



funtastic
LIMITED

18th May 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 update regarding the proposed acquisition of NSR, Rights Issue and the timing of the 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

Further to the announcements issued by Funtastic Limited (Funtastic) on 19 February 2009 and 23 April 2009, Funtastic advises that it has entered into legally binding agreements for:

- (a) the proposed acquisition of the Hong Kong based company, NSR (HK) Limited from interests associated with Mr Nir Pizmony (NSR Acquisition); and
- (b) the underwriting of a non-renounceable entitlement offer to eligible shareholders to raise approximately \$22 million (Rights Issue).

The agreements for the NSR Acquisition and the underwriting of the Rights Issue are conditional on various matters, including the approval of Funtastic shareholders. This approval will be sought at Funtastic's forthcoming Annual General Meeting which will be held on 29 June 2009.

A notice of meeting and an explanatory statement in relation to the NSR Acquisition and the Rights Issue will be sent to shareholders shortly. The explanatory statement will include an independent expert's report on the proposed transactions from BDO Kendalls Corporate Finance (NSW-VIC) Pty Ltd.

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

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