



funtastic
LIMITED

23 April 2009

The Manager
Company Announcements Office
Australian Stock Exchange Limited
Level 4, Stock Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir,

ASX Announcement – Update on Proposed Acquisition of NSR, Rights Issue and timing for AGM

Attached is an announcement in regard to the proposed acquisition of NSR, the proposed Rights Issue and timing for the company's AGM.

Yours faithfully,

D J Berry
Company Secretary

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ASX ANNOUNCEMENT

Update on proposed acquisition of NSR, Rights Issue and timing for AGM

On 19 February 2009, Funtastic Limited (**Funtastic**) announced that it had signed a non-binding heads of agreement in relation to the potential acquisition of the Hong Kong based company, NSR (HK) Limited, from interests associated with Mr Nir Pizmony (**NSR Acquisition**). Mr Pizmony is a former director of Funtastic. The announcement also stated that Funtastic intends to conduct a fully-underwritten non-renounceable entitlement offer to eligible shareholders to raise approximately \$22 million (**Rights Issue**).

Funtastic has now conducted due diligence on NSR and is working towards signing binding agreements for the NSR Acquisition and an underwriting agreement for the Rights Issue. In contemplation of those agreements being finalised shortly, Funtastic has also commissioned BDO Kendalls Corporate Finance as an independent expert to prepare a report expressing an opinion on whether the NSR Acquisition is fair and reasonable for Funtastic shareholders.

In its announcement of 19 February 2009, Funtastic stated that it would seek shareholder approval for the NSR Acquisition and the underwriting arrangements for the Rights Issue at its Annual General Meeting (**AGM**). To enable Funtastic to finalise binding agreements for the NSR Acquisition and the underwriting agreement for the Rights Issue before Funtastic convenes its AGM, ASIC has granted Funtastic approval to extend the date by which its AGM must be held to 30 June 2009. Funtastic will make a further announcement once the date of the AGM is confirmed.

If binding agreements for the NSR Acquisition and the Rights Issue are entered into shortly, the notice convening the AGM will include resolutions relevant to these proposed transactions, together with explanatory materials including BDO Kendalls' independent expert's report. This will enable shareholders to make an informed decision on how they wish to vote on the resolutions required to allow the NSR Acquisition and the Rights Issue to proceed.

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Until binding agreements for the NSR Acquisition and the underwriting of the Rights Issue are finalised, no assurances can be given that these proposed transactions will proceed. Funtastic will continue to keep shareholders informed of all material developments in relation to the NSR Acquisition, the Rights Issue and the timing of the AGM.

For more information on Funtastic, visit the web site at www.funtastic.com.au and for comment contact Anna Kirby, Public Relations for Funtastic on 03 9486 9357.