



25 March 2013

ASX Announcement

Funtastic delivers Dividend, continues to drive Higher Profits led by International Growth

Funtastic Limited today delivered on three critical promises to shareholders despite overall difficult retail conditions, underlying the company's financial strength and benefits flowing from an enhanced brand strategy:

1. Continued higher profits highlighted by the jump in sales from Funtastic Brands, our international business, now selling to over 40 countries;
2. Ongoing improvement in margins; and
3. Announcement of the first dividend since 2006

The highlights of the company's results announced today for the half year ending on January 31 2013 included:

- Base profitability¹ improved by 9% on the prior corresponding period;
- Gross Profit Margins improved from 40.5% by 3.9 percentage points to 44.4%;
- Net profit after tax of \$9.3 million, \$3.8 million, or 68% up on the prior corresponding period;
- EBITDA of \$14.7 million vs \$10.6 million in the prior corresponding period;
- Net profit and EBITDA each include a gain of \$3.3 million on the early settlement of the Lego earn-out; and
- Fully franked interim dividend of 0.5 cents per share

¹Base profitability refers to Net profit after tax adjusted to exclude the gain on early settlement of the Lego earn-out

Funtastic announced that Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA) for the 6 months to January 2013 was \$14.745 million compared with \$10.608 million in the corresponding period in FY12. Net Profit for the period rose to \$9.269 million, an increase of \$3.755 million or 68%, and included a gain of \$3.271 million realised on the early settlement of the Lego earn-out.

As promised, the company announced its first dividend since 2006 - a fully franked dividend of 0.5 cents a share payable in May 2013. The dividend will be subject to the company's dividend reinvestment plan (DRP) and shareholders electing to participate in the DRP will receive a 5% discount on shares issued under the DRP. The last election date for the DRP will be the record date for the dividend, 5 April, 2013. The DRP price will be calculated based on a 5% discount to the volume-weighted average price for the 5 business days ending 5 April, 2013.

Funtastic's Chief Executive, Stewart Downs said: "The results for the first half demonstrate that Funtastic can deliver strong profits in a challenging retail environment."

"These results also highlight the fact that our Funtastic Brands business has become the growth engine of the Group. Funtastic's Executive Director, Nir Pizmony, is showing his extensive knowledge of the global marketplace to effectively drive the success of this international business. The growth in the Funtastic Brands business illustrates the strategic imperative management set itself to grow our own brands and IP.

This business is now selling in over 40 countries and in fact, half of what the whole company now sells, is product we manufacture ourselves,” Mr Downs said.

“This growth is being driven by the two acquisitions made in FY12, the PILLOW PETS™ brand and the licenses to manufacture and distribute certain LEGO® products. PILLOW PETS™ has won us awards in Australia and LEGO® is performing strongly”

“We also have an incredible new product which we are launching in the second half which will ensure that the growth of our Brands business continues” he said.

Downs added that “we are delighted to have got the company to the point where we are able to reward shareholders with the resumption of dividend payments.”

6 months Ended January 2013 (\$m)	FY13	FY12
Revenue	86.96	88.05
EBITDA	14.75	10.61
EBITDA adjusted for gain on early settlement of Lego earn-out	11.47	10.61
Net Profit	9.27	5.51

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