

**AGILITY
CREATIVITY
INNOVATION**
2013 ANNUAL GENERAL MEETING



CHAIRMAN'S ADDRESS

CHAIRMAN'S ADDRESS – FY 2013 HIGHLIGHTS

Key Strategic Achievements:

- Stable profitability with rationalised domestic business
- Normalised balance sheet
- Development of Chill Factor™ brand
- Success of Funtastic owned brands and intellectual property – up 36%
- International business drives growth

Key Operating Achievements:

- Acquisition of Chill Factor intellectual property
- Exciting development of Pillow Pets, Stationery and Floaties lines
- Building a stronger manufacturing capability in Hong Kong and China

Key Financial Achievements:

- NPAT¹ up 34% to \$14m
- EBITDA¹ up 19% to \$24m
- Finance costs fall by 21% to \$5.9m
- Underlying borrowings reduced by \$9.9m in the period
- Reinstatement of dividend payments

¹ Includes \$3.3m gain on early settlement of deferred acquisition consideration

THE SUCCESS OF FUN BRANDS & MANUFACTURING

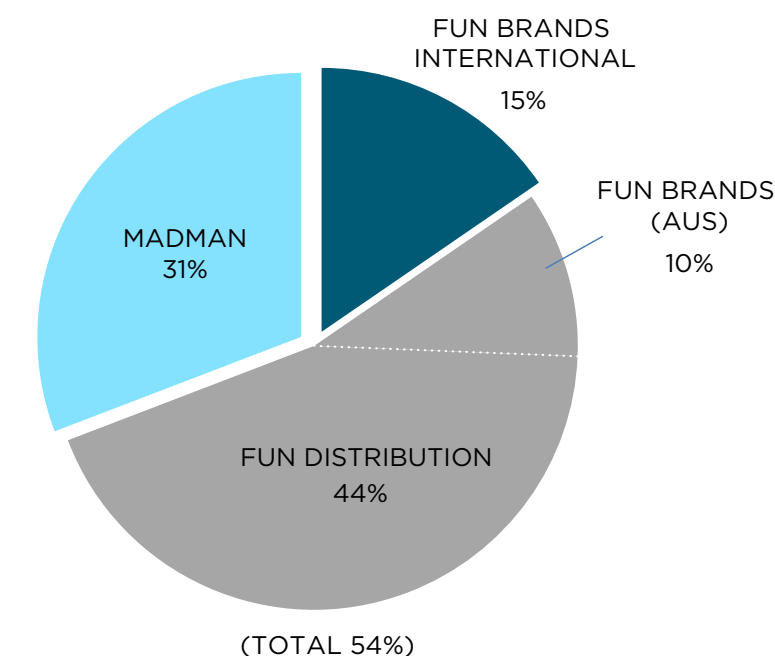
Strategic Imperatives:

- Growing and owning our own brands and intellectual property
- Driving business outside of Australia

Key Highlights:

- International sales 73% growth
- 25% of what is sold is Funtastic own brands
- Represented in excess of 35 countries
- Dramatic improvement in manufacturing capabilities and people talent

TOTAL BUSINESS REVENUE BY DIVISION



2013

CHILL FACTOR SLUSHY MAKER



Overview:

- Over 3.5 million units sold in 2013.
- Currently distributed in 35 countries (all major markets)

International Sales Success Examples:

- 535,000 units sold in the UK
- 435,000 units sold in the Nordic region (Denmark and Norway)
- 160,000 units sold in Benelux
- 160,000 units sold in France

Australia Sales:

- Shipped 635,000 units in 2013, launched exclusively.
- Key retailer has supported this product with catalogue, prime off-location positions across every store and corporate TV advertising.



CHILL FACTOR ICE CREAM MAKER



Overview:

- Launching in the UK, Australia, New Zealand, Denmark, Spain and Belgium prior to Christmas. Over 480,00 units sold to trade in 2013.
- In Australia, orders received for 300,000 for the summer period.

Summary:

- Funtastic Australia is performing extraordinarily well, and is now the # 1 performing Chill Factor distributor, shipping 1,059,000 units of both Slushy Maker and Ice Cream Maker in the last 8 months. By US standards, this equates to 10-12 million units.



CEO'S ADDRESS

KEY FINANCIALS			
AUDm	FY13	FY12	% CHNG
REVENUE	166.5	170.7	▼ 2%
EBITDA ¹	24.0	20.2	▲ 19%
EBIT ¹	19.9	17.2	▲ 15%
NPAT ¹	14.0	10.4	▲ 34%
BASIC EPS (cents)	2.58	2.77	▼ 7%
DIVIDEND PER SHARE (cents)	0.10	0.00	n/a
ROE ²	16%	20%	▼ 20%
GEARING ³	47%	82%	▼ 42%
OPERATING LEVERAGE RATIO ⁴	2.0x	2.9x	▼ 30%
INTEREST COVER RATIO ⁵	3.4x	2.3x	▲ 46%
¹ Includes \$3.3m gain on early settlement of deferred acquisition consideration			
² NPAT/average shareholder equity			
³ Net debt/shareholder equity			
⁴ Net debt/EBITDA			
⁵ EBIT/finance costs			

KEY FINANCIALS – FUN BRANDS

	1H		
	1H13	1H12	%CHNG
AUDm			
REVENUE	11.6	4.0	190%
EBITDA	1.4	0.0	▲
EBITDA %	12.4%	1.0%	
GROUP OWN BRANDS REVENUE	22.6	13.0	74%
	2H		
	2H13	2H12	%CHNG
AUDm			
REVENUE	13.8	10.7	29%
EBITDA	2.7	1.9	47%
EBITDA %	19.7%	17.3%	
GROUP OWN BRANDS REVENUE	22.7	20.2	12%
	FY		
	FY13	FY12	%CHNG
AUDm			
REVENUE	25.4	14.7	73%
EBITDA	4.2	1.9	120%
EBITDA %	16.4%	12.8%	
GROUP OWN BRANDS REVENUE	45.3	33.2	36%

FUNTASTIC BRANDS

PILLOW PETS

- Pillow Pets is the #1 plush brand in Australia, UK and New Zealand. (NPD Oct 13, AUS & UK)
- Pillow Pets continues to dominate the UK market by value and volume, selling DOUBLE the value of best selling competitor sku! (NPD Oct 13)
- Funtastic currently has Pillow Pets distribution partners in 23 countries and has now sold in excess of 6.5 million Pillow Pets items (total brand).
- 49% of Pillow Pets sales by value are now in to international markets, and growing.
- The latest Pillow Pets feature plush, Glow Friends launched in Australia in November with over 90,000 units sold in.
- In Australia over 500,000 Dream Lites have been sold in to date. In February 2014 Disney characters will be the first licensed Dream Lites to launch.



STATIONERY

- Australia: Already 300%+ increase in weekly retail sales in run up to Back to School 14 with national pallet programs rolling out across 2 national retailers
- NZ: Partnering with Madman NZ, Back to School launch already outperforming expectations
- UK: Continuing to expand on already broad distribution, focusing on The LEGO Movie launch activity for 14
- US: Range of Back to School initiatives in development and ramp up activity focusing on The LEGO Movie
- Asia: Toys R Us continue to be successful



FLOATIES

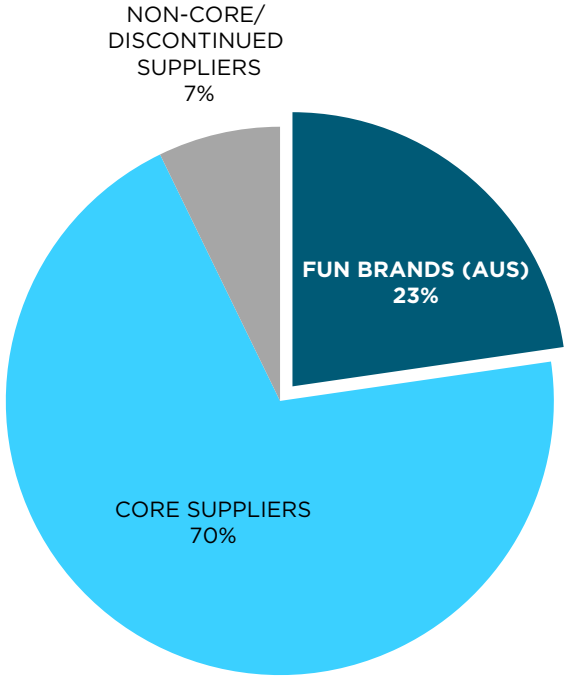
- Complete new innovation line launched summer 12/13 in Australia
- Solid results and TV advertising effectiveness in key Australian retailer
- Test US launch with major sporting chain in progress
- Everyday ranging of the Floaties achieved creating nearly triple the sell through for 2013 compared to 2012.



KEY FINANCIALS – FUN AUSTRALIA

	1H		
AUDm	1H13	1H12	%CHNG
REVENUE	47.9	56.1	(14.7%)
EBITDA	8.9	7.8	14.2%
EBITDA %	18.5%	13.8%	
	2H		
AUDm	2H13	2H12	%CHNG
REVENUE	40.7	45.2	(9.8%)
EBITDA	6.2	5.9	6.0%
EBITDA %	15.3%	13.0%	
	FY		
AUDm	FY13	FY12	%CHNG
REVENUE	88.6	101.3	(12.5%)
EBITDA	15.1	13.6	10.6%
EBITDA %	17.0%	13.4%	

FUN AUSTRALIA
REVENUE BY BRAND



2013

FUN AUSTRALIA



INNOVATION



CHILL FACTOR
A record 85,253 units of Slushy Maker sold in one week and over 363,000 sold to date.

POWER RANGERS
Ranked 7th Action Figure Brand (NPD, December 2013).

FLUTTERBYE FAIRY
22,556 units sold since August launch. Some retailers sold out.

AIR HOGS
Atmosphere sold thru 14,049 units since launch in October 2013 – 96% sell thru to date.

BRAND



RAZOR
Gained everyday ranging of Razor Electrics with retailers, contributing to +11.1% value growth in NPD for November 2013 compared to November 2012.

LEAPFROG
#3 brand in the Toy market with over \$17,000,000 in sales to date, NPD week 47 November 2013.

PILLOW PETS
#9 brand in the Toy market and #1 brand in the Plush category, NPD week 47 November 2013.

CPK
CPK ranks 6th in the dolls category, has grown 50.7% in value for the month and 15.6% YTD (NPD, Nov 2013).

VALUE



PREDESAURS & ZOMBIE ZITY
New collectable impulse purchase items consistently hitting high weekly sales figures leading up to peak Christmas period.

ALTERNATIVE SPY GEAR OPTION
Projected total market sell out by December 31st (Having launched October 2013).

FLOATIES
Everyday ranging of the Floaties achieved creating nearly triple the sell through for 2013 compared to 2012.

MADMAN ENTERTAINMENT

Madman is Australia’s leading independent entertainment sales, distribution and rights management company. Still led by founders and directors Tim Anderson and Paul Wiegard, Madman is wholly owned by Funtastic Ltd.

Madman is unique in the marketplace with an integrated business structure established on four key commercial pillars: Theatrical Distribution, Physical Media (DVD & Blu-Ray), Digital and Ancillary sales. Madman has an integrated operational capacity across the product lifecycle.

With an expansive sales network throughout Australia and NZ, a specialist in-house creative team, marketing and publicity

capability, a licensing and acquisition team, supported by a leading production and technical division, Madman is well positioned to deliver to market the best in niche, collectable and special interest genres, as well as premium mass-market offerings.

Madman has an active content library of over 3000 titles spanning genres as diverse as anime (Japanese animation) independent and Australian film, documentary, kids and TV.

THEATRICAL

From script to premiere, Madman’s speciality theatrical distribution team works closely with exhibitors, content producers and licensing partners to distribute quality film content into cinemas throughout Australia and New Zealand by developing creative marketing campaigns that engage Australian audiences and deliver box office success.

DIGITAL

Madman is renowned for its adaptability and the ability to grow new markets. Working closely with local and global partners including iTunes, Sony, Foxtel and YouTube, Madman content can be viewed on all key digital platforms as both a download to rent and download to own proposition. Madman is responsible for technical delivery, sales and marketing in this space and is also able to work with external producers and third parties to technically optimise content for viewing via digital platforms.

PHYSICAL MEDIA (DVD & BLU-RAY)

Operating across four key categories; Anime (Japanese animation) Kids, TV and Film, the Madman team is responsible for the end to end delivery of goods into market. This includes content acquisition, technical production, marketing and sales. A genuine focus on retaining quality and creativity in its product offering combined with a fan-first approach to product development ensures Madman retains its status as a leading supplier of physical media into the Australian marketplace.

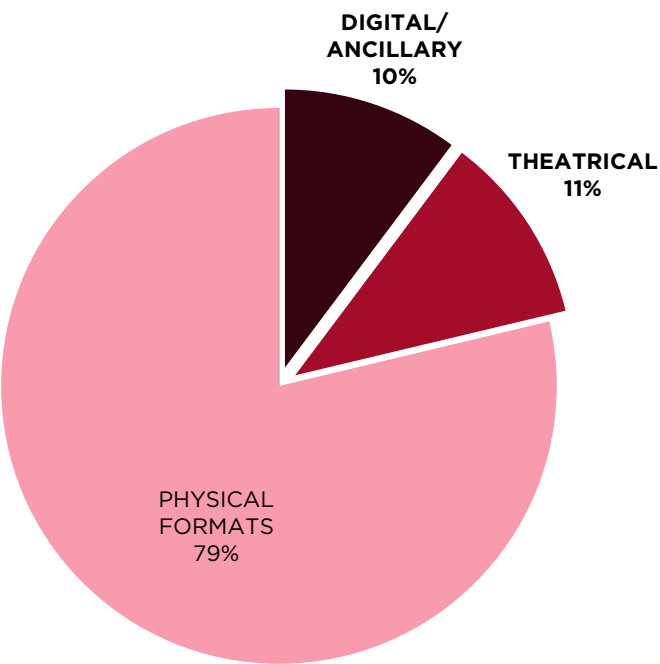
ANCILLARY SALES

Free-to-air and subscription television, airlines, hotels – wherever consumers can view entertainment, you’ll find Madman content. Our ancillary sales division maximises the potential of acquired content through deals with a diverse network of commercial ancillary partners.

KEY FINANCIALS – MADMAN ENTERTAINMENT

AUDm	1H		
	1H13	1H12	%CHNG
REVENUE	26.9	27.1	(0.6%)
EBITDA	5.0	6.0	(16.7%)
EBITDA %	18.6%	22.2%	
AUDm	2H		
	2H13	2H12	%CHNG
REVENUE	23.9	24.0	(0.3%)
EBITDA	3.2	3.9	(17.1%)
EBITDA %	13.4%	16.1%	
AUDm	FY		
	FY13	FY12	%CHNG
REVENUE	50.8	51.0	(0.5%)
EBITDA	8.2	9.9	(16.8%)
EBITDA %	16.2%	19.3%	

MADMAN REVENUE BY FORMAT



2013

FILMS



HOW I LIVE NOW

- By Academy Award® winning director Kevin Macdonald, starring Academy Award® nominee Saoirse Ronan
- Based on the award-winning young adult novel by Meg Rosoff



SPIVET

- From the celebrated director of Amelie, starring Helena Bonham Carter
- Based on the best-selling novel "The Selected Works of T.S. Spivet" by Reif Larsen



THE HOMESMAN

- An Academy Award® winning cast: Meryl Streep, Tommy Lee Jones and Hilary Swank
- Directed by Tommy Lee Jones



LIFE OF CRIME

- A critically acclaimed crime comedy starring Jennifer Aniston, Tim Robbins, Isla Fisher and John Hawkes
- Written by Elmore Leonard, the iconic author of "Get Shorty", "Jackie Brown" and "Be Cool"

ANIME



THE WIND RISES

- The final feature film from Academy Award® winning director, Hayao Miyazaki
- The Studio Ghibli films are among Madman's best-performing brands



GHOST IN THE SHELL: ARISE

- An all-new prequel series to the seminal feature film, Ghost in the Shell
- The Ghost in the Shell features were a key inspiration for The Matrix Trilogy



DRAGON BALL Z: BATTLE OF GODS

- The first Dragon Ball Z theatrical feature in 17 years, grossing US \$30m in Japan
- Over 1,000,000 units of Dragon Ball home-video sold in Australia / New Zealand



NARUTO: THE LOST TOWER

- The latest feature film addition to Madman's best-selling ongoing anime series
- The Naruto franchise has ranked among Madman's top-selling products since 2006



- Over the last financial year, Madman's market share was an average 6.1%
- This places Madman between Disney (8.1%) and Beyond (3.5%)
- Madman over performed in comparison to the average market trend*
- Madman maintains an 88.6% share in anime (Japanese animation)
- Madman's share of the total children's market grew 24% in relation to a 3% kids market decline
- In the last 12 months, the #1 total children's market DVD was Adventure Time Season 1

*GFK (July 2013 - so MAT corresponds to Funtastic FY)

TV



THE FALL

- British crime-drama, starring Emmy and Golden Globe award-winner Gillian Anderson
- As BBC Two's most successful drama since 2008, The Fall is a programming priority on SBS One in late 2013



RESTLESS

- A spy-thriller set in WWII and the 1970s, starring Michael Gambon, Charlotte Rampling, Rufus Sewell and Hayley Atwell
- Written by Booker Prize winning author, William Boyd, coming to SBS early 2014



THE AVENGERS

- The classic spy-fi British TV series returns to DVD in 2014
- A must-own series for fans of cult-television, Madman's release will contain all-new extras



RIVER COTTAGE AUSTRALIA

- Self-sufficiency guru and top chef Hugh Fearnley-Whittingstall brings his River Cottage brand to Madman
- River Cottage Australia is Foxtel's highest rating locally-produced program of the year

KIDS



ADVENTURE TIME

- The kooky Cartoon Network smash hit, adored by fans young and old
- Season 1 DVD is the highest selling children's series in the last 12 months



BEN 10: OMNIVERSE

- Among the strongest selling kids home-video brands with over \$11.4 million dollars at retail LTD
- Madman and Funtastic have worked together to make Ben 10 the most well-regarded boys' action brand of the last 10 years



MY LITTLE PONY: FRIENDSHIP IS MAGIC

- Celebrating 30 years in 2013
- With 98% brand awareness, Friendship Is Magic has reinvigorated an already popular legacy brand



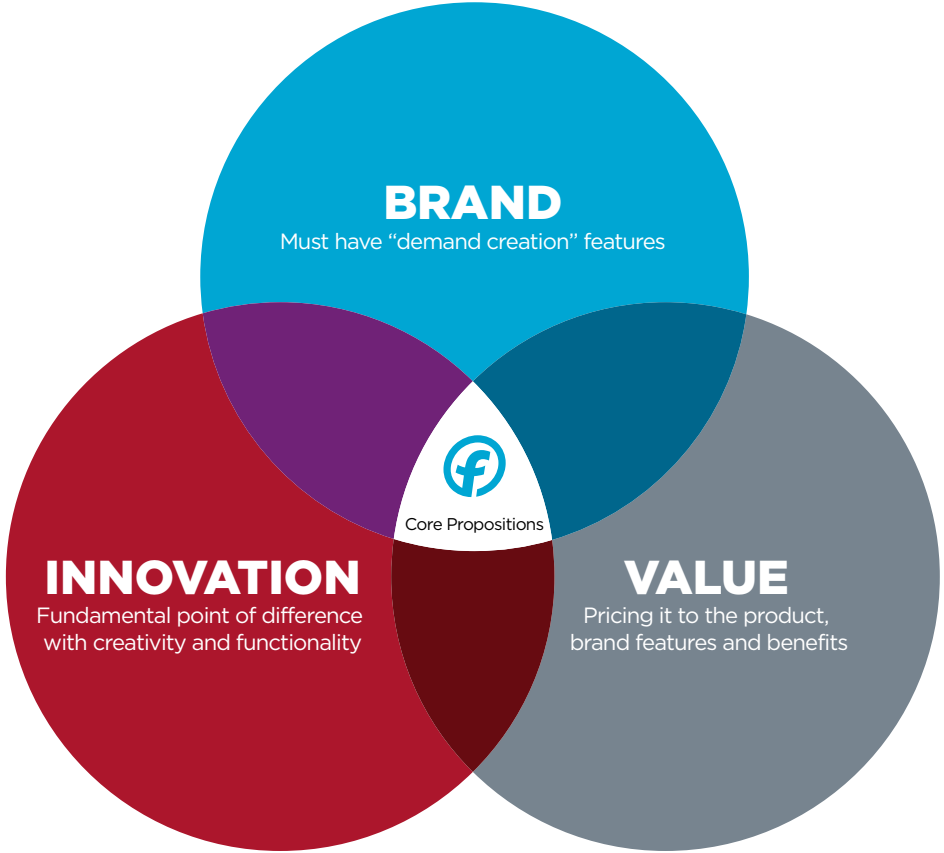
TRANSFORMERS: PRIME

- Based on the best-selling 30 year toy franchise, Transformers 4 is in cinemas in 2014
- A Top 3 best-selling boys' action title on home video over the last 12 months

GFK (July 2013 - so MAT corresponds to Funtastic FY)

STRATEGIC PRIORITIES AND OUTLOOK FOR FY14

- Deliver earnings per share growth of greater than 10%*
- Continue growth of Funtastic owned brands and IP
- Invest in manufactured operations in Hong Kong and China
- Grow alternate channels in Australia
- Continue digital investment and building of platforms in Madman



* Excluding \$3.3m gain on early settlement of deferred acquisition consideration in FY13



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