

3 August 2009

The Manager Company Announcements Office Australian Stock Exchange Limited Level 4, Stock Exchange Centre 20 Bridge Street SYDNEY NSW 2000

Dear Sir

ASX Announcement (Update) in respect of the Funtastic Apparel Business

Attached is an update announcement concerning the Funtastic Apparel Business.

Yours faithfully

D J Berry Company Secretary

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3rd August 2009

ASX ANNOUNCEMENT

Funtastic's Sale of Apparel Business (Update)

Funtastic wishes to provide an update in relation to the sale of its non-core Apparel business.

On 26 June 2009 Funtastic announced that it had signed a sale agreement in respect of its Apparel business with Mercury Brands Limited. The sale agreement was conditional on Mercury Brands finalising its funding arrangements with respect to the acquisition.

Mercury Brands has been unable to finalise its funding arrangements in relation to the acquisition of the Apparel business. On this basis Funtastic terminated the sale agreement on 31 July 2009.

Funtastic is pleased to advise that it is presently in negotiations with another buyer of its Apparel business, but has not yet concluded any agreement with that party.

For more information on Funtastic, visit the web site at www.funtastic.com.au and for comment contact Anna Kirby, Public Relations for Funtastic Limited Ph: 03 9486 9357.