

**Funtastic Limited ACN 063 886 199**  
**Entitlement Offer**

11 for 5 pro rata renounceable entitlement offer of Funtastic Limited  
ordinary shares at an offer price of \$0.005 per New Share.

Entitlement Offer closes at 5.00pm (Melbourne time) on Tuesday, 12 September 2017

This is an important document which is accompanied by a personalised Entitlement and Acceptance Form for you to subscribe for new ordinary shares in Funtastic Limited. Please read this document carefully and call your professional adviser or the Funtastic Offer Information Line if you have any queries.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

## IMPORTANT NOTICES

Defined terms used in these important notices have the meaning given in this Offer Booklet.

### NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES.

The Entitlement Offer is being made pursuant to section 708AA of the Corporations Act (as notionally modified by Corporations (Non-Traditional Rights Issues) Instrument 2016/84) which allows entitlement issues to be offered without a prospectus. As a result, this offer is not being made under a prospectus and it is important for Eligible Shareholders (as defined in section 6.2) to read and understand the information on Funtastic Limited ACN 063 886 199 (**Funtastic**) and the Entitlement Offer made publicly available, before taking up all or part of their entitlements to purchase new ordinary shares in Funtastic (**New Shares**) pursuant to the offer described in this Offer Booklet (**Entitlements**). In particular, please refer to the enclosed materials including the Investor Presentation included at section 3 of this document. Funtastic's interim and annual reports and other announcements are made available at [www.funtastic.com.au](http://www.funtastic.com.au) or [www.asx.com.au](http://www.asx.com.au).

This Offer Booklet is dated Friday, 1 September 2017.

### This information is important and requires your immediate attention.

You should read this Offer Booklet carefully in its entirety before deciding whether to invest in New Shares (defined below). In particular, you should consider the risk factors outlined in the "Key Risks" section of the enclosed Investor Presentation that could affect the operating and financial performance of Funtastic or the value of an investment in Funtastic.

### Future performance and forward looking statements

This Offer Booklet contains certain 'forward looking statements'. Forward looking statements can generally be identified by the use of forward looking words such as 'expect', 'anticipate', 'likely', 'intend', 'propose', 'should', 'could', 'may', 'will', 'predict', 'plan', 'believe', 'forecast', 'estimate', 'target', 'continue', 'objectives', 'outlook', 'guidance' and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, statements regarding the outcome and effects of the Entitlement Offer and the use of proceeds, certain plans, strategies and objectives of management, expected financial performance and Funtastic's debt arrangements. The forward looking statements, opinions and estimates contained in this Offer Booklet are based on assumptions and contingencies which are subject to change without notice, as are any statements about market and industry trends, which are based on interpretations of current market conditions. They involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of Funtastic and its officers, employees, agents and associates, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

Refer to the 'Key Risks' section of the Funtastic Investor Presentation included in Section 3 of this Offer Booklet for a summary of certain general and Funtastic specific risk factors that may affect Funtastic. There can be no assurance that actual outcomes will not differ materially from these forward looking statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements. Investors should consider the forward looking statements contained in this Offer Booklet in light of those disclosures. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and their differences may be material. Any forward-looking

statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Readers are cautioned not to place undue reliance on forward-looking statements.

The forward looking statements are based on information available to Funtastic as at the date of this Offer Booklet. Except as required by law or regulation (including the ASX Listing Rules), Funtastic undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

### Past performance

Investors should note that past performance, including past share price performance, cannot be relied upon as an indicator of (and provides no guidance as to) future Funtastic performance including future share price performance.

### Jurisdictions

This Offer Booklet is intended for use only in connection with the Entitlement Offer to Eligible Shareholders with a registered address in New Zealand or Australia. This Offer Booklet does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

This Offer Booklet, or any accompanying ASX announcements or the Entitlement and Acceptance Form, does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. Neither this Offer Booklet nor the Entitlement and Acceptance Form may be distributed or released in the United States. Neither the Entitlements nor the New Shares have been, nor will be, registered under the US Securities Act of 1933, as amended (**US Securities Act**), or the securities laws of any state or other jurisdiction of the United States. Neither the Entitlements nor the New Shares may be offered, sold or resold in the United States or to persons acting for the account or benefit of a person in the United States except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and applicable United States State securities laws. In the Entitlement Offer, the Entitlements and the New Shares will only be sold in 'offshore transactions' (as defined in Rule 902(h) under the US Securities Act) in compliance with Regulation S under the US Securities Act.

### References to 'you' and 'your Entitlement'

In this Offer Booklet, references to 'you' are references to Eligible Shareholders and references to 'your Entitlement' or 'your Entitlement' (or 'your Entitlement and Acceptance Form') are references to the Entitlement (or Entitlement and Acceptance Form) of Eligible Shareholders (as defined in Section 6.2), unless the context provides otherwise.

### Times and dates

Times and dates in this Offer Booklet are indicative only and subject to change. All times and dates refer to Melbourne time. Refer to the 'Key Dates' section of this Offer Booklet for more details.

### Currency

Unless otherwise stated, all dollar values in this Offer Booklet are in Australian dollars (A\$).

### New Shares

Funtastic and the Underwriters (as defined in section 6.16) will have no responsibility and disclaim all liability (to the maximum extent permitted by law) to persons who trade New Shares

they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by Funtastic or the Funtastic Share Registry (as specified in the Corporate Directory) or otherwise, or who otherwise trade or purport to trade New Shares in error or which they do not hold or are not entitled to.

If you are in any doubt as to these matters you should first consult with your stockbroker, accountant or other professional adviser.

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## KEY DATES FOR ENTITLEMENT OFFER

Event	Date
Announcement of Entitlement Offer	Wednesday, 23 August 2017
Ex-Date and Entitlement trading period commences	Monday, 28 August 2017
Record Date for the Entitlement Offer	7.00pm (Melbourne time) on Tuesday, 29 August 2017
Despatch of Offer Booklet and Entitlement and Acceptance Form to Eligible Shareholders	Friday, 1 September 2017
Entitlement Offer opens	Friday, 1 September 2017
Entitlement Trading period closes	4.00pm on Tuesday, 5 September 2017
Entitlement Offer closes	5.00pm on Tuesday, 12 September 2017
Allotment of New Shares under the Entitlement Offer	Tuesday, 19 September 2017
Dispatch of holding statements	Tuesday, 19 September 2017
Normal trading of New Shares issued under the Entitlement Offer expected to commence on ASX	Wednesday, 20 September 2017

The timetable above is indicative only and may be subject to change without notice. Funtastic, with the consent of the Underwriters (as defined in Section 6.16) in certain situations, reserves the right, subject to the *Corporations Act 2001* (Cth) (**Corporations Act**), ASX Listing Rules and other applicable laws to amend or vary any or all of the dates and times without notice. In particular, Funtastic reserves the right to extend the closing date of the Entitlement Offer, accept late applications (either generally or in particular cases) and to withdraw the Entitlement Offer without prior notice.

The commencement of quotation of New Shares is subject to confirmation from ASX.

Cooling off rights do not apply to the Entitlement Offer. You cannot withdraw your application once it has been accepted. Eligible Shareholders are encouraged to submit their Entitlement and Acceptance Form as soon as possible after the Entitlement Offer opens.

### Enquiries

If you have any questions, please call the Funtastic Offer Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (from outside Australia) between 8:30am and 5:30pm (Melbourne time) Monday to Friday during the Entitlement Offer Period, or consult your stockbroker, lawyer, accountant, financial adviser or other independent professional adviser.

## LETTER FROM THE CHAIRMAN

1 September 2017

Dear Shareholder

On behalf of Funtastic, I am pleased to invite you to participate in a 11 for 5, pro rata renounceable entitlement offer of new ordinary shares in Funtastic (**New Shares**) at an offer price of \$0.005 per New Share (**Offer Price**) to raise gross proceeds of approximately \$8.2 million (**Entitlement Offer**), of which \$8 million has been underwritten.

### Proceeds

The proceeds of the Entitlement Offer will be used to reduce short term debt and provide additional working capital

### Entitlement Offer

Under the Entitlement Offer, eligible shareholders are entitled to acquire 11 New Shares for every 5 existing Funtastic ordinary shares (**Shares**) held on the record date, being 7.00pm (Melbourne time) on Tuesday, 29 August 2017 (**Record Date**). The Board considers that the pro rata nature of the Entitlement Offer favours existing Funtastic shareholders in recognition of their continuing support.

The Offer Price of \$0.005 per New Share represents a discount of 50% to the closing market price of Shares on Wednesday, 23 August 2017, the business day before the Entitlement Offer was announced, and a 24% discount to the theoretical ex-rights price (**TERP**).

New Shares issued under the Entitlement Offer will rank equally with existing Shares.

The Entitlement Offer only comprises a retail component. This Offer Booklet relates to the Entitlement Offer and entitlements allotted under it (**Entitlements**).

Accompanying this Offer Booklet is your personalised Entitlement and Acceptance Form which contains details of your Entitlement. Your Entitlement may have value and it is important that you determine whether to take up, sell on the ASX, transfer or do nothing in respect of your Entitlement (see Section 1).

It is important to note the action which you must take in order to participate in the Entitlement Offer. Taking no action will result in a lapse of your rights for no consideration and dilute your percentage ownership in Funtastic.

The Entitlement Offer closes at 5.00pm (Melbourne time) on Tuesday, 12 September 2017. To participate, you need to ensure that you have completed your application by paying the requisite accompanying payment (**Application Monies**) by BPAY®<sup>1</sup>, or by lodging your Entitlement and Acceptance Form with your Application Monies paid by cheque, so that they are received before this time in the manner described in this Offer Booklet.

### Further information

Further information on the Entitlement Offer and Funtastic's business is detailed in this Offer Booklet.

You should carefully read this Offer Booklet in its entirety and consult your financial adviser before making your investment decision. In particular, you should read and consider the 'Key Risks' section of the Funtastic Investor Presentation included in Section 3 of this Offer Booklet which contains a summary of some of the key risks associated with an investment in Funtastic.

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<sup>1</sup> Registered to BPAY Pty Ltd (ABN 69 079 137 518)

If you have any questions in respect of the Entitlement Offer please call the Funtastic Offer Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) at any time from 8:30am to 5:30pm (Melbourne time) Monday to Friday during the Entitlement Offer period.

On behalf of the Funtastic Board, I encourage you to consider this opportunity to participate in the growth of Funtastic.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Shane Tanner', written in a cursive style.

**Shane Tanner**  
Chair  
Funtastic Limited

## 1 Summary of options available to you

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If you are an Eligible Shareholder (as defined in Section 6.2) you may take any one of the following actions:

- (a) take up all or part of your Entitlement;
- (b) sell all or part of your Entitlement to persons meeting certain eligibility criteria:
  - (i) on the ASX; or
  - (ii) by transferring it directly to another person; or
- (c) do nothing and let all or part of your Entitlement lapse.

If you are a shareholder that is not an Eligible Shareholder you are an Ineligible Shareholder.



Options available to you	Key considerations
<b>Option 1: Take up all or part of your Entitlement</b>	<ul style="list-style-type: none"> <li>You may elect to purchase New Shares at the Offer Price (see Section 2.5(a) for instructions on how to take up your Entitlement).</li> <li>The New Shares will be fully paid and rank equally in all respects with existing Shares from allotment.</li> <li>The Entitlement Offer closes at 5.00pm (Melbourne time) on Tuesday, 12 September 2017.</li> <li>If you do not take up your Entitlement, or only take up part of your Entitlement, the balance will lapse and you will receive no benefit.</li> <li>Eligible Shareholders are not able to apply for New Shares in excess of their Entitlement as set out in their personalised Entitlement and Acceptance Form.</li> </ul>
<b>Option 2: Sell all or part of your Entitlement on ASX or transfer your Entitlement</b>	<ul style="list-style-type: none"> <li>If you do not take up all or part of your Entitlement, you may be able to sell all or part of your Entitlements on the ASX through your broker or transfer your Entitlement directly to another person (see Section 2.5(b) and 2.5(c)).</li> <li>Entitlement trading on ASX starts at 10.00am on Monday, 28 August 2017 (ASX Code: FUNR) until the close of ASX trading on Tuesday, 5 September 2017. You should allow sufficient time for your instructions to be carried out by your stockbroker. Please note you may incur brokerage if you choose to sell your Entitlement on ASX.</li> <li>For certain Eligible Shareholders who are Australian tax residents and hold their existing shares on capital account, the proceeds of any sale of the Entitlement will be taken into account in calculating any capital gain for Australian income tax purposes (see Section 4).</li> <li>Prices obtained for Entitlements may rise and fall over the Entitlement trading period and will depend on many factors including the demand for and supply of Entitlements on the ASX and the value of existing Funtastic shares relative to the Offer Price. If you sell your Entitlement in the Entitlement trading period, you may receive a higher or lower amount than a shareholder who sells their Entitlement at a different time in the Entitlement trading period. You will also forgo any exposure to increases or decreases in the value of New Shares had you taken up that Entitlement. Your percentage shareholding in Funtastic will also be diluted.</li> <li>If you only sell part of your Entitlement, you may choose to take up the remainder (see Option 1) or you may do nothing and let that part lapse (see Option 3 below).</li> </ul>
<b>Option 3: Do nothing and let all or part of your Entitlement lapse</b>	<ul style="list-style-type: none"> <li>If you do nothing with respect to all or part of your Entitlement, the relevant portion of your Entitlement will lapse and you will receive no benefit. These Entitlements will be subscribed for by the Underwriters.</li> <li>By allowing your Entitlement to lapse, you will forgo any exposure to increases or decreases in the value of the New Shares had you taken up your Entitlement. Although you will continue to own the same number of Shares, your percentage shareholding in Funtastic will be diluted.</li> </ul>

## 2 How to apply

### 2.1 Overview of the Entitlement Offer

Eligible Shareholders are being offered the opportunity to purchase 11 New Shares for every 5 existing Shares held as at 7.00pm (Melbourne time) on Tuesday, 29 August 2017 (**Record Date**), at the Offer Price of \$0.005 per New Share.

You have a number of decisions to make in respect of your Entitlement. You should read this Offer Booklet carefully before making any decisions in relation to your Entitlement.

The Entitlement Offer is partially underwritten by the Underwriters on the terms and conditions of the Underwriting Agreement (see section 6.16 below). Further details on the Entitlement Offer are set out below.

## **2.2 The Entitlement Offer**

Under the Entitlement Offer, Eligible Shareholders are invited to apply for 11 New Shares for every 5 existing Shares held as at the Record Date at the Offer Price of \$0.005 per New Share.

The Entitlement Offer opens at 9.00am (Melbourne time) on Friday, 1 September 2017 and will close at 5.00pm (Melbourne time) on Tuesday, 12 September 2017.

## **2.3 Your Entitlement**

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 11 New Shares for every 5 existing Shares you held as at the Record Date. If the result is not a whole number, your Entitlement will be rounded up to the nearest whole number of New Shares.

If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have a separate Entitlement for each separate holding.

See Sections 6.2 and 6.15 for information on restrictions on participation.

## **2.4 Consider the Entitlement Offer carefully in light of your particular investment objectives and circumstances**

The Entitlement Offer is being made pursuant to provisions of the Corporations Act which allow entitlement offers to be made without a prospectus. This Offer Booklet does not contain all of the information which may be required in order to make an informed decision regarding an application for New Shares offered under the Entitlement Offer. As a result, it is important for you to read carefully and understand the information on Funtastic and the Entitlement Offer made publicly available, prior to deciding whether to take up all or part of your Entitlement or do nothing in respect of your Entitlement. In particular, please refer to this Offer Booklet and other announcements made available at [www.funtastic.com.au](http://www.funtastic.com.au) (including announcements which may be made by Funtastic after publication of this Offer Booklet).

Please consult with your stockbroker, lawyer, accountant, financial adviser or other professional adviser if you have any queries or are uncertain about any aspect of the Entitlement Offer. You should also refer to the 'Key Risks' section of the Funtastic Investor Presentation included in Section 3 of this Offer Booklet.

## **2.5 Options available to you**

If you are an Eligible Shareholder, you may take any of the following actions:

- take up all or part of your Entitlement (see Section 2.5(a));
- sell all or part of your Entitlement to persons meeting certain eligibility criteria;
  - on the ASX (see Section 2.5(b)); or
  - by transferring it directly to another person (see Section 2.5(c)); or
- do nothing and let your Entitlement lapse (see Section 2.5(d)).

### **(a) If you wish to take up all or part of your Entitlement**

If you wish to take up all or part of your Entitlement, please either:

- (i) complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies; or
- (ii) pay your Application Monies via BPAY® by following the instructions set out on the personalised Entitlement and Acceptance Form,

in each case, so that they are received by the Funtastic Share Registry by no later than 5.00pm (Melbourne time) on Tuesday, 12 September 2017.

If you take up and pay for all or part of your Entitlement before the close of the Entitlement Offer, it is expected that you will be issued New Shares on Tuesday, 19 September 2017. Funtastic's decision on the number of New Shares to be issued to you will be final.

Funtastic also reserves the right (in its absolute discretion) to reduce the number of New Shares issued to Eligible Shareholders, or persons claiming to be Eligible Shareholders, if Funtastic believes their claims to be overstated or if they or their nominees fail to provide information to substantiate their claims to Funtastic's satisfaction (see Section 6.10).

Eligible Shareholders are not able to apply for New Shares in excess of their Entitlement.

**(b) If you wish to sell all or part of your Entitlement on ASX**

If you wish to sell all or part of your Entitlement on the ASX, you should instruct your stockbroker and provide details as requested from your personalised Entitlement and Acceptance Form.

You should allow sufficient time for your instructions to be carried out by your stockbroker. Please note you may incur brokerage if you choose to sell your Entitlement on ASX.

Entitlement trading on ASX starts at 10.00am on Monday, 28 August 2017 (ASX Code: FUNR) until the close of ASX trading on Tuesday, 5 September 2017.

There is no guarantee that there will be a liquid market in traded Entitlements. A lack of liquidity may impact your ability to sell your Entitlement on ASX and the price you may be able to achieve.

This Offer Booklet, along with your personalised Entitlement and Acceptance Form, will be despatched on Friday, 1 September 2017.

Funtastic will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to you if you trade your Entitlement before you receive your personalised Entitlement and Acceptance Form, whether on the basis of confirmation of the allocation provided by Funtastic or the Funtastic Share Registry or otherwise, or if you otherwise trade or purport to trade Entitlements in error or which you do not hold or to which you are not entitled.

If you wish to sell part of your Entitlement on ASX follow the procedures above in respect of the part of your Entitlement you wish to sell on ASX. If you do nothing with respect to the balance of your Entitlement, that balance will lapse and you will receive no benefit.

Prices obtainable for Entitlements may rise and fall over the Entitlement trading period and will depend on many factors including the demand for and supply of Entitlements on ASX and the value of Funtastic's existing Shares relative to the Offer Price.

If you sell your Entitlement in the Entitlement trading period, you may receive a higher or lower amount than a Shareholder who sells an Entitlement at a different time in the Entitlement trading period. If you sell your Entitlement, you will forgo any exposure to increases or decreases in the value of the New Shares had you

taken up that Entitlement. Your percentage shareholding in Funtastic will also be diluted.

(c) *If you wish to sell all or part of your Entitlement to another person, other than on ASX*

If you wish to transfer all or part of your Entitlement other than on ASX, you must forward a completed Renunciation and Transfer Form to the Funtastic Share Registry in relation to the part of your Entitlement that you wish to transfer. If the transferee wishes to take up all or part of the Entitlement transferred to them, they must send their Application Monies together with the Entitlement and Acceptance Form related to the Entitlement transferred to them to the Funtastic Share Registry.

You can obtain a Renunciation and Transfer Form through the Funtastic Shareholder Information Line on 1300 767 760 (within Australia) or +61 2 9290 9600 (outside Australia) or from your stockbroker. The Renunciation and Transfer Form as well as the transferee's Application Monies and the Entitlement and Acceptance Form related to the Entitlement transferred to them must be received by the Funtastic Share Registry at the address in Section 2.7 by no later than 5.00pm (Melbourne time) on Tuesday, 12 September 2017.

If the Funtastic Share Registry receives both a completed Renunciation and Transfer Form and a separate application for New Shares in respect of the same Entitlement, the transfer of your Entitlement (the subject of the Renunciation and Acceptance Form) will take priority over the application.

If you wish to transfer part of your Entitlement, follow the procedures above in respect of the part of your Entitlement you wish to transfer. If you do nothing with respect to the balance of your Entitlement, that balance will lapse and you will receive no benefit.

If you transfer your Entitlement, you will forgo any exposure to increases or decreases in the value of the New Shares had you taken up that Entitlement. Your percentage shareholding in Funtastic will also be diluted.

You may only transfer your Entitlement in this way to a purchaser whose address is in Australia or New Zealand and who is not in the United States and who is not acting for the account or benefit of a person in the United States, or who is otherwise an 'Eligible Person'.<sup>2</sup> Persons who are in the United States or who are acting for the account or benefit of a person in the United States will not be eligible to purchase, trade, take up or exercise Entitlements. You should inform any transferee of these restrictions.

(d) *If you wish to let all or part of your Entitlement lapse*

If you do nothing with respect to all or part of your Entitlement, the relevant portion of your Entitlement will lapse and you will receive no benefit.

By allowing your Entitlement to lapse, you will forgo any exposure to increases or decreases in the value of the New Shares had you taken up your Entitlement (or any value for your Entitlement which may have been achieved through its sale on the ASX or otherwise). Although you will continue to own the same number of Shares, your percentage shareholding in Funtastic will be diluted.

## 2.6 Payment

You can pay in the following ways:

- by BPAY®; or

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<sup>2</sup> Certain investors in New Zealand may be Eligible Persons if they satisfy the requirements of that expression as set out in the 'Entitlement and Acceptance Form' in respect of the Entitlement Offer which is available from the Funtastic Share Registry

- by cheque.

Cash payments will not be accepted. Receipts for payment will not be issued.

Funtastic will treat you as applying for as many New Shares as your payment will pay for in full up to your Entitlement.

Any Application Monies received for more than your final allocation of New Shares will be refunded as soon as practicable after the close of the Entitlement Offer. No interest will be paid to applicants on any Application Monies received or refunded.

(a) *Payment by BPAY®*

For payment by BPAY®, please follow the instructions on the personalised Entitlement and Acceptance Form. You can only make payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

If you are paying by BPAY®, please make sure you use the specific Biller Code and your unique Customer Reference Number (**CRN**) on your personalised Entitlement and Acceptance Form. If you have multiple holdings and consequently receive more than one personalised Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those holdings only use the CRN specific to that holding. If you do not use the correct CRN specific to that holding your application will not be recognised as valid.

Please note that should you choose to pay by BPAY®:

- you do not need to submit your personalised Entitlement and Acceptance Form but are taken to make the declarations, representations and warranties on that Entitlement and Acceptance Form and in Section 2.8; and
- If you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY® payment is received by the Funtastic Share Registry by no later than 5.00pm (Melbourne time) on Tuesday, 12 September 2017. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration in the timing of when you make payment.

(b) *Payment by cheque*

For payment by cheque, you should complete your personalised Entitlement and Acceptance Form in accordance with the instructions on the form and return it accompanied by a cheque in Australian currency for the amount of the Application Monies, payable to 'Funtastic Limited' and crossed 'Not Negotiable'.

Your cheque must be:

- for an amount equal to \$0.005 multiplied by the number of New Shares that you are applying for; and
- in Australian currency drawn on an Australian branch of a financial institution.

You should ensure that sufficient funds are held in relevant account(s) to cover the Application Monies as your cheque will be processed on the day of receipt. If the amount of your cheque for the Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares you have applied for in your personalised Entitlement and Acceptance

Form, you will be taken to have applied for such lower whole number of New Shares as your cleared Application Monies will pay for (and to have specified that number of New Shares on your personalised Entitlement and Acceptance Form) and in Section 2.8. Alternatively, your application will not be accepted.

## **2.7 Mail**

To participate in the Entitlement Offer, your payment must be received no later than the close of the Entitlement Offer, being 5.00pm (Melbourne time) on Tuesday, 12 September 2017. If you make payment via cheque, you should mail your completed personalised Entitlement and Acceptance Form together with Application Monies to:

### **Mailing Address**

Funtastic Limited Entitlement Offer  
C/- Boardroom Limited  
GPO Box 3993,  
Sydney NSW 2001

### **Hand delivery to**

Funtastic Limited Entitlement Offer  
Boardroom Limited  
Level 12, 225 George Street,  
Sydney NSW 2000

Personalised Entitlement and Acceptance Forms and Application Monies will not be accepted at Funtastic's registered or corporate offices, or other offices of the Funtastic Share Registry.

## **2.8 Representations by acceptance**

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY®, you will be deemed to have represented to Funtastic that you are an Eligible Shareholder and:

- acknowledge that you have read and understand this Offer Booklet and your personalised Entitlement and Acceptance Form in their entirety;
- agree to be bound by the terms of the Entitlement Offer, the provisions of this Offer Booklet (including Section 6.5), and Funtastic's constitution;
- authorise Funtastic to register you as the holder(s) of New Shares allotted to you;
- declare that all details and statements in the personalised Entitlement and Acceptance Form are complete and accurate;
- declare you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under the personalised Entitlement and Acceptance Form;
- acknowledge that once Funtastic receives your personalised Entitlement and Acceptance Form or any payment of Application Monies via BPAY®, you may not withdraw your application or funds provided, except as allowed by law;
- agree to apply for and be issued up to the number of New Shares specified in the personalised Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via BPAY®, at the Offer Price per New Share;
- authorise Funtastic, each Underwriter, the Funtastic Registry and their respective officers or agents to do anything on your behalf necessary for New Shares to be

issued to you, including to act on instructions of the Funtastic Share Registry upon using the contact details set out in your personalised Entitlement and Acceptance Form;

- acknowledge and agree that:
  - determination of eligibility of investors for the purposes of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Funtastic and/or the Underwriters;
  - each of Funtastic and the Underwriters, and each of their respective affiliates, disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law;
- declare that you were the registered holder(s) at the Record Date of the Shares indicated on the personalised Entitlement and Acceptance Form as being held by you on the Record Date;
- acknowledge that the information contained in this Offer Booklet and your personalised Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- acknowledge that this Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in Funtastic and is given in the context of Funtastic's past and ongoing continuous disclosure announcements to ASX;
- acknowledge the statement of risks in the 'Key Risks' section of the Funtastic Investor Presentation contained in Section 3 of this Offer Booklet, and that investments in Funtastic are subject to risk;
- acknowledge that neither Funtastic nor the Underwriters, nor their respective related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of Funtastic, nor do they guarantee the repayment of capital;
- agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and of your holding of Shares on the Record Date; and
- authorise Funtastic to correct any errors in your personalised Entitlement and Acceptance Form or other form provided by you.

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY®, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

- you are not in the United States and you are not acting for the account or benefit of a person in the United States;
- you understand and acknowledge that neither the Entitlements nor the New Shares have been, or will be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States;

- you have not and will not send this Offer Booklet, the Entitlement and Acceptance Form or any other materials relating to the Entitlement Offer to any person in the United States or any other country outside Australia or New Zealand; and
- if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is resident in Australia or New Zealand and is not in the United States and is not acting for the account or benefit of a person in the United States, and you have not sent this Offer Booklet, the Entitlement and Acceptance Form or any information relating to the Entitlement Offer to any such person.

## 2.9 Ineligible Shareholders

In compliance with Listing Rule 7.7.1 and section 708AA (including section 9A) of the Corporations Act, Funtastic will arrange for the sale on ASX of the Entitlements that would have been granted to Ineligible Shareholders. Funtastic will direct the net proceeds (if any), less any applicable withholding tax, to Ineligible Shareholders and Funtastic will, subject to the Corporations Act, have the absolute and sole discretion to determine the timing and the price at which the Entitlements may be sold and the manner in which any sale is made.

Any interest earned or the proceeds of the sale of these Entitlements will be applied against the expenses of such sale, including brokerage, and any balance will accrue to Funtastic.

The net proceeds of sale (if any), less any applicable withholding tax, will be paid in Australian dollars to the Ineligible Shareholders for whose benefit the Entitlements have been sold in proportion to their shareholdings (after deducting expenses).

If any such net proceeds of sale are less than the reasonable costs that would be incurred by Funtastic for distributing those proceeds, such proceeds may be retained by Funtastic. Notwithstanding that Funtastic may sell Entitlements, Ineligible Shareholders may nevertheless receive no net proceeds if the costs of the sale are greater than the sale proceeds. Funtastic will not be liable for a failure to sell Entitlements or to sell Entitlements at any particular price. If, in the reasonable opinion of Funtastic, there is no viable market for the Entitlements of Ineligible Shareholders, or a surplus over the expenses is unlikely to be obtained for the Entitlements that would have been offered to the Ineligible Shareholders, then the New Shares that represent these Entitlements will form part of the shortfall that will be subscribed for by the Underwriters at the Offer Price.

## 2.10 Enquiries

If you have not received or you have lost your personalised Entitlement and Acceptance Form, or have any questions, please contact the Funtastic Offer Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia). The Funtastic Offer Information Line will be open from 8:30am to 5:30pm (Melbourne time), Monday to Friday, during the Entitlement Offer period. Alternatively, you can access information about the Entitlement Offer online at [www.funtastic.com.au](http://www.funtastic.com.au). If you have any further questions, you should contact your stockbroker, lawyer, accountant, financial adviser or other professional adviser.



### **3 ASX Announcements**

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Please refer to Investor Presentation lodged on the ASX on 23 August 2017 for more information.

## 4 Australian taxation considerations

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### 4.1 Australian taxation considerations

The comments in this section deal only with the Australian taxation implications of the Entitlement Offer if you:

- are a permanent resident for Australian income tax purposes (hereafter referred to as an “Australian resident shareholder”); and
- hold your shares on capital account.

This summary does not consider the consequences for shareholders that:

- acquire Entitlements otherwise than under the Entitlement Offer (eg. their Entitlements are acquired on the ASX);
- hold existing shares, New Shares or Entitlements in a business of share trading, dealing in securities or otherwise hold their existing shares, New Shares or Entitlements on revenue account or as trading stock;
- acquired the Shares in respect of which the Entitlements are issued under any employee share scheme;
- are subject to the 'taxation of financial arrangements' provisions in Division 230 of the Income Tax Assessment Act 1997 (Cth) in relation to their holding of shares, New Shares or Entitlements; or
- acquired the Entitlements otherwise than because they are an Eligible Shareholder.

This summary is based upon the legislation and established interpretation of legislation as at the date of this Offer Booklet, but is not intended to be an authoritative or complete statement of the law as relevant to the circumstances of each shareholder. Shareholders should seek independent professional advice in relation to their own particular circumstances.

As the taxation implications of the Entitlement Offer will depend upon a shareholder's particular circumstances, shareholders should seek and rely upon their own professional taxation advice before concluding on the particular taxation treatment that will apply to them. Shareholders that are subject to tax in a jurisdiction outside Australia may be subject to tax consequences in that jurisdiction in respect of the Entitlement Offer that are not covered by this summary. Such shareholders should seek and rely upon their own professional taxation advice in relation to the taxation implications of the Entitlement Offer in any jurisdictions that are relevant to them.

Neither Funtastic nor any of its officers or employees, nor its taxation or other advisers accepts any liability or responsibility in respect of any statement concerning taxation consequences of the Entitlement Offer.

The information contained is of a general nature only and does not constitute tax advice nor does it take into account any financial objectives, tax positions or investment needs of any Eligible Shareholders or Ineligible Shareholders and should not be relied upon as such. It is important that each Eligible Shareholder seek professional tax advice to take into account its particular circumstances.

### 4.2 Income tax consequences of entitlements

#### (a) Issue of Entitlements

The issue of Entitlements to Australian resident shareholders should not, of itself, give rise to any amount of assessable income or capital gain for shareholders.

(b) *Sale on the ASX or transfer of Entitlements*

The Entitlements should constitute CGT assets for CGT purposes. If Eligible Shareholders choose to sell, transfer or otherwise dispose of their Entitlements, this will constitute a disposal under the CGT rules.

Shareholders will derive a capital gain equal to the sale price (or deemed market value sale price if Entitlements are sold or transferred for no consideration or on non-arm's length terms) less the cost base of their Entitlements, which will include any incidental costs of disposal.

Individuals, trustees or complying superannuation entities who have held their corresponding existing shares for at least 12 months may be eligible to apply the CGT discount (after the application of current year or carry forward capital losses). The amount of the discount is 50% for individuals and trustees and 33⅓% for complying superannuation entities. The CGT discount is not available for companies not acting in their capacity as a trustee. Trustees should seek specific tax advice regarding the tax consequences arising in relation to making distributions to beneficiaries which are attributable to discounted capital gains.

(c) *Exercise of Entitlements*

The exercise of Entitlements should not, of itself, result in any amount being included in a shareholder's assessable income and should not give rise to any capital gain under the capital gains tax (CGT) provisions.

Eligible Shareholders that exercise their Entitlements will receive New Shares. New Shares will be taken to have been acquired on the day on which the Entitlements were exercised for CGT purposes.

The cost base of each New Share acquired will be the sum of the amount paid to exercise the corresponding Entitlement (ie. the Offer Price) and any non-deductible incidental costs in acquiring the New Shares.

(d) *Lapse of entitlement*

If an Eligible Shareholder does not accept all or part of their Entitlement in accordance with the instructions set out above, then that Entitlement will lapse. There should be no adverse tax implications for an Eligible Shareholder from the lapse of the Entitlement.

#### **4.3 Income tax consequences of New Shares**

The New Shares should constitute CGT assets for CGT purposes.

Dividends paid to Eligible Shareholders in relation to their New Shares should generally be subject to the same income tax treatment as dividends in relation to existing shares held in the same circumstances.

Any future sale or disposal of New Shares will constitute a disposal for CGT purposes. A capital gain will arise if the capital proceeds on disposal exceed the cost base of a New Share. A capital loss will arise if the capital proceeds on disposal are less than the reduced cost base of a New Share.

The New Shares must have been held for at least 12 months in order for Eligible Shareholders (who are an individual, trustee or complying superannuation fund) to be eligible for the CGT discount in relation to a disposal of New Shares. Refer section 4.2 above for further details.

#### **4.4 Other Australian taxes**

GST and stamp duty should not generally be payable in relation to the issue, sale, or exercise of Entitlements, nor in relation to the acquisition of New Shares

Eligible Shareholders may however be restricted in their ability to claim input tax credits in relation to costs incurred in relation to their acquisition of the New Shares. This will depend on each Eligible Shareholder's particular circumstances.

## 5 Effect of the Entitlement Offer on the control of Funtastic

There are various possible scenarios in relation to the Entitlement Offer that may arise each with varying impacts on the control of Funtastic. The outcome of these scenarios will largely depend on the extent to which Eligible Shareholders take up their Entitlements and apply for New Shares. However, the Entitlement Offer is structured as a pro-rata issue, which together with the Entitlement trading process described at Section 6.9, and the spread of Underwriters reduces the potential effect of the issue of the New Shares on the control of Funtastic.

The Underwriters that are also shareholders (as listed in Section 6.16) have provided an irrevocable commitment to participate in their pro rata share of the Entitlement Offer.

The Entitlement Offer is a pro-rata offer so that if all Eligible Shareholders take up their Entitlements, the existing voting power of all Eligible Shareholders will remain substantially the same, as the number of Ineligible Shareholders is relatively minor.

However, if some Eligible Shareholders take up their Entitlements, Eligible Shareholders who do not take up all of their Entitlements will have their interest in Funtastic diluted.

Shareholders should note that if they do not participate in the Offer, and as the Offer is underwritten to \$8 million, their respective shareholdings could be diluted by up to approximately 69%. Examples of how the dilution may impact the shareholders that don't take up their Entitlements are set out in the table below:

Holder	Holding as at Record Date	% at Record Date	Entitlements under the Offer	Holdings if Offer not taken up	% post Offer
Shareholder 1	100,000,000	13.17%	220,000,000	100,000,000	4.11%
Shareholder 2	50,000,000	6.58%	110,000,000	50,000,000	2.06%
Shareholder 3	20,000,000	2.63%	44,000,000	20,000,000	0.82%

Note:

1. The table assumes that Offer, and any Shortfall, is fully subscribed.

The table below illustrates the effect of the Entitlement Offer on the control of Funtastic where only the Underwriters that are also shareholders take up their Entitlements:

Holder	Holding as at Record date	% at Record Date	Entitlements under the Offer	Maximum Shortfall allocation	Holdings post Offer and Shortfall	% post Offer and Shortfall allocation
G Harvey Nominees Pty Ltd as trustee for the Harvey 1995 Discretionary Trust	40,291,274	5.30%	88,640,803	183,633,030	312,565,107	12.86%

Jason Sourasis	30,300,000	3.99%	66,660,000	91,816,515	188,776,515	7.77%
Grant Mackenzie	15,496,976	2.04%	34,093,347	91,816,515	141,406,838	5.82%
Stephen Heath	4,700,000	0.62%	10,340,000	36,726,606	51,766,606	2.13%
Shane Tanner	1,000,000	0.13%	2,200,000	73,453,212	76,653,212	3.15%

Note:

1. Table above assumes that existing shareholders other than those who are Underwriters do not take up their Entitlements.
2. Shortfall is fully subscribed by the Underwriters in proportion to their underwriting commitments.

If none of the Shareholders other than those Shareholders who are also Underwriters take up their Entitlements, the maximum voting power of the largest Shareholder will be less than 20%.

## 6 Important information

This Offer Booklet (including the ASX announcements in Section 3) and enclosed personalised Entitlement and Acceptance Form (**Information**) have been prepared by Funtastic.

This Information is dated Friday, 1 September 2017 (other than the Funtastic Investor Presentation and the Offer Launch Announcement published on the ASX website on Wednesday, 23 August 2017). This Information remains subject to change without notice and Funtastic is not responsible for updating this Information.

There may be additional announcements made by Funtastic after the date of this Offer Booklet and throughout the period that the Entitlement Offer is open (**Entitlement Offer Period**) that may be relevant to your consideration of whether to take up, sell or transfer or do nothing in respect of your Entitlement. Therefore, it is prudent that you check whether any further announcements have been made by Funtastic (by visiting the ASX website at [www.asx.com.au](http://www.asx.com.au)) before submitting your application to take up your Entitlement, or selling or transferring your Entitlement.

No party other than Funtastic has authorised or caused the issue of this Information, or takes any responsibility for, or makes, any statements, representations or undertakings in this Information.

**This Information is important and requires your immediate attention.**

You should read this Information carefully and in its entirety before deciding how to deal with your Entitlement. In particular, you should consider the risk factors outlined in the 'Key Risks' section of the Funtastic Investor Presentation included in Section 3 of this Offer Booklet, any of which could affect the operating and financial performance of Funtastic or the value of an investment in Funtastic.

You should consult your stockbroker, lawyer, accountant, financial adviser or other professional adviser to evaluate whether or not to participate in the Entitlement Offer.

## 6.1 Trading of Entitlements and New Shares

It is expected that trading of Entitlements on the ASX will commence at 10.00am (Melbourne time) on Monday, 28 August 2017 until 4.00pm (Melbourne time) on Tuesday, 5 September 2017. It is expected that trading on the ASX of New Shares to be issued under the Entitlement Offer will commence at 10.00am (Melbourne time) on Wednesday, 20 September 2017 on a normal settlement basis.

Funtastic will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade Entitlements before they receive their personalised Entitlement and Acceptance Form, whether on the basis of confirmation of the allocation provided by Funtastic or failure to maintain your updated details on the Funtastic Share Registry or otherwise or who otherwise trade or purport to trade Entitlements in error or which they do not hold or are not entitled to.

Funtastic will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by Funtastic or failure to maintain their updated details on the Funtastic Share Registry or otherwise, or who otherwise trade or purport to trade New Shares in error or which they do not hold or are not entitled to.

**If you are in any doubt as to these matters, you should first consult with your stockbroker, lawyer, accountant, financial adviser or other independent professional adviser.**

## 6.2 Eligible Shareholders

This Information contains an offer of New Shares to Eligible Shareholders in Australia or New Zealand, and has been prepared in accordance with section 708AA of the Corporations Act as notionally modified by Australian Securities and Investments Commission (**ASIC**). Accordingly, neither this Offer Booklet nor the Entitlement and Acceptance Form are required to be lodged or registered with ASIC and no prospectus for the Entitlement Offer will be prepared. These documents do not contain, or purport to contain, all of the information that a prospective investor may require in evaluating a possible investment in Funtastic. They do not and are not required to contain all of the information which would be required to be disclosed in a prospectus.

Eligible Shareholders are those persons who:

- are registered as a holder of Shares as at the Record Date, being 7.00pm (Melbourne time) on Tuesday, 29 August 2017;
- have a registered address on the Funtastic share register in Australia or New Zealand;
- are not in the United States and are not acting for the account or benefit of a person in the United States; and
- are eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

Shareholders who are not Eligible Shareholders are Ineligible Shareholders. Funtastic reserves the right to determine whether a shareholder is an Eligible Shareholder or an Ineligible Shareholder.

By returning a completed personalised Entitlement and Acceptance Form or making a payment by BPAY®, you will be taken to have represented and warranted that you satisfy each of the criteria listed above to be an Eligible Shareholder. Nominees, trustees or custodians are therefore advised to seek independent professional advice as to how to proceed.

### 6.3 Ineligible Shareholders

Funtastic has decided that it is unreasonable to make offers under the Entitlement Offer to shareholders who have registered addresses outside Australia and New Zealand. Funtastic has had regard to the number of such holders in those places and the number and value of the New Shares that they would be offered, and the cost of complying with the relevant legal and regulatory requirements in those places.

Ineligible Shareholders are not eligible to participate in the Entitlement Offer due to securities laws restrictions on the offer of New Shares in certain jurisdictions. Funtastic will arrange for the Entitlements that would have been offered to those Ineligible Shareholders had they been eligible to participate in the Entitlement Offer (**Ineligible Entitlements**) to be sold and any proceeds in excess of the Offer Price will be remitted to the Ineligible Shareholders in proportion to the number of New Shares represented by those Ineligible Entitlements.

### 6.4 Ranking of New Shares

New Shares issued under the Entitlement Offer will be fully paid and rank equally in all respects with existing Shares. The rights and liabilities attaching to the New Shares are set out in Funtastic's constitution, a copy of which is available at [www.funtastic.com.au](http://www.funtastic.com.au).

### 6.5 Risks

The Investor Presentation details important factors and risks that could affect the financial and operating performance of Funtastic. You should refer to the 'Key Risks' section of the Investor Presentation released to ASX on Wednesday, 23 August 2017, which is included in Section 3 of this Offer Booklet. You should consider these factors in light of your personal circumstances, including financial and taxation issues, before making a decision in relation to your Entitlement.

### 6.6 Reconciliation, Top-Up Shares and the rights of Funtastic and the Underwriters

The Entitlement Offer is a complex process and in some instances investors may believe that they will own more Shares than they ultimately did as at the Record Date or are otherwise entitled to more New Shares than initially offered to them. In addition, where trustees of Funtastic's employee share plans hold shares on behalf of participants in those plans, the number of New Shares that are offered may need to increase to take account of the rounding referred to in Section 6.8. These matters may result in a need for reconciliation. If reconciliation is required, it is possible that Funtastic may need to issue additional New Shares (**Top-Up Shares**) to ensure that the relevant investors receive their appropriate allocation of New Shares. The price at which these Top-Up Shares would be issued is not known.

Funtastic also reserves the right to reduce the size of an Entitlement or number of New Shares allocated to Eligible Shareholders, or persons claiming to be Eligible Shareholders or other applicable investors, if Funtastic believes in its complete discretion that their claims are overstated or if they or their nominees fail to provide information requested to substantiate their claims. In that case, Funtastic may, in its discretion, require the relevant shareholder to transfer excess New Shares to the Underwriters at the Offer Price per New Share. If necessary, the relevant shareholder may need to transfer existing Shares held by them or to purchase additional Shares on-market to meet this obligation. The relevant shareholder will bear any and all losses caused by subscribing for New Shares in excess of their Entitlement and any actions they are required to take in this regard.

Investors who sell Entitlements to which they are not entitled, or who do not hold sufficient Entitlements at the time required to deliver those Entitlements, may be required by Funtastic to otherwise acquire Entitlements or Shares to satisfy these obligations.

By applying under the Entitlement Offer, including pursuant to acquisitions of Entitlements, those doing so irrevocably acknowledge and agree to do the above as required by



Funtastic in its absolute discretion. Those applying acknowledge that there is no time limit on the ability of Funtastic nor the Underwriters to require any of the actions set out above.

## **6.7 No cooling off rights**

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been accepted.

## **6.8 Rounding of Entitlements**

Where fractions arise in the calculation of an Entitlement, they will be rounded up to the nearest whole number of New Shares.

## **6.9 Trading of Entitlements**

Entitlements under the Entitlement Offer are tradeable and can be sold or transferred. They are expected to be quoted on and tradeable on the ASX from Monday, 28 August 2017 to 4.00pm on Tuesday, 5 September 2017. You may sell your Entitlements (which you do not wish to take up or let lapse) in order to realise value which may attach to those Entitlements if sold at that time. There is no guarantee that there will be a liquid market in traded Entitlements. A lack of liquidity may impact the ability to sell Entitlements on the ASX and the price able to be achieved.

Prices obtainable for Entitlements may rise and fall over the Entitlement trading period and will depend on many factors including the demand for and supply of Entitlements on the ASX and the value of Funtastic existing Shares relative to the Offer Price. If you sell your Entitlement, you may receive a higher or lower amount than a shareholder who sells their Entitlement at a different time in the Entitlement trading period.

If you decide not to take up all or part of your Entitlement, you should consider whether to sell all or part of your Entitlement or allow all or part of it to be lapse. Information on how Entitlements may be sold or transferred is set out in Section 2 and information on Australian taxation considerations is set out in Section 4.

The Entitlements may not be purchased, traded, taken up or exercised by persons in the United States or by persons who are acting for the account or benefit of persons in the United States.

Investors should note that if you purchase Entitlements on the ASX or otherwise, in order to take up or exercise those Entitlements and subscribe for New Shares you:

- must be an Eligible Shareholder, a resident in Australia or New Zealand, or otherwise qualify as an 'Eligible Person'<sup>3</sup>; and
- must not be in the United States or acting for the account or benefit of a person in the United States.

If you do not satisfy the above conditions, you will not be entitled to take up Entitlements or subscribe for New Shares.

It is the responsibility of purchasers of Entitlements to inform themselves of the eligibility criteria for exercise. If holders of Entitlements after the end of the trading period do not meet the eligibility criteria, they will not be able to exercise the Entitlements. In the event that holders are not able to take up their Entitlements, they may receive no value for them.

## **6.10 Notice to nominees and custodians**

If Funtastic believes you hold Shares as a nominee or custodian you will have received, or will shortly receive, a letter in respect of the Entitlement Offer. Nominees and custodians should consider carefully the contents of that letter.

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<sup>3</sup> Certain investors in New Zealand may be Eligible Persons if they satisfy the requirements of that expression as set out in the 'Entitlement and Acceptance Form' in respect of the Entitlement Offer which is available from the Funtastic Share Registry.

Persons acting as nominees for other persons must not take up any Entitlements on behalf of, or send any documents related to the Entitlement Offer to, any person in the United States or any person that is acting for the account or benefit of a person in the United States. Persons in the United States and persons acting for the account or benefit of persons in the United States will not be able to take up any of their Entitlements and may receive no value for any such Entitlements held.

Nominees and custodians may not distribute any part of this Offer Booklet, or take up Entitlements on behalf of persons, in the United States or in any other country outside Australia and New Zealand to beneficial shareholders in other countries (other than the United States) where Funtastic may determine it is lawful and practical to make the Entitlement Offer.

Funtastic is not required to determine whether or not any registered holder or investor is acting as a nominee or custodian or the identity or residence of any beneficial owners of existing Shares or Entitlements. Where any person is acting as a nominee or custodian for a foreign person, that person, in dealing with its beneficiary, will need to assess whether indirect participation in the Entitlement Offer by the beneficiary, including following acquisition of Entitlements on the ASX or otherwise, complies with applicable foreign laws. Funtastic is not able to advise on foreign laws.

#### **6.11 Not investment advice**

This Offer Booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC. It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Funtastic is not licensed to provide financial product advice in respect of the New Shares. This Information does not purport to contain all the information that you may require to evaluate a possible application for New Shares, nor does it purport to contain all the information which would be required in a prospectus prepared in accordance with the requirements of the Corporations Act. It should be read in conjunction with Funtastic's other periodic statements and continuous disclosure announcements lodged with ASX, which are available at [www.funtastic.com.au](http://www.funtastic.com.au).

Prospective investors should conduct their own independent investigation and assessment of the Entitlement Offer and the information contained in, or referred to in, this Offer Booklet. An investment in Funtastic is subject to investment risk including possible loss of income and principal invested. Before deciding whether to apply for New Shares, you should consider all materials sent to you in relation to the Entitlement Offer and any relevant materials lodged with ASX, and whether they New Shares are a suitable investment for you in light of your own investment objectives, financial circumstances and investment needs (including financial and taxation issues) and having regard to the merits or risks involved (including the 'Key Risks' set out in the Investor Presentation). If, after reading the Information, you have any questions about the Entitlement Offer, you should contact your stockbroker, lawyer, accountant, financial adviser or other professional adviser or call the Funtastic Offer Information Line on 1300 767 760 (within Australia) or +61 2 9290 9600 (outside Australia) between 8:30am and 5:30pm (Melbourne time) on Monday to Friday during the Entitlement Offer Period.

#### **6.12 Quotation and trading**

Funtastic has applied to the ASX for official quotation of the New Shares in accordance with the ASX Listing Rule requirements. If ASX does not grant quotation of the New Shares, Funtastic will repay all Application Monies (without interest).

Subject to approval being granted, it is expected that normal trading of New Shares allotted under the Entitlement Offer will commence at 10.00am (Melbourne time) on Wednesday, 20 September 2017.

### 6.13 Continuous disclosure

Funtastic is a “disclosing entity” under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules, including the preparation of annual reports and half yearly reports.

Funtastic is required to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the stock markets conducted by ASX. In particular, Funtastic has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of Funtastic shares. That information is available to the public from ASX.

Some documents are required to be lodged with ASIC in relation to Funtastic. These documents may be obtained from, or inspected at, an ASIC office.

### 6.14 Information availability

If you are in Australia or New Zealand, you can obtain a copy of this Offer Booklet during the Entitlement Offer Period by calling the Funtastic Offer Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) between 8:30am and 5:30pm (Melbourne time) on Monday to Friday during the Entitlement Offer Period.

A replacement Entitlement and Acceptance Form can also be requested by calling the Funtastic Offer Information Line.

If you access the electronic version of this Offer Booklet, you should ensure that you download and read the entire Offer Booklet. The electronic version of this Offer Booklet on the Funtastic Entitlement Offer website will not include an Entitlement and Acceptance Form.

### 6.15 Foreign jurisdictions

This Information has been prepared to comply with the requirements of the securities laws of Australia and New Zealand. To the extent that you hold Shares or Entitlements on behalf of another person resident outside Australia or New Zealand, it is your responsibility to ensure that any participation (including for your own account or when you hold Shares or Entitlements beneficially for another person) complies with all applicable foreign laws and that each beneficial owner on whose behalf you are submitting the personalised Entitlement and Acceptance Form is not in the United States and not acting for the account or benefit of a person in the United States.

This Offer Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia and New Zealand.

The distribution of this Information (including an electronic copy) outside Australia and New Zealand is restricted by law. If you come into possession of this Information, you should observe such restrictions. See the foreign selling restrictions set out in the 'Foreign Jurisdictions' section of the Funtastic Investor Presentation included in Section 3 of this Offer Booklet for more information.

Any non-compliance with these restrictions may contravene applicable securities laws.

#### New Zealand

This Offer Booklet has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (**FMC Act**). It is not a product disclosure statement under New Zealand law and has not been registered, filed with, or approved by any New Zealand regulatory authority and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain. It is a

term of this offer that the offer of securities to the public in New Zealand is made in compliance with the laws of Australia and any code, rules and requirements relating to the offer that apply in Australia.

The Entitlements and the New Shares in the Entitlement Offer are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Other than in the Entitlement Offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

1. is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
2. meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
3. is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
4. is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
5. is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

#### 6.16 Underwriting of Entitlement Offer

Funtastic has entered into an underwriting agreement (**Underwriting Agreement**) with the underwriters listed in the table below (**Underwriters**). Each Underwriter has committed to underwrite their respective proportion of the total \$8,000,000 being underwritten pursuant to the Underwriting Agreements (**Respective Proportion**), subject to the satisfaction of certain conditions precedent. As is customary with these types of arrangements:

- Funtastic has agreed, subject to certain carve-outs, to indemnify the Underwriters, their affiliates and related bodies corporate, and each of their respective directors, officers, agents, employees, representatives or advisers from and against all losses directly or indirectly suffered or incurred in connection with the Entitlement Offer;
- Funtastic and the Underwriters have given certain representations, warranties and undertakings in connection with (among other things) the Entitlement Offer;
- the Underwriters may terminate the Underwriting Agreement and be released from their obligations under it on the occurrence of certain events, including (but not limited to) where:
  - the ASX200 companies index closes on any trading day at a level that is 20% or more below the level at market close on the last trading day immediately before the date of the Underwriting Agreement and remains at or below that level for at least five consecutive trading days thereafter, or a material disruption takes place to normal banking and trading that subsists for at least five consecutive business days;
  - the Entitlement Offer timetable is delayed by more than 15 business days without Underwriters approval;
  - the Entitlement Offer breaches any law or a change in law takes place that would prohibit the Entitlement Offer, or Funtastic becomes subject to regulatory or government actions in respect of the Entitlement Offer;
  - information supplied by Funtastic in connection with the Entitlement Offer is or becomes misleading or deceptive, or criminal or civil proceedings are brought against it or its officers;

- Funtastic withdraws or terminates the Entitlement Offer, or is unable to issue shares under the Entitlement Offer;
- Funtastic becomes insolvent; and
- certain material adverse changes arise except as agreed.

To the extent that valid applications for offer shares are not received before the Entitlement Offer closes (**Shortfall**), each Underwriter has agreed to underwrite and subscribe for its Respective Proportion of the Shortfall. Where an Underwriter is a shareholder in Funtastic, it must subscribe for its full Entitlement of New Shares under the Entitlement Offer, in addition to its underwriting obligations.

The Underwriters will be paid a 3% underwriting fee on the Offer Proceeds for providing these services.

Neither the Underwriters nor any of their related bodies corporate and affiliates, nor any of their respective directors, officers, partners, employees, representatives, advisers or agents have authorised or caused the issue of this Information, or made or authorised the making of any statement that is included in this Information or any statement on which a statement in this Information is based, and they do not take any responsibility for this Information or any action taken by you on the basis of such information. To the maximum extent permitted by law, the Underwriters and each of their related bodies corporate and affiliates and each of their respective directors, officers, partners, employees, representatives, advisers or agents exclude and disclaim all liability for any expenses, losses, damages or costs incurred by you (directly or indirectly) as a result of your participation in the Entitlement Offer and this Information being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise. Neither the Underwriters nor any of their related bodies corporate and affiliates nor their respective directors, officers, partners, employees, representatives, advisers or agents make any recommendations as to whether you or your related parties should participate in the Entitlement Offer nor do they make any representations or warranties to you concerning this Entitlement Offer, or any such information and you represent, warrant and agree that you have not relied on any statements made by the Underwriters or any of their related bodies corporate and affiliates or any of their respective directors, officers, partners, employees, representatives, advisers or agents in relation to the New Shares or the Entitlement Offer generally.

Funtastic will arrange for Entitlements which are not taken up by close of the Entitlement Offer to be taken up by the Underwriters in their Respective Proportions. However, it is important to note that Underwriters will be acting for and providing services to Funtastic in this process and will not be acting for or providing services to shareholders or any other investor. The engagement of the Underwriters by Funtastic is not intended to create any agency, fiduciary or other relationship between the Underwriters and the shareholders or any other investor.

A table of each Underwriter and their Respective Proportion is as follows:

Underwriter	Respective Proportion of underwritten amount	Percentage of Funtastic shareholding of each Underwriter if:	
		All current shareholders exercise their Entitlements	Only Underwriters that are shareholders exercise their Entitlements
Regal Funds Management Pty Ltd as trustee for the Regal Emerging Companies Fund ABN 30 107 576 821	25.00%	0.00%	15.11%
Wilson Asset Management (International) Pty Ltd ACN 081 047 118	18.75%	0.00%	11.33%

G Harvey Nominees Pty Ltd as trustee for the Harvey 1995 Discretionary Trust ACN 001 021 236	12.50%	5.30%	12.86%
Arrow Financial Group Pty Ltd ACN 138 545 696	9.38%	0.00%	5.67%
Shane Tanner and Lisa Wheeler as trustees for Tanner Superannuation Fund	5.00%	0.13%	3.15%
Heath Nominees (Aust) Pty Ltd ACN 083 018 491	2.50%	0.62%	2.13%
Northern Star Nominees Pty Ltd ACN 086 208 951	2.50%	0.00%	1.51%
Ashaw Pty Ltd as trustee for the Whitehead Superfund ABN 59 797 806 048	3.13%	0.00%	1.89%
James Newell Gordon as trustee for the JSG Nominees Family Trust ABN 56 343 835 907	2.50%	0.00%	1.51%
Jason Sourasis	6.25%	3.99%	7.77%
Liverpool Holdings Pty Ltd as trustee for the Lim Family Trust ACN 161 421 923	1.88%	0.00%	1.13%
Professional & Sophisticated Investors Pty Ltd ACN 138 753 947	2.50%	0.00%	1.51%
Bodie Investments Pty Ltd ACN 007 264 477	1.88%	0.00%	1.13%
Grant Mackenzie	6.25%	2.04%	5.82%
<b>TOTAL</b>	<b>100.00%</b>	<b>12.08%</b>	<b>72.52%</b>

The Entitlement Offer is underwritten by interests associated with Shane Tanner, Stephen Heath and Grant Mackenzie (each a Funtastic Director) who have each undertaken to exercise their Entitlements in full and agreed to underwrite up to a combined amount of \$1,100,000. Full details are in the above table.

#### 6.17 Governing Law

This Information, the Entitlement Offer and the contracts formed on acceptance of the Entitlement and Acceptance Forms are governed by the laws applicable in Victoria, Australia. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of Victoria, Australia.

#### 6.18 Disclaimer of representations

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer that is not contained in this Information.

Any information or representation that is not in this Information may not be relied on as having been authorised by Funtastic, or its related bodies corporate, in connection with the Entitlement Offer. Except as required by law, and only to the extent so required, none of Funtastic, nor any other person, warrants or guarantees the future performance of Funtastic or any return on any investment made pursuant to this Information or its content.

### 6.19 Withdrawal of the Entitlement Offer

Funtastic reserves the right to withdraw all or part of the Entitlement Offer and this Information at any time, subject to applicable laws, in which case Funtastic will refund Application Monies in relation to New Shares not already issued in accordance with the Corporations Act and without payment of interest.

To the fullest extent permitted by law, you agree that any Application Monies paid by you to Funtastic will not entitle you to receive any interest and that any interest earned in respect of Application Monies will belong to Funtastic.

### 6.20 Privacy

As a shareholder, Funtastic and the Funtastic Share Registry have already collected certain personal information from you. If you apply for New Shares, Funtastic and the Funtastic Share Registry may update that personal information or collect additional personal information. Such information may be used to assess your acceptance of the New Shares, service your needs as a shareholder, provide facilities and services that you request and carry out appropriate administration.

To do that, Funtastic and the Funtastic Share Registry may disclose your personal information for purposes related to your shareholdings to their agents, contractors or third party service providers to whom they outsource services, in order to assess your application for New Shares, the Funtastic Share Registry for ongoing administration of the register, printers and mailing houses for the purposes of preparation of the distribution of shareholder information and for handing of mail, or as otherwise under the *Privacy Act 1988* (Cth).

If you do not provide Funtastic with your personal information Funtastic may not be able to process your application. In most cases you can gain access to your personal information held by (or on behalf of) Funtastic or the Funtastic Share Registry. Funtastic aims to ensure that the personal information is retained about you is accurate, complete and up to date. To assist with this please contact Funtastic if any of the details you have provided change. If you have concerns about the completeness or accuracy of the information Funtastic has about you, please notify Funtastic and it will take steps to correct it. You can request access to your personal information by telephoning or writing to Funtastic through the Funtastic Share Registry as follows:

#### **Mailing Address**

Funtastic Limited Entitlement Offer  
C/- Boardroom Limited  
GPO Box 3993,  
Sydney NSW 2001

#### **Hand delivery to**

Funtastic Limited Entitlement Offer  
Boardroom Limited  
Level 12, 225 George Street,  
Sydney NSW 2000

#### **Funtastic Offer Information Line**

1300 737 760 (within Australia)  
+61 2 9290 9600 (outside Australia)  
Open between 8:30am to 5:30pm (Melbourne time) on Monday to Friday during the Entitlement Offer Period

## CORPORATE DIRECTORY

**Funtastic Limited**  
**ACN 063 886 199**

**Registered Office**

Level 2, 307 Ferntree Gully Road  
Mount Waverley VIC 3149

**Website**

[www.funtastic.com.au](http://www.funtastic.com.au)

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