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2013 HALF YEAR **RESULTS**

AGENDA

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- 8. **KEY PRIORITIES**
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- 17. **ORGANISATION**
- 18. **BUSINESS PORTFOLIO**

BOARD & LEADERSHIP TEAM



SHANE TANNER
Chairman and
Non-Executive
Director

- Appointed Mar 2009 as Independent NED, Chairman from May 2010
- Chairman, Vision Eye Institute Ltd and Paragon Care Ltd
- Formerly CEO of Mayne Nickless Diagnostic Services (Symbion Health) & Director of Sterihealth Ltd
- Shane has a vast commercial and financial experience



CRAIG MATHIESON
Non-Executive
Director

- Appointed Aug 2009 as a NED
- CEO of The Mathieson Group, Formerly MD of DMS Glass (2001-2007)
- Craig has a banking and commercial background gained while working with the Business Banking division of ANZ & Property Finance division of St George



STEPHEN HEATH
Non-Executive
Director

- Appointed Oct 2010 as Independent NED
- Formerly MD of International Cleaning Solutions Holdings; CEO of Rebel Sport during its public listing on the ASX
- Stephen has extensive retail experience from 18 years across iconic Australian Retailers incl. Harvey Norman, Rebel Sport, and Godfreys



LINDA NORQUAY
Independent
Non-Executive
Director

- Appointed Sep 2011 as Independent NED
- Chief Financial Officer at Illyria Pty Limited
- Formerly held senior financial and management roles at Allco Finance Group, Macquarie Bank and Barclays Bank
- Linda brings a wealth of financial and strategic experience



STEWART DOWNS
Managing Director
& Chief Executive
Officer

- Joined the Board in Aug 2009, CEO since Feb 2009
- Formerly MD of Mattel Asia, Stewart has had an expansive career in branded consumer businesses across Australia, New Zealand and Asia; he has held roles across sales, marketing, finance and in the last 10 years senior general management positions



NIR PIZMONY
Executive Director

- Appointed Aug 2009 as an Executive Director
- Formerly founded, developed and subsequently sold two successful toy companies
- Nir has over 25 years' consumer products experience, with unrivalled toy industry knowledge and reputation both in Australia and globally



PAUL WIEGARD
Executive Director

- Founder/joint MD, Madman Entertainment, appointed to Board Oct 2011
- Board member of: Australian Video Software Distributors, Melbourne International Film Festival & Australian Independent Distributors Assoc.
- Paul has impressive depth of knowledge and experience of the entertainment industry



JAMES CODY
Company Secretary &
Chief Financial Officer

- Appointed Nov 2009 as CFO and Mar 2010 as Company Secretary
- Formerly Group FD of REDGroup Retail
- James has a wealth of retail experience, and a successful record of strategic and commercial management



2013 FIRST HALF HIGHLIGHTS

SUSTAINED PROFITABILITY

- Improved margins
- NPAT¹ up 9% to \$6.0m
- EBITDA¹ up 8% to \$11.5m
- Finance costs fall by 23% to \$2.9m

GROWTH ENGINE

- Funtastic Brands business doubles
- Development of Chill Factor™ brand
- Success of Funtastic owned brands and IP

CAPITAL MANAGEMENT

- Underlying borrowings reduced by \$3.5m in the period
- Net new debt of \$4.0m to fund early exit of LEGO earnout
- Dividend reinstatement

¹ Excludes impact of \$3.2m gain on early settlement of deferred acquisition consideration

KEY PRIORITIES

KEY FINANCIAL GOALS

- 2013 EBITDA guidance of \$23-\$25m¹
- Revenue growth driven by focus on Funtastic Brands
- Solid brand portfolio drives improved margins, therefore eliminating risk
- Continue to focus on cost and business process optimisation
- Further debt reduction planned for FY13 of \$12m
- Dividends to recommence during 2013

STRATEGIC GROWTH LEVERS

- International expansion through new and existing markets with Chill Factor, Pillow Pets and Lego licensed products
- Madman strongest product pipeline in several years
- Madman investment in digitalisation to penetrate multiple channels and consumer touch points
- Funtastic Australia assessing potential new brands that strategically align to company profile
- Funtastic Australia aggressively driving new channels of distribution

¹ Excludes impact of \$3.2m gain on early settlement of deferred acquisition consideration

KEY FINANCIALS

HALF YEAR (\$m)	FY 13	FY 12	CHANGE
REVENUE	87.0	88.1	▼ 1%
COSTS	27.2	25.1	▲ 8%
EBITDA¹	11.5	10.6	▲ 8%
NPAT¹	6.0	5.5	▲ 9%
EPS (CENTS)	1.72	1.62	▲ 6%
MARKET CAPITALISATION	129.1	59.2	▲ 118%
EBITDA¹/SALES	13.2%	12.0%	▲ 1.2 pts
INTEREST COVER¹	3.3x	2.5x	
NET DEBT/EBITDA¹	2.8x	n/a	
NET DEBT/EQUITY	71.0%	181.6%	

¹ Excludes impact of \$3.2m gain on early settlement of deferred acquisition consideration

KEY FINANCIALS FUNTASTIC AUSTRALIA

HALF YEAR (\$m)	FY 13	FY 12	CHANGE
REVENUE	47.9	56.1	▼ 14.6%
EBITDA (BEFORE GROUP OVERHEADS)	8.8	7.7	▲ 14.2%
EBITDA/SALES	18.5%	13.8%	▲ 4.7 pts
INVENTORY	14.7	13.6	▲ 8.1%

KEY COMMENTS

- ✓ Higher profits despite challenging overall retail environment
- ✓ Revenue reduction higher than expected driven by much lower December replenishment, particularly from mass merchants
- ✓ Rationalisation of brand portfolio drove improved margins
- ✓ Inventory slightly higher due to the lower December replenishment

KEY FINANCIALS FUNTASTIC BRANDS

HALF YEAR (\$m)	FY 13	FY 12	CHANGE
REVENUE	11.6	4.0	▲ 190%
EBITDA (BEFORE GROUP OVERHEADS)	1.4	0.0	▲ 3886%
EBITDA/SALES	12.3%	0.9%	▲ 11.4 pts
INVENTORY	1.4	1.2	▲ 17%

KEY COMMENTS

- ✓ Funtastic Brands has become the growth engine of the Funtastic Group
- ✓ Improved scale unlocks the profit
- ✓ Pillow Pets delivered very strong global sales, slightly impacted by counterfeit and imitation products
- ✓ LEGO performance also very solid, limited slightly by time taken to gain traction in the key US market

KEY FINANCIALS MADMAN ENTERTAINMENT

HALF YEAR (\$m)	FY 13	FY 12	CHANGE
REVENUE	26.9	27.1	▼ (0.6%)
EBITDA (BEFORE GROUP OVERHEADS)	5.0	6.0	▼ 16.8%
EBITDA/SALES	18.6%	22.2%	▼ 3.6%
INVENTORY	2.6	2.4	▲ 8.3%

KEY COMMENTS

- ✓ Stronger than forecast first half performance, slight margin degradation
- ✓ Increased marketing to drive revenue
- ✓ Increased share of activity drove increased logistics cost

KEY FINANCIALS BRIDGE BY BUSINESS

HALF YEAR (\$m)	AUST.	BRANDS	MADMAN	OTHER	GROUP
FY12 EBITDA	7.7	-	6.0	(3.1)	10.6
REVENUE	(2.6)	2.3	0.1	-	(0.2)
MARGIN	3.7	(0.2)	(0.2)	-	3.3
MARKETING COSTS	(0.4)	-	(0.3)	-	(0.7)
LOGISTICS COSTS	0.1	-	(0.5)	-	(0.4)
LEGAL EXPENSES	-	-	-	(0.3)	(0.3)
STAFF COSTS	0.3	(0.7)	(0.1)	-	(0.5)
BAD DEBTS	-	-	-	(0.3)	(0.3)
FY 13 EBITDA¹	8.8	1.4	5.0	(3.7)	11.5

¹ Excludes impact of \$3.2m gain on early settlement of deferred acquisition consideration

BALANCE SHEET

	JAN 13	JAN 12	CHANGE
CASH	3.1	2.5	0.6
RECEIVABLES	31.2	28.4	2.8
INVENTORIES	21.4	17.2	4.2
OTHER	21.4	19.0	2.4
TOTAL CURRENT ASSETS	77.1	67.1	10.0
PROPERTY, PLANT & EQUIPMENT	2.7	2.8	(0.1)
INTANGIBLE ASSETS	88.0	74.7	13.3
OTHER/FINANCIAL ASSETS	1.0	0.4	0.6
DEFERRED TAX ASSETS	12.5	12.5	0.0
TOTAL NON-CURRENT ASSETS	104.2	90.4	13.8
TOTAL ASSETS	181.3	157.5	23.8
SHORT TERM DEBT	45.7	46.5	0.8
PAYABLES	16.8	15.6	(1.2)
CURRENT TAX LIABILITIES	0.5	0.3	(0.2)
PROVISIONS	2.5	3.9	1.4
OTHER LIABILITIES	11.0	15.0	4.0
TOTAL CURRENT LIABILITIES	76.5	81.3	4.8
LONG TERM DEBT	15.5	29.1	13.6
DEFERRED TAX LIABILTY	5.6	4.7	(0.9)
OTHER	2.0	2.1	0.1
TOTAL NON-CURRENT LIABILITIES	23.1	35.9	12.8
TOTAL LIABILITIES	99.6	117.2	17.6
NET ASSETS	81.7	40.3	41.4
CONTRIBUTED EQUITY	186.7	160.1	26.6
RETAINED EARNINGS	(104.5)	(118.7)	14.2
RESERVES	(0.5)	(1.1)	0.6
TOTAL EQUITY	81.7	40.3	41.4

For ease of comparison, corresponding position used is January 31, 2012, note that the half year accounts filed with the ASX use July 31, 2012 position for comparative purposes.

CASH FLOW

HALF YEAR	FY 13	FY 12	CHANGE
CASH GENERATED FROM OPERATIONS	9.8	12.3	(2.5)
INCOME TAXES (PAID)/RECEIVED	(0.1)	(0.1)	0.0
INTEREST & OTHER COSTS OF FINANCE PAID	(3.0)	(3.8)	0.8
NET OPERATING CASH FLOW	6.7	8.4	(1.7)
SALE/PURCHASE OF PP&E	(0.8)	(0.3)	(0.5)
PAYMENT FOR BUSINESSES/INVESTMENTS	(5.6)	(0.4)	(5.2)
PROCEEDS FROM SALE OF BUSINESS	0.0	0.5	(0.5)
PAYMENT FOR OTHER INTANGIBLE ASSETS	(0.2)	(1.4)	1.2
OTHER	0.0	0.1	(0.1)
NET INVESTING CASH FLOW	(6.6)	(1.5)	(5.1)
ISSUE OF SHARES	0.0	0.0	0.0
MOVEMENT IN BORROWINGS	0.7	(6.3)	7.0
NET FINANCING CASH FLOW	0.7	(6.3)	7.0
NET CHANGE IN CASH HELD	0.8	0.6	(0.2)

REWARDING SHAREHOLDERS

INTERIM DIVIDEND OF 0.5 CENTS/ SHARE FULLY FRANKED

FIRST DIVIDEND SINCE 2006

ORGANISATION

**FUNTASTIC LTD:
OPERATING ACROSS
3 KEY PILLARS**



FUNTASTIC BRANDS



AUSTRALIA



MADMAN ENTERTAINMENT

BUSINESS PORTFOLIO: FUNTASTIC BRANDS



**FUNTASTIC BRANDS
(INTERNATIONAL)**

- Our International focused brand development and manufacturing division distributes to over 30 countries globally and includes Funtastic IP such as Pillow Pets™, Quicksmart™ and Floaties™
- In addition Funtastic are proud manufacturers and global distributors of LEGO® licensed products within Storage, Luggage, Bags & Accessories, Play Accessories and Stationery

OWNING AND DEVELOPING OUR OWN BRANDS AND IP



FUNTASTIC BRANDS

CHILLFACTOR™

- **CHILL FACTOR™ Slushy Maker is the first innovative product to be launched under Funtastic developed IP – CHILL FACTOR™**
- **CHILL FACTOR™ is a very diverse brand, and can be launched into multiple channels, as such the distribution model will be tailored to maximise multiple consumer categories and retail channels.**
- **CHILL FACTOR™ is anticipated to deliver in excess of 2m units shipping to 25 countries worldwide in 2013**
- **In a first for Funtastic – CHILLFACTOR™ Slushy Maker was launched at Ambiente consumer goods fair, Frankfurt, Germany, with major distribution deals secured across Europe and Asia**
- **US, UK, Canada and key European countries, will be the first markets territories to go to market with CHILLFACTOR™ Slushy Maker from April 2013 onwards**
- **This innovative product category has already delivered phenomenal results in the US as demonstrated by Slushy Magic (3.4m units)**





FUNTASTIC BRANDS

Pillow Pets™



- **Pillow Pets™ continues to be an industry phenomenon in Australia with over 2 million units sold launch to date.**
- **International distribution continues to deliver brand growth, with over 1 million units sold into international channels.**
- **Pillow Pets™ is now available in over 30 countries and 2013 will see further expansions into Latin America, Asia and Eastern Europe.**
- **Exciting new releases within the brand for 2013; Pillow Pets™ Dream Lites, already an 8 million unit sub-brand in USA, Pillow Pets™ Glow Friends, and the expansion of world-class licensing partners to include in-demand brands such as TMNT and NRL.**

FUNTASTIC BRANDS



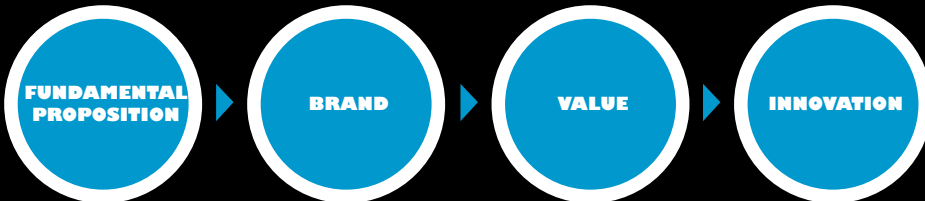
- **LEGO Stationery continues to remain a significant growth category, with strong everyday results generated across UK, USA, Asia and ANZ**
- **Strong results being generated in Stationery specialist channels, both in ANZ and in international territories, demonstrated by top-selling range in Officeworks for recent BTS program**
- **Storage & Display Category continues to deliver pleasing results in multiple territories globally**
- **Key development areas aligned with LEGO IP launch properties in addition to continued innovation within the classic lines**



BUSINESS PORTFOLIO: AUSTRALIA



- Funtastic is one of Australia's largest children's product companies offering full service marketing and distribution solutions for an array of leading brands for toys, sporting and confectionery
- We are the home of brands such as Leapfrog, Ben 10, Pillow Pets, Power Rangers, , Lego storage and stationery, Tech Deck, Airhogs, Disney Fairies, Cabbage Patch, Razor, Winx and La Dee Da



AUSTRALIA

INNOVATION



- First ever Reading and Writing System LeapReader to launch June 2013. Read. Write. Listen.
- Educating consumers at all touch points; in-store, TV and online!



INNOVATION

Pillow Pets™



- #1 plush item in 2011
- #1 value item in the market in 2012
- Sold through over 110,000 licensed Pillow Pets in 2012!

CHILLFACTOR™



- Exclusive launch with key retailer with massive demand creation program
- Previous success with Slushy Magic sold over 350,000 units

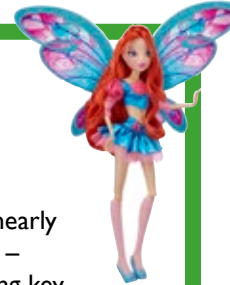
BRAND VALUE

POWER RANGERS
MEGAFORCE



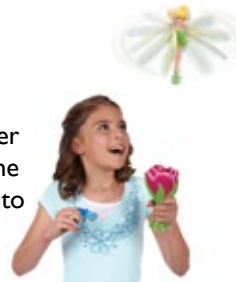
- #6 brand in the action figure category in 2013!
- Power Rangers Megaforce – exciting 20th season launching in September

Winx
CLUB



- Winx Delux Doll: sold nearly 14,000 units September – December outperforming key competitors Moxie and Novi Stars

Disney
FAIRIES



- Sell through of over 120,000 units in the 8 weeks leading into Christmas

Razor



- Razor Electrics DRTV campaign delivered over \$440,000 in website sales and saw over 148,000 YouTube views leading into Christmas

BRAND VALUE

BEN
10
OMIVERSE



- Best in class in-store display executed on this evergreen top ten action figure brand
- Never before seen pricing structure to be implemented in 2013

AIR
HOGS



- The #2 powered vehicle property and is the number 6 brand in the vehicle category
- Hover Assault led the way selling out in all major retailers prior to Christmas

Filly



- Highly collectible figurines
- Sought after Swarovski elements in limited packs
- Great sell thru in grocery with expanded ranging & TV support mid year

La Dee Da
Buzzy Buzzy Chloé



- Sold over 33,000 dolls in Kmart alone prior to Christmas
- Best in world execution has been shared and followed internationally



We are mad about entertainment



MADMAN

BUSINESS PORTFOLIO: Madman

- Funtastic's Madman Entertainment division manages a wide range of film and television content, across cinema release, TV, internet, DVD and more
- Madman is Australia's leading distributor of Japanese Anime and Asian Cinema and a leader in Independent film, Documentary, Boy's Action, and other special interest and collectible categories
- Australia's leading independent entertainment distribution and rights management company.





mad for the
**digital
revolution**



Madman is at the leading edge of Digital Media adoption amongst Australian film and television Distributors.

- Madman has been awarded iTunes aggregator status allowing us to prepare and upload content to iTunes
- We have implemented new Digital Workflow and Media Library production technologies enabling rapid and efficient deployment of content to numerous digital platforms
- Madman is a leader in online and social communities and marketing

**Cinema
madness**



THE COMPANY YOU KEEP
APRIL 2013

Directed by Robert Redford

Starring Shia Labeouf alongside an outstanding ensemble cast of 4 Academy Award® winners and another 7 Academy Award® nominees



THE HUNT
MAY 2013

Starring Mads Mikkelsen

Limited release

The lie spreads
Winner : Best Actor Cannes 2012
Winner : Winner Best Foreign Language Film : British Academy Awards



THE LOOK OF LOVE
JUNE 2013

Starring Steve Coogan, Anna Friel, Tamsin Egerton, Stephen Fry, Matt Lucas, David Walliams.

Welcome to the scandalous world of Paul Raymond, entrepreneur, impresario, and the "King of Soho."



WHAT'S IN A NAME
JULY 2013

Hilarious French farce.
Each year. 800,000 births, 800 000 names chosen, 800 000 arguments



WHAT MAISIE KNEW
AUGUST 2013

Julianne Moore, Alexander Skarsgård and Steve Coogan

WHAT MAISIE KNEW is a touching comedic drama set against the chaos and complexity of modern marriage and family.



**200+
Industry
Awards
To Date**

**We are mad for
results**

**2012 +
Total Share
of Market:
6.1%**

**2011
Total Share
of Market:
5.7%**

**2010
Total Share
of Market:
5.4%**

Home Entertainment

Madman has enjoyed continued 'share of market' growth over the past 5 years. All DVD & Blu-ray releases are produced in house.

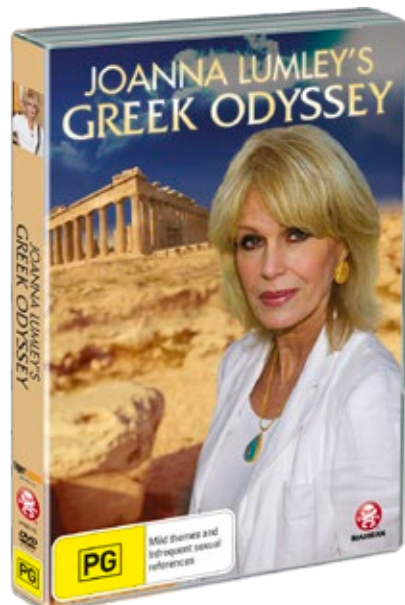
Market data: GFK Retail and Technology Australia: Jan 2013



TV madness



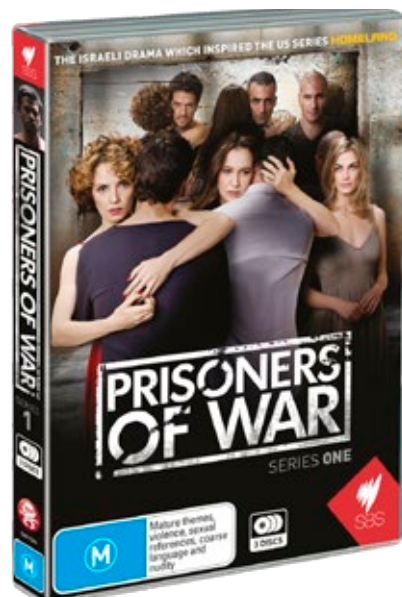
MIDSOMER MURDERS



JOANNA LUMLEY'S GREEK ODYSSEY



OFFSPRING BOXSET



PRISONERS OF WAR (SERIES ONE)



HIM & HER (SERIES ONE)



FOOD SAFARI 4

We are **mad** about **home** entertainment

With a diverse and discerning TV on DVD catalogue, Madman proudly showcases the best of both old & new, crime and comedy, cult and classic.

Our releases represent content from major broadcasters such as SBS, BBC, ITV and studios including Universal, and are world-renowned for their exclusive special features and collectible packaging.

From building upon mainstream successes to nurturing niche or undiscovered gems, Madman is the only Australian distributor to regularly create and commission its own Special Feature content for DVD releases of local and international programs.

With an eye constantly trained on television schedules and productions around the globe, Madman aims to seek out Home Entertainment content long before others realise its potential with a focused marketing approach to reach engaged consumers.



FROM UP ON POPPY HILL



ROBOT CHICKEN DC

Madman is synonymous with Japanese animation. We represent 90%* of the market in Australia

- reaching a loyal and extremely engaged audience via social and online channels, as well as our continuous presence at pop culture and fan events.

We are the go-to label for cult with the subversive late night comedy of ADULT SWIM and cool and retro animation, such as ASTERIX, ASTRO BOY and TINTIN.

Madman is also Australia and New Zealand's number one distributor of graphic novels and manga, engaging a broad audience in bookstores, libraries, and pop-culture outlets.

*GFK January, 2013



BEN 10 OMNIVERSE

We are **mad** about **home entertainment**

Madman is one of the largest distributors of children's home entertainment content in Australia, with output deals for Cartoon Network and Hasbro Studios.



Madman excels in bringing cult and collectible children's content to consumers, reaching every corner of the market.



We are **mad** for all things
digital

Madman is fully prepped for the digital revolution.

With established supply chains to all major digital platforms in AU and NZ, our content is already featuring in the iTunes Charts top ten.

We offer world class digital production facilities - and as the only accredited Australian iTunes content aggregator with experience in sales and distribution, our unique point of difference lies in the ability to package in comprehensive content management and distribution services, including product lifecycle management, marketing and publicity.

We are active and engaged across all major digital platforms - including progressive marketing and communication tactics in the social space, PR engagement across blogs and other new media platforms, simulcast episode streaming via our innovative 'Screening Room' and mobile-optimized communication tools.

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