



funtastic
LIMITED

7th 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 – Sale of Apparel Business Update

Attached is an Announcement concerning the sale of Funtastic's Apparel Business.

Yours faithfully

D J Berry
Company Secretary

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ASX ANNOUNCEMENT SALE OF APPAREL BUSINESS

Funtastic Limited announced today the sale of its Apparel business to Australian Horizons Trading Pty Ltd, a company privately owned by Jeff Moss who has upwards of 25 years experience in the apparel manufacturing, design, distribution and retail arenas.

Funtastic advised the market on Monday 3 August 2009, that a previously announced sale of the Apparel business unit to Mercury Brands Limited had failed to complete when Mercury was unable to finalise funding arrangements. At the same time, the company advised that it was in discussions with another interested buyer.

According to Funtastic Chief Executive Officer, Stewart Downs, Funtastic is delighted that the deal will see a continuing strategic relationship with Jeff Moss and the Australian Horizons business.

"A key linchpin of the sale is an ongoing partnership with Australian Horizons Trading," Mr Downs said. "Together with Jeff's team, Funtastic will continue to be able to offer retailers complete solutions for key licenses across the children's products landscape."

The completion date for the sale of the Apparel business to Australian Horizons Trading Pty Ltd is set for 31 August, 2009.

Broadly Funtastic expects to receive the book value for working capital of approximately \$5.4 million plus a share of the 2010 sales which is expected to be no less than \$3.0 million but capped at \$5.0 million. The latter payments will be received progressively during 2010 and a final amount received in January 2011.

KPMG Corporate Finance acted as financial advisor to Funtastic Limited on the Apparel business transaction.

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