



20 October 2015

Company Announcements Office
ASX Limited
Exchange Centre
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

Funtastic Limited – UPDATE ON MADMAN CLAIM

Funtastic Limited filed a Statement of Claim against Madman Film and Media Pty Ltd (**MFM**) in the Supreme Court of Victoria on 6 October 2015. The proceeding arises from the share sale agreement by which Funtastic sold the Madman Entertainment group of companies. As part of the share sale agreement, Funtastic was required to provide final completion accounts and where an objection is received have a period in which to resolve any amount in dispute. Subsequent to the dispute, an Independent Accountant was appointed to adjudicate the claims. The Independent Accountant concluded in their final report that an adjustment amount of \$332,000 in Funtastic's favour was payable by MFM.

In its Statement of Claim, Funtastic alleges that the Independent Accountant made a manifest error by not allowing certain adjustments in the completion accounts in favour of Funtastic totalling \$2,526,942. The orders sought in the Statement of Claim include that the Adjustment Amount (being the amount payable by MFM to Funtastic) is \$2,858,949.12, rather than \$332,000 as determined by the Independent Accountant.

Funtastic's financial statements for the year ended 31 July 2015 included a current asset of \$332,000 (being the amount determined by the Independent Accountant as being payable by MFM to Funtastic) and a disclosed contingent asset of \$3,042,000 (see Note 40 on page 94). The amount of the contingent asset disclosed in the notes to the financial statements reflected Funtastic's view of the full amount that it would have been entitled to recover had all of the disputed adjustments that Funtastic has identified been decided in favour of Funtastic. In filing its Statement of Claim on 6 October, Funtastic has confined its claim to an adjustment amount of \$2,526,942, being the total adjustments that Funtastic alleges in the Supreme Court proceeding should have been allowed by the Independent Accountant in the completion accounts.

Grant Mackenzie
Company Secretary