

2014 FULL YEAR RESULTS



Highlights



- ➔ **Sale of Madman Entertainment.**
- ➔ **Top line growth of 31% in International markets.**
- ➔ **Top line growth of 37% for own brands.**
- ➔ **Reduction of Net debt of \$16.8m from \$48.5m to \$31.7m.**

Key Financials

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2014 FY Results

	FY14	FY13	Change
Continuing Operations			
Revenue	124.6	115.7	 8%
Operating expenses	36.9	30.9	 19%
EBITDA before discontinued operations and Inventory write down ¹	10.2	23.9	
– Inventory write-down	(5.9)	–	
– Discontinued operations	(4.8)	(7.9)	
– Indirect corporate costs relating to discontinued operations	(0.3)	–	
EBITDA continuing operations¹	(0.8)	16.0	
NPAT continuing operations	(10.0)	8.6	
EPS (Cents) continuing operations	(1.51)	1.60	
Net Debt	31.70	48.60	
Net debt/equity	46.9%	47.2%	
Discontinued operations			
Revenue	37.9	50.8	 -25%
Operating expenses	40.4	43.2	 -6%
Madman loss for the year excluding depreciation & amortisation	(25.0)	5.4	
Total operations			
NPAT	(35.70)	14.00	

¹ FY13 includes impact of \$3.2m gain on early settlement of deferred acquisition consideration.

Balance Sheet

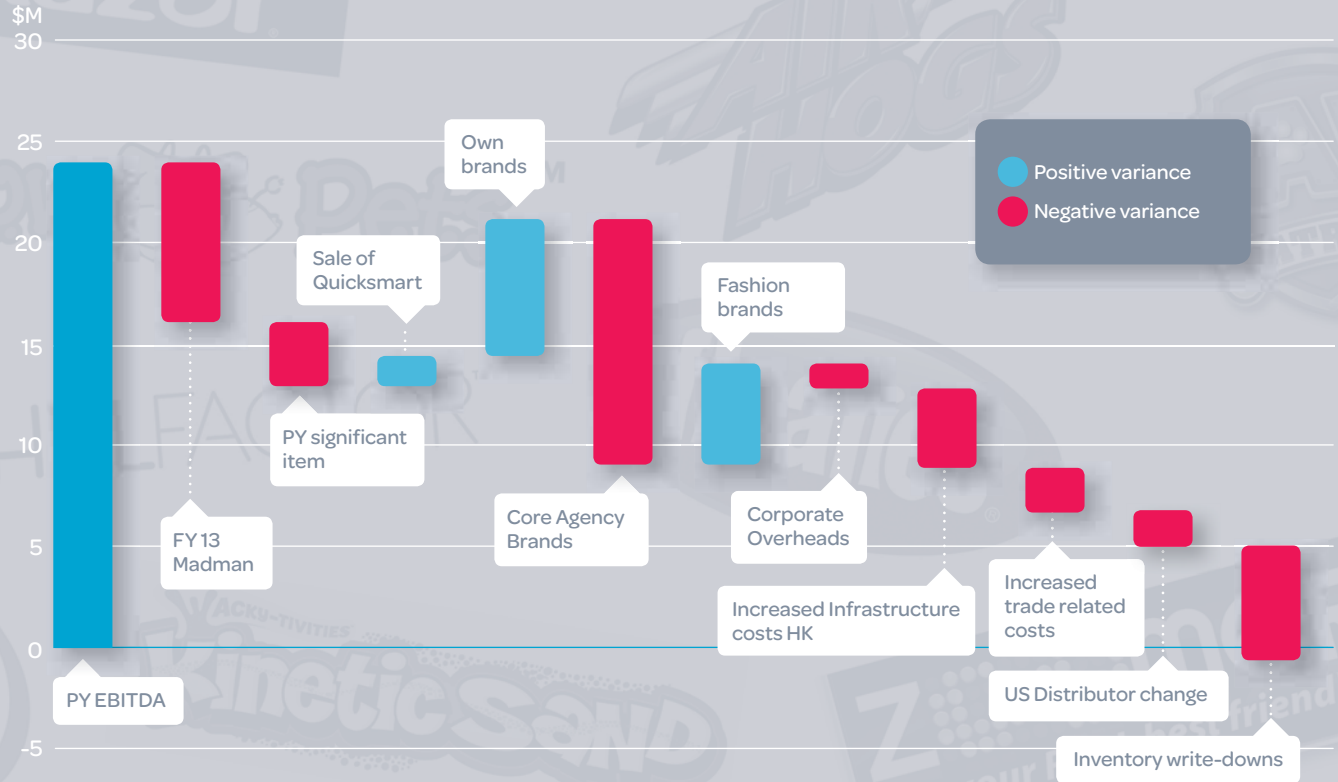
	July FY14	July FY13
Cash assets	4.9	4.3
Receivables	17.1	36.0
Inventories	16.4	24.0
Other assets	7.8	10.4
Other financial assets	–	1.6
Tax asset	0.0	0.1
Total current assets	46.2	76.3
Property, plant and equipment	1.6	2.9
Goodwill	50.0	78.8
Other Intangibles	17.4	21.0
Deferred tax asset	12.7	12.9
Other assets	0.5	15.8
Total non current assets	82.1	131.5
Total assets	128.3	207.8
Payables	17.3	20.0
Interest bearing liabilities	29.4	43.2
Provisions	0.9	1.8
Deferred purchase acquisition	–	0.9
Other financial liabilities	0.2	0.7
Other liabilities	4.6	20.4
Total current liabilities	52.3	87.0
Interest bearing liabilities	7.3	9.7
Provisions	0.5	1.1
Provision for deferred tax liabilities	0.2	6.3
Other liabilities	0.3	0.8
Total non current liabilities	8.3	17.9
Total liabilities	60.6	104.9
Net assets	67.7	102.9
Contributed equity	208.4	204.5
Retained profits	(141.5)	(102.5)
Other reserves	0.9	0.9
Total equity	67.8	102.9

Cash Flow

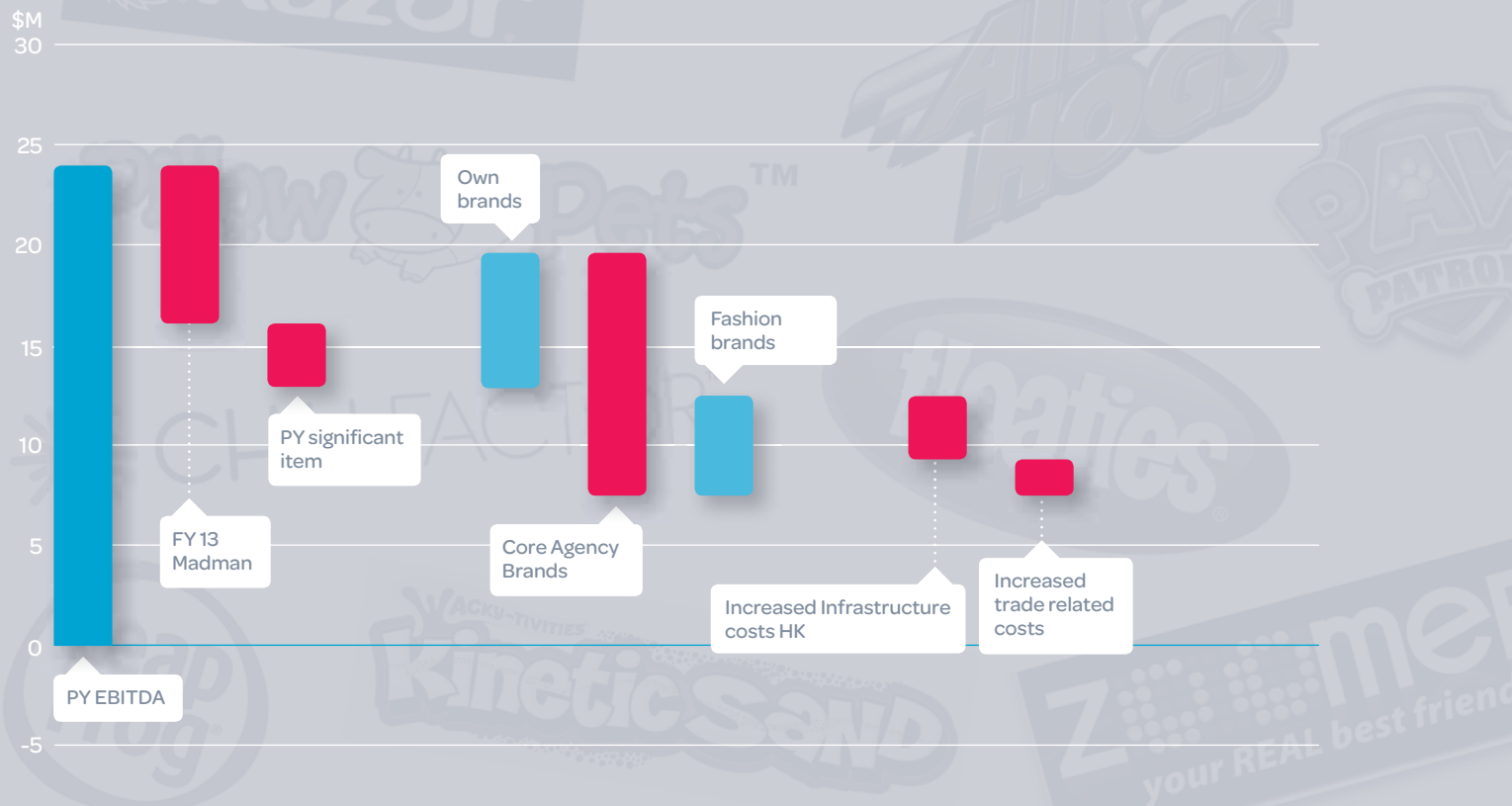
Funtastic
2014 FY Results

	FY14	FY13
Cash generated from operating activities	5.3	11.2
Income taxes paid	(0.1)	(0.3)
Interest & other costs of finance paid	(3.4)	(5.3)
Net cash inflow from operating activities	1.8	5.6
Interest and other investment income	0.6	0.6
Payment for acquisition of businesses	(0.5)	(5.1)
Payments for property, plant and equipment	(0.2)	(2.1)
Payment for other intangible assets	(2.9)	(3.4)
Proceeds from sale of business	21.9	-
Net inflow (outflow) from investing activities	18.9	(10.0)
Net proceeds from issue of shares	-	17.5
Dividends paid	(3.3)	(2.7)
Proceeds from borrowings	2.7	5.0
Repayment of borrowings	(19.5)	(13.1)
Borrowing transaction costs	(0.1)	(0.1)
Net cash (outflow)/inflow from financing activities	(20.2)	6.6
Net increase in cash held	0.5	2.2
Cash and cash equivalents at the beginning of the year	4.3	2.3
Effects of exchange rate changes on the balances of cash held in foreign currencies	0.1	(0.2)
Cash and equivalents at the end of the year	4.9	4.3

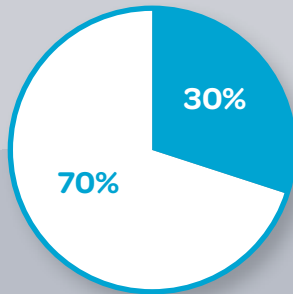
Performance Bridge



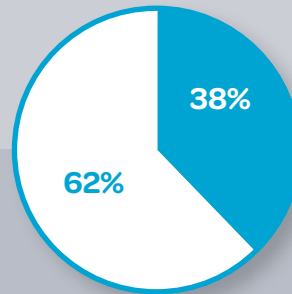
Performance Bridge excluding non-recurring items



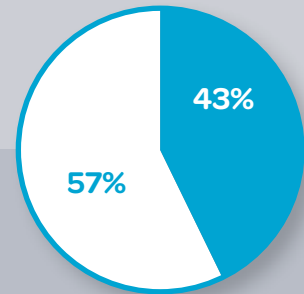
Revenue



FY2012



FY2013



FY2014

**Growing proportion of
revenue from own brands**



Own Brands



Agency Brands

Key Priorities for FY15

Funtastic
2014 FY Results

- ➞ **Optimize performance of our Own Brands:**
 - **New Products**
 - **New Markets**
 - **Brand Building Focus**
- ➞ **Improve product and agency performance**
- ➞ **Maximize operating efficiencies and working capital**
- ➞ **Continue to source new and innovative products**
- ➞ **Broaden customer base**
- ➞ **Re-align organization and systems post Madman sale**

FY15 Outlook

Despite the loss of Madman's contribution, FY 15 will see a significant improvement in earnings due to the absence of non-recurring costs , continued development and expansion of both our own and agency brands, and resulting operating leverage.



Continues to be the leading plush brand in the market. A refreshed brand campaign combined with some great new feature items will see continued strong sales.



Disney Glow Pets

Taking the ever popular Disney license to our successful Glow Pets format. 5 classic Disney characters will be available for launch and will surprise and delight children everywhere.



Pillow Pets #1



Scribble Pets

Combining the Pillow Pets DNA with a perennial play pattern has resulted in Scribble Pets. Designed for our youngest Pillow Pet consumers, this unique item allows children to “scribble” on the back of their pillow pet with a water marker, with the pattern drying in a few minutes to allow the child to scribble again and again, whilst still acting as a great bedtime companion!





Chill Factor continues to impress and will be supported by a comprehensive marketing program leading into Christmas and the summer months. Updated TVC's to support expanded distribution, social media in full swing and great consumer interaction via activations at the likes of the Royal Melbourne show should see another very strong holiday period for the Chill Factor brand. We will also be targeting 18 - 45 YO's for the first time via our Black Label Ice Twist campaign launching exclusively in Dan Murphys.



Slushy Maker Colour Blast

Expanded distribution into Department stores and homewares retailers, the new Colour Blast is a great refresh on our core Chill Factor SKU.



Jelly Maker

Make Jelly in minutes, not hours! Great initial take up in Big W, this line will expand distribution leading into Christmas. Backed by a comprehensive marketing campaign, this looks like a fantastic addition to the range.



Ice Twist

A unique twist on an old favourite. A sleeker, more refined designed to allow adults to enjoy the great benefits Chill Factor can provide. From mocktails to cocktails, this will be launched in Dan Murphys in time for Spring racing and the lead into Christmas.





This iconic Australian brand is ready for another summer. With innovative new designs ready for an expanded distribution strategy, even more kids will be confident with Floaties.





LeapFrog has a huge number of new launches coming into Christmas 2014. A strategic decision to hold off launching new product in the July catalogue period means we have our biggest launch program in the last 5 years for LeapFrog heading into Christmas. This will be backed by a comprehensive marketing plan, combining strong above the line support, social media via our over 17,000 facebook fans and over 400,000 registered connected users and in store executions should see our strongest Christmas yet.



LeapBand

Taking the fitness device craze to kids in a positive and educational way. Think a cross between Fitbit and Tamagotchi, Leapband is an activity tracker made for kids that encourages active play and healthy habits with 50 fun challenges, featuring a customisable pet pal. Kids can earn energy points then unlock rewards for being active, caring for a pet pal and completing challenges on the LeapBand. A great response for the first few weeks of sales.



LeapPad 3

Most advanced LeapPad yet featuring a 5" screen, USB power, 4GB of memory, Kidsafe WiFi and over 700 educator approved apps and games available. Early sales have been hugely encouraging.



LeapTV

Taking advantage of the gap in the gaming market for Pre School aged kids, LeapTV is an educational, active video gaming system. Kids can learn through motion as they jump, dance and more. With a library of 100+ LeapFrog educator-approved game cartridges, game downloads and videos, kids never run out of fun!



A resurgence in this brand over the past 18 months is set to continue with Razor up over 24% in value YTD according to NPD data (as at W/E Sept 17, 2014) . Backed by some great new innovative products such as the award winning Crazy Cart and a fully integrated marketing program, this trend will continue.

24% Value





Up over 60% in value YTD according to NPD data (as at W/E Sept 17, 2014), Airhogs has cemented itself as the no.1 RC brand in Australia. With great TVC creative for the new Rollercopter and Vectron Wave lines, as well as continued support for Atmosphere this brand will continue to trend up.

60% Value



Rollercopter

This fully enclosed cage allows the heli to crash into walls, ceilings and floors and keep on rolling. Rolls, climbs and flies on any surface.



Vectron Wave

The top selling Airhogs line from 5 years ago is back in a refreshed format and ready to captivate a whole new legion of fans.





Two great christmas items for the youth electronics category. Zoomer, the robotic puppy sold out in all retailers over July and is back for Christmas. This time it will be accompanied by Dino, every boys best friend, as long as they can work out how to control it. These are on track for a combined sales total of over 60,000 units in calendar year 2014.



Zoomer

This interactive dog follows you with his eyes and even understands commands so you can call his name or tell him it's time for a walk. The multiple sensors help Zoomer mimic the movements of a real dog, and you can even teach your puppy pal tricks, such as sit, play dead, roll over and more. Zoomer even wanders off or "pees" on the floor when he gets bored. Bring home man's best friend without the mess, vaccinations or responsibilities of an actual dog! Full ranging accross all key retailers.



Dino

Dino is the next generation of Dinosaur. From the depths of the jungle he has evolved to bring the craziness of the jungle home! He chomps, he snaps, he can be aggressive or maybe even show his dance moves!





Phenomenal sales in the US, UK and Japan add credence to strong early demand in Australia. With TV support on a line that appeals to both girls and boys, this will be the number 1 arts and crafts line for Christmas.



No1 for Xmas





Up over 42% YTD according to NPD data (as at W/E Sept 17, 2014) CPK is a true evergreen brand, continuing to resonate with mums and their daughters. This seasons new line sees CPK teaming up with Sketchers so your CPK will now wear the same Twinkle toes shoes as you.



42%+ Growth



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