



ASX RELEASE

27 March 2017

INTENTION TO APPLY FOR REMOVAL FROM THE ASX OFFICIAL LIST

The directors of Funtastic Limited (ASX: FUN) (**Funtastic** or **Company**) have determined that the continued listing of the Company on the ASX is no longer in the best interests of the Company and its shareholders, and the Company intends to apply to the ASX pursuant to ASX Listing Rule 17.11 to be removed from the official list of the ASX.

The key reasons for seeking the Company's removal from the official list are:

- the low level of liquidity in the Company's shares. For example, over the last 6 months, monthly trading volumes in the Company's shares have been consistently less than 2% of the total shares on issue. This low liquidity has created significant share price volatility;
- the Company's removal from the official list is expected to improve its ability to raise capital and grow its business and may have a positive effect on its ability to restructure its debt arrangements; and
- the costs of the Company remaining listed outweigh any benefits of listing.

The Company has sought in-principle advice from the ASX to determine ASX's likely position on any request by the Company for its removal from the official list. On 20 March 2017, ASX advised that it would be likely to agree to the Company's removal from the official list, subject to the following conditions:

- the Company's removal from the official list being approved by ordinary resolution of ordinary security holders of the Company;
- the notice of meeting seeking security holder approval for the Company's removal from the official list must:
 - include a statement to the effect that the removal will take place no earlier than one month after approval is granted; and
 - contain an update on the Company's current negotiations with its financiers in relation to a restructure of its existing debt; and

- the Company releases the full terms of ASX's in-principle advice to the market immediately upon the directors resolving to seek removal from the official list of ASX.

Funtastic will convene an extraordinary general meeting at which shareholders will consider an ordinary resolution approving the Company's removal from the official list. The meeting is expected to be held at 10am on Thursday, 4 May 2017, and a notice of meeting that complies with the above conditions, is expected to be despatched to shareholders on 3 April 2017.

An indicative timetable for the removal of the Company from the official list is as set out below.

| Event | Date |
|--|---------------|
| Receipt of ASX in-principle advice | 20 March 2017 |
| Announcement of intention to apply to ASX for removal from the Official List | 27 March 2017 |
| Extraordinary General Meeting of Shareholders to approve the proposed removal of the Company from the official list | 4 May 2017 |
| Formal application to ASX for removal | 4 May 2017 |
| Expected announcement of ASX decision | 12 May 2017 |
| Expected removal date (to take place no earlier than one month after the date of shareholder approval) | 5 June 2017 |

The consequences of the Company's removal from the official list include:

- its shares will no longer be quoted on the ASX and will no longer be traded on the ASX. The shares will only be capable of sale by an off-market private transaction in accordance with the Company's Constitution;
- it will no longer be able to raise capital from the issue of securities by means of limited disclosure fundraising documents;
- it may be relieved from some reporting and disclosure requirements and restrictions under the ASX Listing Rules, including the removal of restrictions on the issue of shares by the Company, requirements concerning significant changes to the Company's activities and relief from adherence to ASX Corporate Governance Principles and Recommendations; and
- while the ASX Listing Rules will cease to apply to the Company, shareholders will retain the protections provided to them under the Corporations Act and the Company's Constitution, such as financial reporting and audit requirements, annual general meeting requirements, protections under the takeover provisions of the Corporations Act, shareholder approval requirements for related party transactions and continuous disclosure obligations for unlisted disclosing entities.

Given the current financial position of the Company, the directors do not intend to implement a formal share buy-back, sale facility or any other arrangement which would enable its shareholders to dispose of their shares prior to de-listing (other than via on-market trading).

Therefore, if shareholders approve the Company's removal from the official list, shareholders will be able to continue to trade their shares with a willing counterparty on-market on ASX up to the date of the Company's removal from the official list.

Shareholders wishing to trade their shares after this date will be entitled to transfer their Shares off-market to a willing third party purchaser in accordance with the Company's Constitution. Such a third party market may not be liquid and shareholders will be personally responsible for identifying and agreeing terms with potential purchasers of their Shares.



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Company Secretary

For further information please contact:

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