relationship with his first car, "The Beast", and ultimately the importance of the bonds that form through a common passion.
- Filmed over 2 years, we follow Eric on an - unexpectedly - emotional journey from inside the race car to the surreal world of the red carpet as Eric considers the importance of family, friends and what it means to keep your dreams alive. LOVE THE BEAST is as full of heart and the defining moments in life as it is about driving fast... really fast.



Madman 2009 Upcoming Highlights



Last Ride

- A desperate father (Huge Weaving) takes his ten year old son, Chook (Tom Russell), on the run after committing a violent crime.
- As the two journey into the desert and an unknown future, their troubled relationship and the need to survive sees them battling the elements and each other.
- Chook eventually takes control and the choice he is forced to make has a devastating effect on both their lives.



SHANE WARNE THE MUSICAL on DVD end of 2009

- A leg-spun yarn about what it means to fall arse-backwards into the Australian Dream and emerge a champion.
- In a country that routinely lops its tall poppies, this show sets out to both celebrate and understand the life of cricket's most adored and maligned hero as he battles fame, failure, fidelity and the ferocious Australian media.

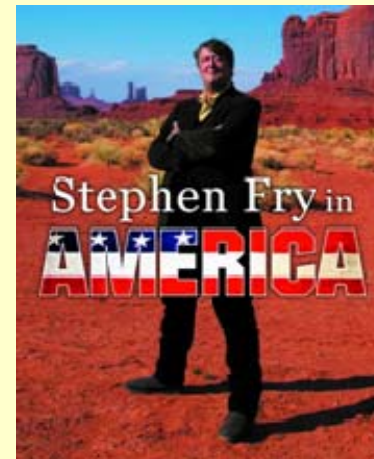


Madman 2009 Upcoming Highlights



The September Issue

- The September 2007 issue of Vogue magazine weighed nearly five pounds, and was the single largest issue of a magazine ever published.
- With unprecedented access, this film tells the story of legendary Vogue editor in chief Anna Wintour and her larger-than-life team of editors creating the issue and ruling the world of fashion.



Stephen Fry in America

- A six part BBC television series in which Stephen Fry travels across America to reveal a country in which he was almost born. Just before Stephen was born, his father was offered a job at Princeton University, in New Jersey, but chose to turn it down instead living in NW3. In this series Fry travels, mostly in his signature London Black Cab, through all 50 states of the country that has always fascinated him – both as a cultural phenomenon and a potential birthplace.
- Stephen Fry in America screens nationally on the ABC in 2009.



Apparel

- Exited the generic apparel business following strategic review 2008
- Concentrating on key brands and licenses:



HOLDEN



Ladybird 

BeDe
girls 

BOOMDOGGRS

SPIDER-SENSE
SPIDER-MAN

- Business still under review given difficult trading conditions



5. Questions

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