



25 June 2012

Funtastic announces successful completion of the \$20.2m institutional component of its capital raising with strong investor support

Funtastic Limited ("**Funtastic**" or the "**Company**") today announces the successful completion of the institutional component of its capital raising announced on 21 June 2012 (the "**Institutional Offer**"). The Institutional Offer, comprising a \$6.8 million institutional placement (the "**Institutional Placement**") and the institutional component of a 1-for-3 non-renounceable entitlement issue (the "**Institutional Entitlement Offer**"), raised approximately \$20.2 million (before expenses).

The Institutional Offer was conducted with an offer price of \$0.145 per new Funtastic ordinary share ("**New Share**"). New Shares issued under the Institutional Offer are expected to be allotted on Friday 29 June 2012 and commence trading on a normal basis on ASX on Monday 2 July 2012.

The proceeds of the Institutional Offer will be used to repay debt of \$15m, which strengthens the balance sheet and significantly reduces gearing and increases interest coverage. The remaining amount will provide working capital to invest in the Company's brand portfolio and drive organic growth both domestically and internationally and to pay the costs of the capital raising.

The Institutional Entitlement Offer and Institutional Placement received strong support from our large existing shareholders and a number of new and leading domestic institutional investors. Each of the substantial shareholders, including the three with Board representation, have taken up all or some of their entitlements under the Institutional Entitlement Offer. Bell Potter Securities was sole Lead Manager of the Institutional Offer.

Funtastic's Managing Director, Stewart Downs said "we are very pleased with the outcome of this offer and the support shown by our existing major shareholders. We also welcome the support from some of Australia's leading institutional investors which has helped create a very strong share register for Funtastic." Downs went on to say that "the Board felt it was prudent to strengthen the Company's balance sheet and reduce our debt levels in order to insulate the business from further economic shocks. Following operational improvements and the return to profit, Funtastic now has a strong and sustainable base from which to grow and drive shareholder returns." Finally he added that "the strong institutional support is especially pleasing to the Board and highlights that our focussed approach to costs and growth has resonated with investors in these challenging retail times. This raising means the Company is well funded to capitalise on its growth opportunities in order to take Funtastic to the next level."

Funtastic's shares will recommence trading with effect from market open on Monday 25 June 2012 on an ex-entitlement basis.

Retail Entitlement Offer

The retail component of the capital raising (the "**Retail Entitlement Offer**") is expected to raise approximately \$4.4 million (before expenses). The Retail Entitlement Offer will open on Friday 29 June 2012 and close at 5:00pm (Melbourne time) on Wednesday 25 July 2012.

Eligible retail shareholders, will be able to subscribe for 1 New Share for every 3 Funtastic ordinary shares held on the record date of 7:00pm (Melbourne time) on Tuesday, 26 June 2012, at the same offer price of \$0.145 as the Institutional Offer. It is the responsibility of retail shareholders to inform themselves of the eligibility criteria for exercise of their entitlements under the Retail Entitlement Offer.

Eligible retail shareholders will be sent a Retail Offer Booklet on or around Friday 29 June 2012. The Retail Offer Booklet will also be lodged with ASX on or around the same date. The Retail Offer Booklet is an important document and eligible retail shareholders should read it carefully (including restrictions on eligibility to participate in the Retail Entitlement Offer and the risk factors outlined in the capital raising presentation) in assessing the investment opportunity. Any eligible retail shareholders who wish to acquire New Shares under the Retail Entitlement Offer will need to complete, or otherwise apply in accordance with, the personalised Entitlement and Acceptance Form which accompanies the Retail Offer Booklet.

Shareholder enquiries

Eligible retail shareholders will be sent further details about the Retail Entitlement Offer via the Retail Offer Booklet which will also be lodged with ASX on or before Friday 29 June 2012.

Timetable

Event	Date
Trading halt, Institutional Placement and Institutional Entitlement Offer opens	Thursday 21 June, 2012
Institutional shortfall and Institutional Placement bookbuild	Thursday 21 June, 2012
Funtastic shares recommence trading on ASX	Monday 25 June, 2012
Record date for eligibility in the Retail Entitlement Offer	7:00pm Tuesday 26 June, 2012
Retail Offer Booklet to be dispatched to eligible retail shareholders	Friday 29 June, 2012
Retail Entitlement Offer opens	Friday 29 June, 2012
Settlement and allotment of New Shares under Institutional Entitlement Offer and Institutional Placement	Friday 29 June, 2012
Trading of New Shares issued under Institutional Entitlement Offer and Institutional Placement	Monday 2 July, 2012
Retail Entitlement Offer closes	5:00pm Wednesday 25 July, 2012
Retail shortfall bookbuild (if required)	Monday 30 July, 2012
Settlement of Retail Entitlement Offer	Tuesday 31 July, 2012
Allotment of New Shares under Retail Entitlement Offer	Wednesday 1 August, 2012
Trading of New Share issued under the Retail Entitlement Offer	Thursday 2 August, 2012

Note: The above timetable is indicative only and subject to change. All references to time are to Melbourne time. The Company reserves the right, subject to the *Corporations Act 2001* (Cth) and the ASX Listing Rules, to amend the indicative timetable set out above or to withdraw the Offer at any time.

About Funtastic

Funtastic is a publicly listed Australian company. With our head office in Melbourne and offices in Hong Kong and China, we supply retailers and customers across the country, and the world, with an array of leading products for kids of all ages.

For more information on Funtastic visit the web site at www.funtastic.com.au and for comment contact Stewart Downs (CEO) on 03 8531 0002.

Important Information

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or in any other jurisdiction in which such an offer would be illegal. Neither the new shares nor the entitlements have been, or will be, registered under the U.S. Securities Act of 1933 (the "US Securities Act") or the securities law of any state or other jurisdiction of the United States. Accordingly, the entitlements, and the new shares may not be offered or sold, directly or indirectly, in the United States, unless they have been registered under the U.S. Securities Act, or are offered and sold in a transaction

exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable state securities laws.

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