



funtastic
LIMITED

26th October 2009

Page: 1 of 1

Mr Dean Litis,
Principal Adviser, Issuers
ASX Limited
Level 45, South Tower Rialto
525 Collins Street
MELBOURNE VIC 3000

By email only.

Dear Dean,

RE: FUNTASTIC LIMITED - PRICE QUERY

I refer to your letter of 23rd October 2009 regarding the rise in the Funtastic Limited (the Company) share price (FUN) and an increase in the trading volume on 23rd October 2009.

The following is the Company's response to your specific questions.

1. No, the Company is not aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company.
2. Not applicable.
3. In the year to 31st December 2008 the Company reported a profit of \$17.2 million from continuing operations before impairment and restructuring costs and tax. With the release of the Company's half year results, the Company advised on 31st August 2009 "*The Directors expect to see little improvement in the second half trading and, as previously advised the result will be materially lower than last year*". This position is under regular review and although the Company's operating position has improved slightly, the Company still expects to report a loss at the operating level for the full year to 31st December, 2009.
4. At present the Company has no reason to believe it may record any material abnormal or extraordinary items for the full year ending 31st December 2009 other than as disclosed in the half year accounts.
5. There is no other explanation that the Company may have for the price rise and increase in trading volume in the securities of the Company
6. The Company confirms it is in compliance with the ASX Listing Rules and, in particular, Listing Rule 3.1.

If you have any further queries please do not hesitate to contact me.

Yours faithfully

John Osborne,
Company Secretary.

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23 October 2009

Mr John Osborne
Company Secretary
Funtastic Limited

By e-mail only

Dear John

Funtastic Limited- Price Query

We have noted a change in the price of the Company's securities from 23 cents at close of trading on 21 October 2009 to a high of 30 cents today. We have also observed larger than normal volumes of trades today.

In light of the price change and increase in trading volumes, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?

Please note that as recent trading in the Company's securities could indicate that information has ceased to be confidential, the Company is unable to rely on the exceptions to listing rule 3.1 contained in listing rule 3.1A when answering this question.

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any reason to think that there may be a change in the operating loss before abnormal items and income tax so that the figure for the full year ending 31 December 2009 would vary from the previous corresponding period by more than 15%? If so, please provide details as to the extent of the likely variation.

4. Is there any reason to think that the Company may record any material abnormal or extraordinary items for the full year ending 31 December 2009? If so, please provide details.

5. Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?

6. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

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Your response should be sent to me by return email. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (i.e. before 9.30 a.m. EDST) on Monday 26 October 2009.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts, we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

Yours sincerely

Sent by electronic means without signature

Dean Litis

Principal Adviser, Issuers