



27 January 2015

**ASX Announcement**

**Response to article in the Australian Financial Review**

Funtastic Limited ACN 063 886 199 (ASX:FUN) (**Funtastic**) refers to the article published today on page 12 of the Australian Financial Review entitled "Madman Woes for Funtastic".

The article relates to Funtastic's sale of the Madman business, which completed on 31 July 2014, to Madman Film & Media Pty Ltd ACN 600 441 549 (**Buyer**), which, as the article suggests, is owned by a consortium of investors including Adrian Mackenzie, Brett Chenoweth and Charbel Nader.

Although Funtastic is bound by confidentiality obligations under the share sale agreement (**Sale Agreement**) entered into with the Buyer, it wishes to make the following comments in response to the article in the Australian Financial Review to comply with its ASX disclosure obligations:

- As noted in Funtastic's ASX announcement on 1 August 2014, the sale price of the Madman business is subject to a typical purchase price adjustment based on the amount of working capital in the business as at completion.
- In accordance with the Sale Agreement, Funtastic prepared draft completion accounts which would result in a purchase price adjustment payable by the Buyer to Funtastic. The estimated adjustment amount is reflected in Funtastic's financial statements for the year ending 31 July 2014.
- Funtastic prepared the completion accounts in conjunction with its auditors and in accordance with the principles and procedures agreed under the Sale Agreement.
- Charbel Nader, for and on behalf of the Buyer, subsequently delivered a dispute notice to Funtastic, which provided for an adjustment in favour of the Buyer. Funtastic strenuously disputes the contents of the Buyer's dispute notice. Following receipt of the Buyer's dispute notice, Funtastic obtained further advice from its auditors and corporate advisers in respect of the draft completion accounts and adjustment amount, including for the purposes of preparing and finalising Funtastic's financial statements for the year ending 31 July 2014. Accordingly, Funtastic is confident that it has correctly treated the adjustments under the Sale Agreement in its financial statements.
- The dispute between Funtastic and the Buyer has been referred to an independent accountant for final determination. Funtastic expects a determination to be made in the next 8 to 10 weeks.

Grant Mackenzie  
CFO, COO and Company Secretary  
Tel 03 8531 0000  
Email: [grant.mackenzie@funtastic.com.au](mailto:grant.mackenzie@funtastic.com.au)

For further information please contact:  
Greg Slade  
Investor Relations  
Mob 0488 917 882  
Email: [greg@slardeir.com](mailto:greg@slardeir.com)