



funtastic
LIMITED

15th April 2015

Re: Funtastic Limited - Madman update

The Company has received the final report from the Independent Accountant, Mr Greg Meredith of Ferrier Hodgson, in relation to the disputed working capital adjustment amount payable under the Share Sale Agreement entered into between the Company and Madman Film and Media Pty Ltd (**MFM**), the purchaser of the Madman group of companies, on 31st July 2014.

The Company calculated the working capital adjustment amount to be \$3.777 million payable by MFM to the Company. MFM's position was that the Company owed MFM \$7.587 million.

Mr Meredith has now determined that the final working capital adjustment amount due from MFM to the Company is \$332,000, which represents a shortfall of approximately \$3.1million from the carrying balance at the half year ended 31st January 2015.

The primary difference in the determination has arisen from the interpretation of the accounting principles defined by Deloitte's on behalf of the company as part of the Share Sale Agreement, which has been applied consistently in the determination of the Company's audited financial statements and used to calculate the target working capital. Documents supporting the application of these accounting principles were reviewed by MFM in the data room as part of the sale process.

This Company has sought further accounting and legal advice on Mr Meredith's report and determination, however, in the absence of a satisfactory outcome, the Company will be required to make an appropriate adjustment in the full year accounts for the year ending 31st July 2015.

Yours sincerely

Grant Mackenzie
CFO, COO & Company Secretary
Funtastic Limited