31st August 2009

ASX ANNOUNCEMENT
RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2009

Funtastic Limited today announced its financial results

Key factors for the half year ended 30 June 2009 include the following:

- Group EBITA before goodwill impairment and restructuring costs, a loss of $10.9 million;
- Madman business continued to deliver a strong result;
- Net cash outflow improved $4.5million compared with the previous corresponding period;
- Net bank debt reduced to $90.5 million compared with $99.6 million for the same time last year;
- Bank facilities renegotiated to June 2011;
- Goodwill impairment loss of $12.6 million.

Please refer to the Appendix 4D for details

Operations

The first half has seen a decline in Group revenue of 13.9% when compared with the previous corresponding period. The main contributing factor for this shortfall is the loss of ABC Learning Centres Limited related revenue resulting directly from the collapse of the ABC Group in November 2008. Gross margin across the Toys & Lifestyle Merchandise and Interactive businesses are also lower due to clearance activities, pricing issues and catalogue deals. The poor trading result has partly been offset by the ongoing performance of the Madman Group which has delivered a result for the half year which is in line with the same period last year. The net cash outflow from operating activities totalled $19.5million compared with the previous corresponding period of $24 million. This improvement is mainly explained by lower net working capital

Sale of Discounting Operations – Softgoods and Toys New Zealand

At and since 30 June 2009 the company has completed the sale of non core business units which include:

- The sale of the Footwear business unit to Corell Licensing Pty Ltd effective 30 June 2009;
- The sale of Toys New Zealand business effective 1 July 2009 to its Auckland based senior management and local investors;
- The sale of the Manchester business unit to Network Clothing Company Pty Ltd effective 31 July 2009; The pending sale of the Apparel business unit to Australian Horizons Trading Pty Ltd which will be effective 31 August 2009.

The net proceeds from the asset sales are expected to be in excess of $10 million by 31 December 2009. These proceeds will be used to further reduce bank debt. Additional proceeds, which are sales based, are expected to be received subsequent to the year end and are likely to exceed $4 million in the 2010/11 year.

Capital Raising and NSR acquisition

As previously advised on 14 August 2009, the Company completed the acquisition of the Hong Kong Toy company NSR (HK) Limited and completion of the fully underwritten one-for-one non renounceable rights issue which raised approximately $22 million before costs.

The NSR (HK) Limited acquisition was funded by the issue of ten million shares valued at the date of completion at $1.4 million plus a deferred earn out over the next two years.

Following the completion of the capital raising and the divestment of Toys New Zealand the company has reduced bank debt by approximately $21million.

On 13 August 2009 the Company completed a re-negotiation of its banking facilities with the National Australia Bank and entered a new facility agreement expiring in June 2011.

Outlook

The Directors expect to see little improvement in the second half trading and, as previously advised the result will be materially lower than last year. Business conditions will remain challenging, and there is still much to be done over the second half all of which will impact the 2009 results. We believe that these steps are necessary to reposition the Group to take full advantage of the expected economic upswing next year.

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