



31 July 2014

## **ASX ANNOUNCEMENT**

### **Divestment of Madman**

Further to the announcements made to the market on 4 March 2014 and 11 March 2014, Funtastic Limited (ASX:FUN) advises that it has signed and completed a share sale agreement to sell all of the share capital in the Madman group of companies to Madman Film and Media Pty Ltd (ACN 600 441 549).

Madman Film and Media Pty Ltd is comprised of a consortium of investors and will continue under the guidance of (amongst others) the original founders of the business, Tim Anderson and Paul Wiegard.

The agreed sale price under the agreement is AUD\$21.5m, subject to usual post completion working capital adjustments.

The impact of the selling price and estimated working capital adjustment will require a further write-down of between \$5m and \$5.5m, which will be recorded in Funtastic's accounts for the financial year ending July 31 2014.

Final completion and settlement occurred on 31st July 2014, the last day of Funtastic's financial year. Net proceeds from the sale have been applied to debt reduction which will significantly strengthen Funtastic's financial position.

Funtastic will report financial results for the year ended 31 July 2014 in late September 2014. The trading results will be consistent with previous earnings guidance of operating EBITDA in the range of \$10-\$12m for the year, prior to asset carrying value adjustments (\$24.2m) and inventory write downs that were previously flagged to the market (\$4-\$6m). After one-off adjustments the reported net loss will be in the vicinity of \$25m.

Commenting on the sale of the Madman business, Funtastic's outgoing CEO Mr Stewart Downs said "After a restructuring of the Madman business and lengthy negotiations, I am pleased to report that the sale of the Madman business has now completed. Looking forward, Funtastic is now expected to have greater strategic, operational and financial flexibility to focus solely on our strategy to own and grow our own brand portfolio and drive strong growth from local and international markets. After what has been a disappointing year for Funtastic shareholders, the board and senior management are confident of better times ahead now that our organisation is being streamlined and re-focussed based upon our core competencies. I wish the team at Funtastic all the best for the years ahead."

Due to Paul Wiegard continuing as Joint Managing Director of Madman Entertainment Pty Ltd he has tendered his resignation from the board of Funtastic Limited effective 31st July 2014.

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