



funtastic
LIMITED

Welcome
2015 Annual General Meeting

Chairman's Address

Shane Tanner

Key Financials

	FY15H1	FY15H2	FY15
Revenue (Continuing Operations)	\$50.4M	\$55.5M	\$105.9M
EBITDA (Excluding Impairment)	(\$4.2M)	(\$2.5M)	(\$6.7M)
NPAT	(\$28.5M)	(\$9.1M)	(\$37.6M)

- Softer than expected International sales, mainly in the first half
- Lower domestic margins due to ongoing clearance of excess stock at cost
- Higher overhead costs due to rationalisation process post Madman sale
- Taking longer to establish own distribution model in the USA
- Impairment (including impact on tax) and losses from sale of assets (mostly Madman) was \$24.5M of the \$37.6M loss

Key Highlights

- ④ Business restructure is now completed
- ④ Cost savings initiatives now implemented
- ④ Inventory levels normalised
 - Physical reduction in pallet spots from 11k to 6k
- ④ Improved margins, materialising in FY16
 - GM 28% to 32% over past 12 months
- ④ Greater depth of product

Key Strategic Focus

- ④ Continue to develop and enhance our own brands
- ④ Continue Global expansion and in particular the US
- ④ Continue to broaden portfolio of brands in Australia by increasing our own and agency brands in:
 - Toys, Sporting and Party Items
 - Confectionery and Health Foods
 - Homewares

Formal Business

Notice of Meeting

Formal Business

- ④ Item 1 – Financial Statements & Reports
- ④ Item 2 – Remuneration Report
- ④ Item 3 – Re-election of Director, Mr Stephen Heath
- ④ Item 4 – Re-election of Director, Ms Linda Norquay
- ④ Item 5 – Refresh Approval of Funtastic Employee Share Loan Plan
- ④ Item 6 – Cancellation of Shares Issued to Executive Directors, Mr Nir Pizmony & Mr Grant Mackenzie
- ④ Item 7 – Approval of Issue of Shares to Mr Nir Pizmony under the Employee Share Loan Plan
- ④ Item 8 – Approval of Issue of Shares to Mr Grant Mackenzie under the Employee Share Loan Plan

Item 1

Financial Statements & Reports

To receive and consider:-

- (a) the financial statements
- (b) the Directors' report; and
- (c) The auditor's report

in respect of the year ending 31 July 2015

Item 2

Remuneration Report

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

‘In accordance with Section 250R of the Corporations Act, the Company adopts the Remuneration Report as set out in the Directors’ report on pages 20 to 30 of the 2015 Annual Report, for the year ending 31 July 2015’.

Note: The vote on this resolution is advisory only and does not bind the Directors of the Company.

Item 2

Remuneration Report

For:	258,111,176	96.79%
Against:	6,373,914	2.39%
Open-Useable:	2,181,797	0.82%
Exclusions:	36,092,721	
Abstain:	9,863,351	

Item 3

Re-election of Director, Mr Stephen Heath

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

‘That Mr Stephen Heath, a Director retiring in accordance with Rule 35(c) of the Constitution, and being eligible, is re-elected as a Director of Funtastic.’

The Chairman intends to vote all undirected proxies in favour of this resolution. The Company will also disregard any votes cast on this resolution in respect of the shares proposed to be cancelled pursuant to the resolution in Item 6.

Item 3

Re-election of Director, Mr Stephen Heath

For:	314,876,910	98.10%
Against:	2,900,301	0.90%
Open-Useable:	3,204,108	1.00%
Abstain:	11,041,640	

Item 4

Re-election of Director, Ms Linda Norquay

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

‘That Ms Linda Norquay, a Director retiring in accordance with Rule 35(c) of the Constitution, and being eligible, is re-elected as a Director of Funtastic.’

The Chairman intends to vote all undirected proxies in favour of this resolution. The Company will also disregard any votes cast on this resolution in respect of the shares proposed to be cancelled pursuant to the resolution in Item 6.

Item 4

Re-election of Director, Ms Linda Norquay

For:	316,535,071	98.48%
Against:	1,658,504	0.52%
Open-Useable:	3,206,444	1.00%
Abstain:	10,622,940	

Item 5

Refresh Approval of Funtastic Employee Share Loan Plan

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

‘That, for the purposes of section 260C(4) of the Corporations Act and Exception 9 of ASX Listing Rule 7.2, and for all other purposes, the Company approves the “Funtastic Employee Share Loan Plan” (ESLP) a summary of which is set out in the Explanatory Notes, and the issue of securities under the ESLP, as an exception to ASX Listing Rule 7.1.’

Item 5

Refresh Approval of Funtastic Employee Share Loan Plan

For:	254,171,218	94.74%
Against:	10,931,647	4.07%
Open-Useable:	3,191,802	1.19%
Exclusions:	36,092,721	
Abstain:	8,235,571	

Item 6

Cancellation of Shares issued to the Executive Directors (Mr Nir Pizmony and Mr Grant Mackenzie under the Funtastic Employee Share Loan Plan on 31 July 2015 and 19 October 2015

To consider and, if thought fit, to pass the following resolution as a special resolution:

‘That, for the purposes of section 256C of the Corporations Act, the Constitution, and for all other purposes, approval is given for the Company to make a selective reduction of capital and cancel a total of 18,800,000 full paid ordinary shares with effect from the dates that is 14 days after this Resolution is lodged with ASIC on the terms and conditions set out in the Explanatory Notes.’

Item 6

Cancellation of Shares issued to the Executive Directors (Mr Nir Pizmony and Mr Grant Mackenzie under the Funtastic Employee Share Loan Plan on 31 July 2015 and 19 October 2015

For:	266,157,673	98.75%
Against:	162,939	0.06%
Open-Useable:	3,199,355	1.19%
Exclusions:	36,092,721	
Abstain:	7,010,271	

Item 7

Approval of Issue of Shares to Mr Nir Pizmony under the Employee Share Loan Plan

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

‘That, subject to and conditional on the passing of the resolution in Item 6, and for the purposes of ASX Listing Rule 10.12 and 10.14 and for all other purposes, approval is given for the issue of 15,500,000 fully paid ordinary shares to Mr Nir Pizmony or his nominee, as set out in the Explanatory Notes and pursuant to the ESLP and in accordance with the terms and conditions of the ESLP, a summary of which is set out in the Explanatory Notes.’

Item 7

Approval of Issue of Shares to Mr Nir Pizmony under the Employee Share Loan Plan

For:	252,763,635	94.55%
Against:	11,411,468	4.27%
Open-Useable:	3,159,316	1.18%
Exclusions:	36,092,721	
Abstain:	9,195,819	

Item 8

Approval of Issue of Shares to Mr Grant Mackenzie under the Employee Share Loan Plan

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

‘That, subject to and conditional on the passing of the resolution in Item 6, and for the purposes of ASX Listing Rule 10.12 and 10.14 and for all other purposes, approval is given for the issue of 3,300,000 fully paid ordinary shares to Mr Grant Mackenzie or his nominee, as set out in the Explanatory Notes and pursuant to the ESLP and in accordance with the terms and conditions of the ESLP, a summary of which is set out in the Explanatory Notes.’

Item 8

Approval of Issue of Shares to Mr Grant Mackenzie under the Employee Share Loan Plan

For:	253,157,735	94.55%
Against:	11,419,068	4.27%
Open-Useable:	3,151,716	1.18%
Exclusions:	36,092,721	
Abstain:	8,801,719	

CEO's Address

Nir Pizmony

We are on the way

Over the last 12 months the key challenges have been to:

- Deal with a number of legacy issues
- Manage the continuous day-to-day challenges in a tough retail environment
- Maintain focus on our long term strategic intent of:
 - Developing and enhancing our own brands
 - Continue our global expansion
 - Broaden portfolio of brands in Australia by increasing our own and agency brands in:
 - Toys, Sporting and Party Items
 - Confectionery and Health Foods
 - Homewares

In order to return the company to profit.

How are we progressing so far?

Key Priorities

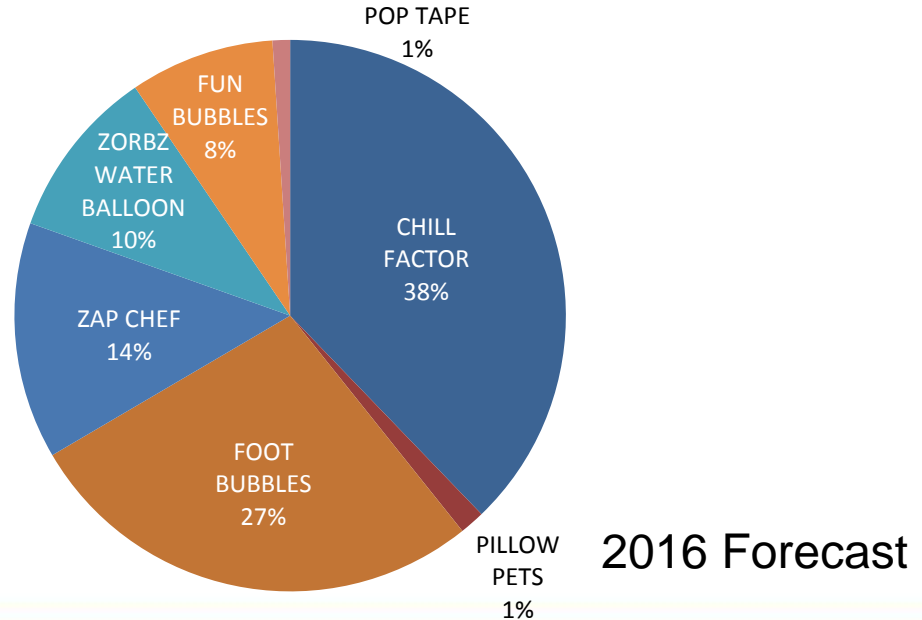
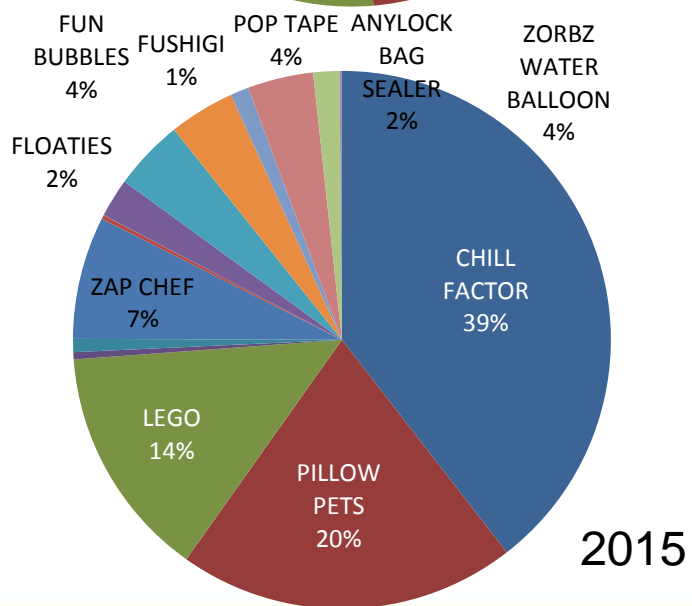
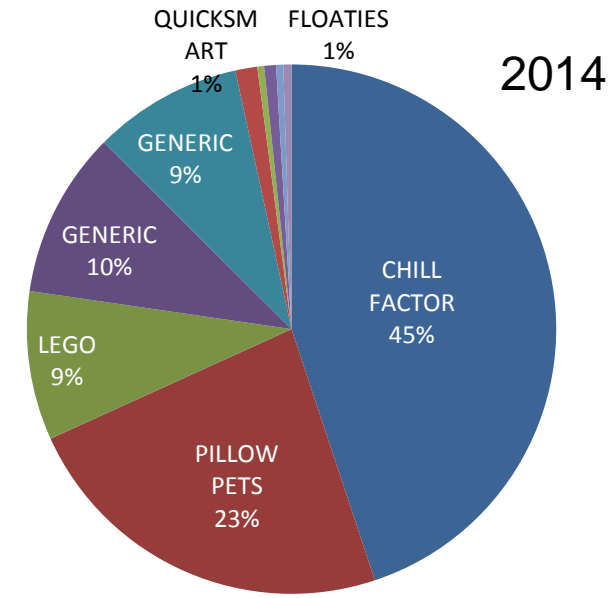
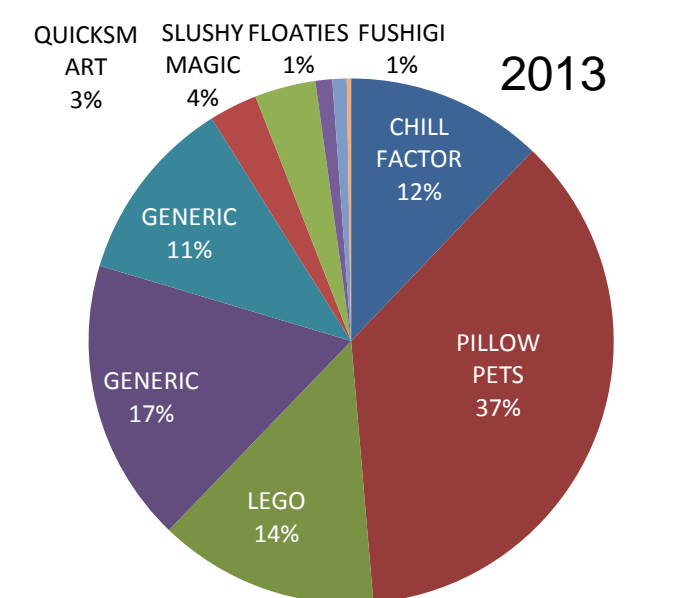
Build our own brands and products by creating unique and innovative products that enrich lives around the world.

Increase sales of own brands from 25% of total sales to 32% in FY16 and **greater** than 50% by FY20.



CHILLFACTOR™
changes everything





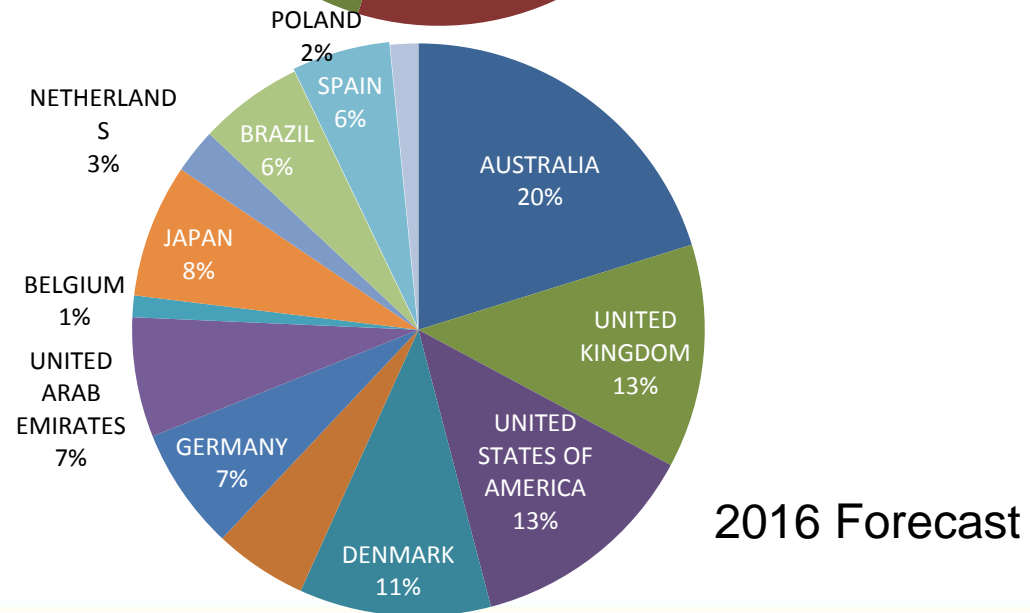
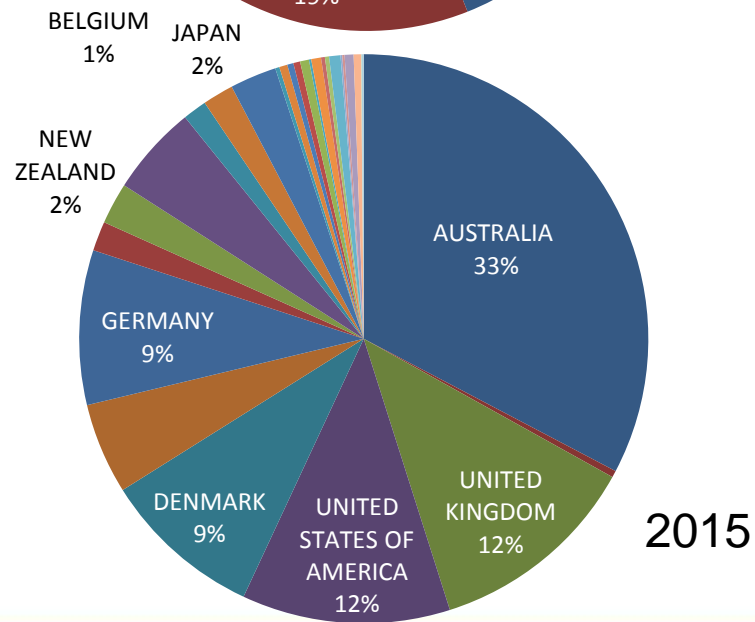
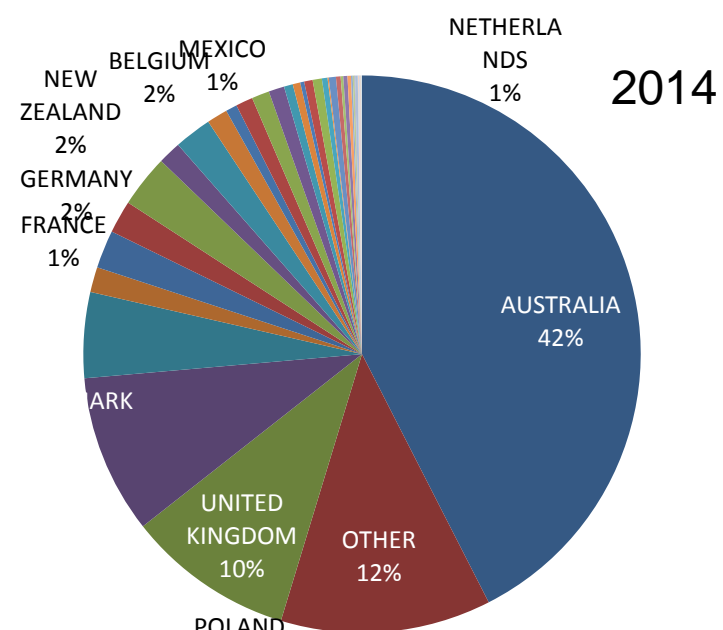
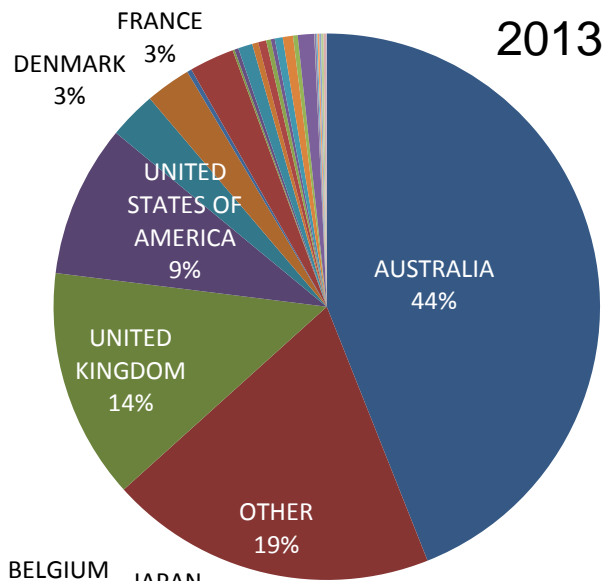
Key Priorities

Continue Global expansion

- US
- Europe
- Asia, Middle East, Africa
- Latin America

Increase International sales from 18% of total sales to 25% in FY16 and **greater** than 40% by FY20.

Own Brands



Positive results

As a result of the initiatives undertaken, our [Australian business](#) [has returned to profit](#) driven by:

- Restructure of the business
- Cost saving initiatives implemented
- Normalised inventory levels
- Improved margins
- Greater depth of product in more categories



Investment will deliver stable sustainable profit

We have been re-investing our resources in Hong Kong, China and the USA in order to deliver steady long term growth with less dependency on the Australian business.

This will ensure that the company has the ability to grow and deliver a stable sustainable profit.

International Director

Pedro San Gil



50+ Our distribution network extends to cover 50+ of the world's most lucrative markets.



CHILLFACTOR™
changes everything



We create, develop and market innovative brands that enrich lifestyles around the world. Our vision is driven by the values of integrity, creativity, innovation and passion.

The heart of what we do is enriching lives and creating long-term business value, by building world-class lifestyle brands on a global scale.



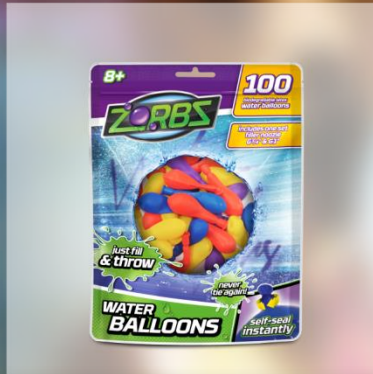
ZapChef - Crackin' Eggs



ZapChef - Poppin' Corn



ZapChef - Cuppa Cake



Zorbz - Water Balloons



Zorbz - Color Bombs



Zorbz - Hose Replicator



Zorbz - Combat Launcher



Fun Bubbles - Fairy Wings



Fun Bubbles - Music Bubbles



Fun Bubbles - Ultra Foamy Bubbles

The world's biggest sporting star signs with Funtastic.

Guinness World Records



Footballer with the most golden ball awards (4)



Goals record in one natural year (91)

Argentina National Team



U-20's World Cup
Netherlands 2005



Gold Medal
Beijing Olympics 2008



15+ Trophies with FCB



6 Spanish Leagues



3 Champions leagues



2 Spanish Super Cups



2 European Super Cups



2 FIFA Club World Cups



**FUNTASTIC IS
KICKING GOALS
WITH LEO
MESSI**

1.3 million units shipped
so far.

Products



FootBubbles - Jumbo Socks



FootBubbles - Bubbles Launcher



FootBubbles - Socks Wave 2



FootBubbles - Arena Challenge



Marketing Director

Ryan Gracie

Global Audience

- Shared with 81,099,659 Messi Facebook followers
- 1.7 million video views
- 146,176 likes
- 9,166 shares
- 3,953 comments



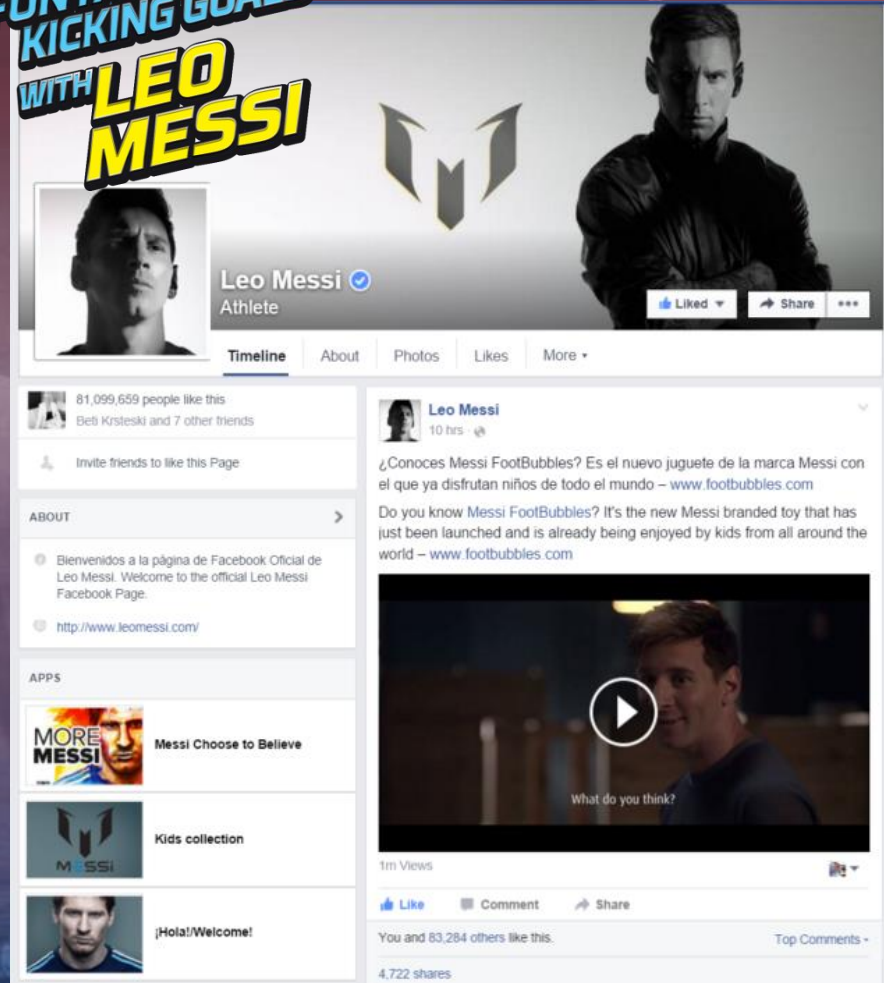
81,409,735 Likes



29,793,434 Followers

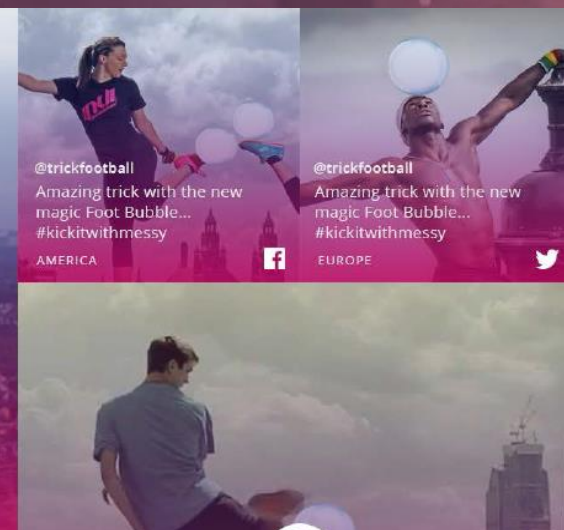
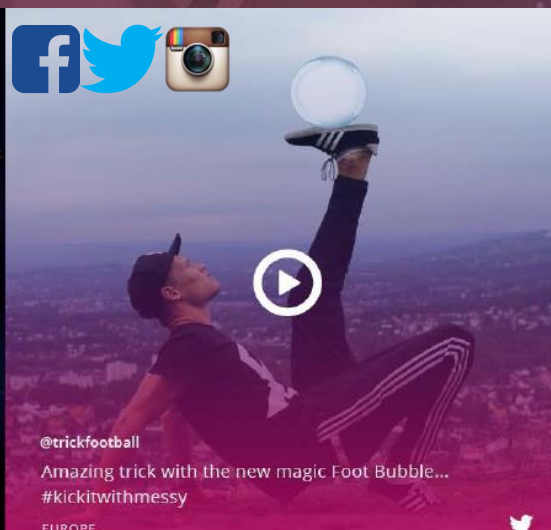


FUNTASTIC IS KICKING GOALS WITH LEO MESSI





Meet Messi – Global Competition



Chairman

Shane Tanner

Outlook

	FY15 H1	FY16 H1
Net Sales	\$50.4m	\$56m to \$58m
Gross Profit %	28.5%	31% to 33%
EBITDA	(4.2m) *	Break-even

* Pre-goodwill impairment of \$11.1m

Thank You